

# UNDERSTANDING BRAND RECOMMENDATION AND LOYALTY STRATEGY ACROSS LOCAL AND INTERNATIONAL CHAIN HOTELS

Lila Maria Kaban \*, Daniel Cassa Augustinus \*\*

\* Corresponding author, Faculty of Economics and Business, Universitas Pelita Harapan, Medan, Indonesia

Contact details: Universitas Pelita Harapan, Jalan Imam Bonjol No. 6, Medan 20122, Indonesia

\*\* Faculty of Economics and Business, Universitas Pelita Harapan, Medan, Indonesia



## Abstract

**How to cite this paper:** Kaban, L. M., & Augustinus, D. C. (2025). Understanding brand recommendation and loyalty strategy across local and international chain hotels. *Corporate & Business Strategy Review*, 6(2), 52–61. <https://doi.org/10.22495/cbsrv6i2art5>

Copyright © 2025 The Authors

This work is licensed under a Creative Commons Attribution 4.0 International License (CC BY 4.0).  
<https://creativecommons.org/licenses/by/4.0/>

**ISSN Online:** 2708-4965

**ISSN Print:** 2708-9924

**Received:** 05.05.2024

**Revised:** 22.08.2024; 19.03.2025

**Accepted:** 03.04.2025

**JEL Classification:** F23, L26, M31

**DOI:** 10.22495/cbsrv6i2art5

Research on branded hotels, both local and international, is essential to comprehend consumer behavior, refine brand strategies, and enhance competitive positioning. Such research sheds light on consumer-brand interactions, internal branding practices, and the nuances of local versus global brand associations, ultimately guiding the development of effective entrepreneurship and marketing strategies in the hospitality industry. Building on previous research, this study aims to identify whether marketing innovation (MI) and hotel environment (HE) affect brand recommendation (BR) and brand loyalty (BL) using a brand prototype (BP) approach (Yi et al., 2022). A survey was distributed in 2023 to 220 customers who stayed at local or international chain hotels in Indonesia using a five-point Likert scale. Partial least squares structural equation modeling (PLS-SEM) analysis was conducted to assess the variable relationships. The results indicated that the HE significantly influenced BR and BL for local brand hotels. Conversely, MI was crucial for international chain hotels. These findings highlight the necessity of tailored marketing and operational strategies for different hotel brands. Understanding how the antecedents and outcomes of local and international BPs interact can guide targeted marketing efforts, enhance customer engagement, and support sustainable growth in hospitality entrepreneurship.

**Keywords:** Comparative Analysis, Competitive Advantage, Family Entrepreneurship, Hotel Management, Market Differentiation

**Authors' individual contribution:** Conceptualization — L.M.K. and D.C.A.; Methodology — L.M.K.; Formal Analysis — L.M.K.; Investigation — L.M.K. and D.C.A.; Resources — L.M.K. and D.C.A.; Writing — Review & Editing — L.M.K. and D.C.A.

**Declaration of conflicting interests:** The Authors declare that there is no conflict of interest.

## 1. INTRODUCTION

Technological disruptions have been acknowledged as drivers of innovation in the tourism and hospitality sectors, underscoring the need for research on service innovations at both macro and micro-firm levels (Buhalis et al., 2019). Innovation in the hotel industry has been systematically evaluated through studies that present established methods

for assessing the different types of innovation within the industry (Wikhamn et al., 2018). Innovation development is a prerequisite for successful growth in the rapidly changing business environment of the hotel industry (Konovalova & Jatuliavičienė, 2015). The adoption of modern technologies and innovative solutions is a focal point in hotel management, highlighting the need for continuous innovation (Čurlin et al., 2022).

Marketing innovation (MI) encompassing new marketing techniques and channels has been identified as a key aspect of innovation in the hospitality industry, reflecting the evolving landscape of hotel marketing practices (Backman et al., 2017). The impact of innovation on consumer behavior and willingness to pay in the hospitality industry has also been explored, emphasizing the relevance of innovative activities in shaping consumer preferences. Therefore, MI plays a critical role in driving competitiveness, enhancing organizational performance, and meeting evolving consumer demands within the dynamic landscape of the hotel industry (Sun et al., 2024).

Innovation is important for maintaining competitiveness and meeting customers' changing needs (Kaban, 2024). However, the hotel industry faces various challenges in terms of the effective implementation of MIs. Research has identified several obstacles hotels face when striving to innovate in their marketing strategies. One significant challenge is the intense competition within the industry, which leads to a continuous battle for market dominance (Curlin et al., 2022). This fierce competition makes it difficult for hotels to differentiate themselves and excel in innovative marketing. Furthermore, the dynamics of perfect competition in the hotel industry present additional hurdles (Alzoubi, 2021). Hotels must navigate a crowded marketplace where numerous players offer similar services, making it challenging to develop unique and impactful MIs.

Another obstacle to MI in the hotel industry is balancing radical and incremental innovations (Ko, 2017). Although radical innovations can provide substantial benefits, they have a high risk of failure. Therefore, incremental innovations may not always result in a significant competitive advantage. Moreover, the evolving landscape of consumer behavior and preferences poses a challenge for hotels looking to innovate in marketing. An accurate understanding and prediction of consumer trends in tailoring MIs are required. Hotels must invest in market research and data analytics to anticipate and respond effectively to changing consumer expectations.

Consumer perceptions of MI and the store environment directly impact brand prototypes (BPs), which subsequently influence brand preference, recommendation, and loyalty (Zameer et al., 2019). This finding highlights the interconnectedness between innovation activities and consumer loyalty, emphasizing the importance of a conducive hotel environment (HE) to foster brand loyalty (BL). Thus, by focusing on innovation activities and a conducive environment, hotels can create a BP that nurtures satisfaction, ultimately leading to brand recommendation (BR) and BL.

Research on MIs, HEs, BPs, BRs, and BLs in the hotel industry provides a comprehensive exploration of the intricate relationships between these key elements. By synthesizing relevant literature, valuable insights can be gained into how these factors interact and contribute to hotels' overall success in building BR and BL. Furthermore, integrating consumer experience into the branding process, particularly in branded hotels, illuminates how brand experience affects customer perceptions and attitudes toward the hotel brands (Manthiou et al., 2016). Therefore, hotels can tailor their marketing strategies to boost their customer satisfaction. For this reason, two types of hotels —

local and international — are included in this study. This is one of the few scientific investigations that examines the hotel industry and the suggested model for research. Therefore, this study identifies a literature gap in existing research on the intersection between MI, HE, BP, BR, and BL, particularly concerning comparisons between local and international chain hotels. It also provides valuable knowledge to hotel owners, managers, and employees by identifying the factors that influence BR and BL.

In light of the aforementioned discussion, this study aims to identify whether MI and HE influence BR and BL through the concept of BP. Two research questions guide this investigation:

*RQ1: Do marketing innovation and the hotel environment influence brand recommendation and loyalty through a brand prototype?*

*RQ2: Does the influence of marketing innovation and the hotel environment on brand recommendation and loyalty differ based on the hotel brand?*

The theoretical framework is built on the concepts of marketing and consumer behavior, emphasizing the mediating role of BPs in the relationship between MIs, HEs, and brand outcomes.

This study is significant as it provides new insights into the dynamics of branding in the hospitality industry, particularly into how innovation and environmental factors shape consumer behavior across local and international hotel brands. Methodologically, this study uses a quantitative approach to examine the relationships between variables. The contributions of this study are valuable for hotel owners and managers seeking to enhance customer satisfaction and competitiveness through strategic marketing and environmental innovation.

This paper is structured into five distinct sections. Section 1 introduces the background of the study. Section 2 provides a comprehensive literature review, presents the theoretical framework, and outlines the research hypotheses. Section 3 gives an in-depth description of the research design, including details of the study population, unit of analysis, sampling methods, validity and reliability of the data collection instruments, as well as the approach to data analysis. Section 4 presents and analyzes the research findings. Finally, Section 5 describes the conclusions and recommendations derived from this study.

## 2. LITERATURE REVIEW

### 2.1. Local and international brand hotel

The distinction between local and international hotels in the hospitality industry is a complex field of study that encompasses various aspects of branding, customer loyalty, and market dynamics. Wang (2016) emphasizes the challenges faced by international hotel brands in China, including cultural differences, regional economic disparities, and distinct consumer behaviors, which can hinder their success in the hospitality industry. This shows the importance of localization strategies for international brands to excel in diverse markets.

The presence of numerous local and international brands underscores the competitive landscape within the hospitality industry and

emphasizes the importance of brand differentiation and management to capture market share effectively (Su & Reynolds, 2019). Customers who strongly identify with a hotel brand are more likely to exhibit loyalty to that brand, regardless of whether it is a local or international brand (Aparicio et al., 2023).

Moreover, Oh et al. (2021) investigate the impact of internal branding on brand commitment and behavior in hospitality, providing insights into how internal branding practices influence guest loyalty in local and international hotels. The study highlights the importance of internal branding initiatives in fostering brand commitment and contributing to building loyalty among customers.

## 2.2. Variable definitions

Marketing innovation involves introducing new or significantly improved marketing strategies, techniques, or practices to meet the evolving needs and preferences of customers, enhance brand perception, and drive business growth (Wang et al., 2020). It encompasses the development and implementation of novel approaches in areas such as product promotion, distribution channels, pricing strategies, and customer engagement to gain a competitive edge in the market (Kaban & Stevanus, 2023). Continuous innovation in marketing practices enables organizations to remain relevant, attract new customers, retain existing customers, and build long-term customer loyalty (Gustafsson et al., 2020).

The HE refers to the physical, social, and psychological surroundings within a hotel property that collectively shape the guest experience and influence their perceptions, behaviors, and overall satisfaction (Almeida et al., 2020). It has various elements, such as the hotel's architecture, interior design, amenities, services, cleanliness, ambiance, and overall atmosphere that create a welcoming and comfortable setting for guests. The HE plays a crucial role in shaping guests' perceptions of the property, influencing their decision to stay, recommending the hotel to others, and developing loyalty to the brand. The aesthetic environment is important in reducing stress levels and increasing guest satisfaction, which shows the impact of physical surroundings on guest well-being and overall experience.

A BP refers to a set of attributes or features that individuals associate with a brand concept (Bairrada et al., 2018). This concept is often used to define complex constructs by creating a list of attributes that consumers typically link to a brand idea. The prototype approach involves identifying key characteristics that are commonly associated with a particular brand concept, helping to clarify and define abstract or multifaceted notions.

BR involves customers actively endorsing and promoting a brand based on their positive experience and satisfaction (Deng, 2022). In the context of tourism destinations, BRs can encompass visitors' preferences, intention to revisit, and the likelihood of recommending a destination to others. This recommendation reflects guests' positive experiences and satisfaction, leading them to advocate it to others. BR is a critical aspect of customer loyalty and a powerful marketing tool that leverages word-of-mouth and social influence to attract new customers and build a loyal customer base.

BL refers to the extent of customer commitment and attachment to a particular brand, leading to repeated purchases, positive word-of-mouth recommendations, and preference for the brand over its competitors (Safeer et al., 2021). This involves a customer's willingness to consistently choose a specific brand over others in the market, thus demonstrating a strong sense of dedication to the brand. BL is often characterized by repeat purchases, brand advocacy, resistance to switching to other brands, and a deep emotional connection with the brand. This is a crucial aspect of brand management, as loyal customers are more likely to contribute to a company's long-term success.

## 2.3. Marketing innovation, brand prototype, brand recommendation, and brand loyalty

A previous study by Yi et al. (2022) showed that perceived MI had no direct impact on BPs in Asia. However, other studies investigated that innovation could foster the development of unique and distinctive brand attributes that resonated with consumers (Curlin et al., 2022; Elziny & Mohamed, 2021). When companies engaged in innovative marketing practices, they were more likely to create a brand that stood out in the market, leading to increased brand recognition, differentiation, and appeal.

Zameer et al. (2019) highlighted that consumer perceptions of MI could affect BRs. MI was essential for cultivating BRs as it allowed companies to adapt to evolving consumer preferences, utilize new technologies, and establish meaningful connections with customers, leading customers to recommend to others.

Social media marketing activities as a form of MI positively influenced BL (Ismail, 2017). By implementing innovative marketing approaches, companies could reinforce BL by providing value, relevance, and memorable experiences to customers, thereby leading to increased customer retention and advocacy.

Studies such as Yi et al. (2022) and Zameer et al. (2019) highlighted the relationship between innovation activities and brand effects, indicating that innovative strategies contributed to the formation of a strong BP that influenced BR and BL. By continuously innovating their marketing approaches, companies could shape a compelling BP that resonated with consumers, leading to positive outcomes in terms of brand perception and customer engagement. The whole process from BP to BR and BL mainly reflected the strength of brand effect formation (Pappu & Quester, 2016).

Thus, this study proposes hypotheses as follows:

*H1: Marketing innovation in local and international hotels positively influences brand recommendation.*

*H2: Marketing innovation in local and international hotels positively influences brand loyalty.*

*H3: Marketing innovation positively influences brand recommendation through brand prototype.*

*H4: Marketing innovation positively influences brand loyalty through brand prototype.*

## 2.4. Hotel environment, brand prototype, brand recommendation, and brand loyalty

A study by Foroudi (2019) emphasized that the physical appearance of a hotel and its overall

ambiance contributed to brand performance and reputation. The research highlighted the importance of visual and physical aspects in shaping brand image and prototypes in customers' minds.

Moreover, a study by Rosli et al. (2019) on travelers' hotel choices suggested that the HE, including its attributes, could positively influence brand credibility and attachment. The research supported the notion that the HE played a significant role in shaping customer perceptions and emotional connections with a brand, which could lead to BR.

Dewi et al. (2021) explored the impact of hotel attributes, service performance, and experience quality on BL in Bali, Indonesia. The findings of the research indicated a direct relationship between HE and BL.

Serra-Cantalops et al. (2018) highlighted that creating unique and memorable experiences in the HE could boost customer loyalty and encourage positive electronic word-of-mouth generation, ultimately resulting in recommendations. Elements such as brand signatures, unique experiences, and emotional connections within the HE played crucial roles in shaping BRs by influencing customer perceptions and fostering loyalty in the hospitality industry.

Thus, this study proposes hypotheses as follows:

*H5: Hotel environment in local and international hotels positively influences brand recommendation.*

*H6: Hotel environment in local and international hotels positively influences brand loyalty.*

*H7: Hotel environment positively influences brand recommendation through the brand prototype.*

*H8: Hotel environment positively influences brand loyalty through the brand prototype.*

## 2.5. Moderating effect of hotel brand

Hotel brand type plays a significant role in influencing customer recommendation and loyalty in the hospitality industry. Independent hotels may have weaker brand image and smaller economies of

scale where they face greater challenges during uncertain times compared to chain-managed and franchised hotels. (Dogru et al., 2024). This distinction in brand management can affect customer perceptions and loyalty in different types of hotels.

Local brand hotels, typically owned by families, are characterized by cultural heritage, origination, and operations, and their awareness is typically limited to the region where they operate. These hotels, often managed by family members, reflect the culture, traditions, and values of the local community and offer guests a unique and authentic experience (Oh et al., 2021). By contrast, international chain hotels are well-known global hospitality brands that operate across various countries and regions and offer standardized services and amenities to guests worldwide (Deng, 2022). The choice between staying at a local brand hotel or an international chain hotel often depends on individual preferences, travel objectives, and desired experience. Local brand hotels may appeal to travelers seeking authentic and immersive cultural experiences. By contrast, international chain hotels may attract guests looking for familiarity, convenience, and loyalty benefits associated with well-established brands. These elements play crucial roles in shaping customer loyalty and recommendations in the hotel industry.

Thus, this study proposes hypotheses as follows:

*H9a: Hotel brand can moderate the relationship between marketing innovation and brand recommendation.*

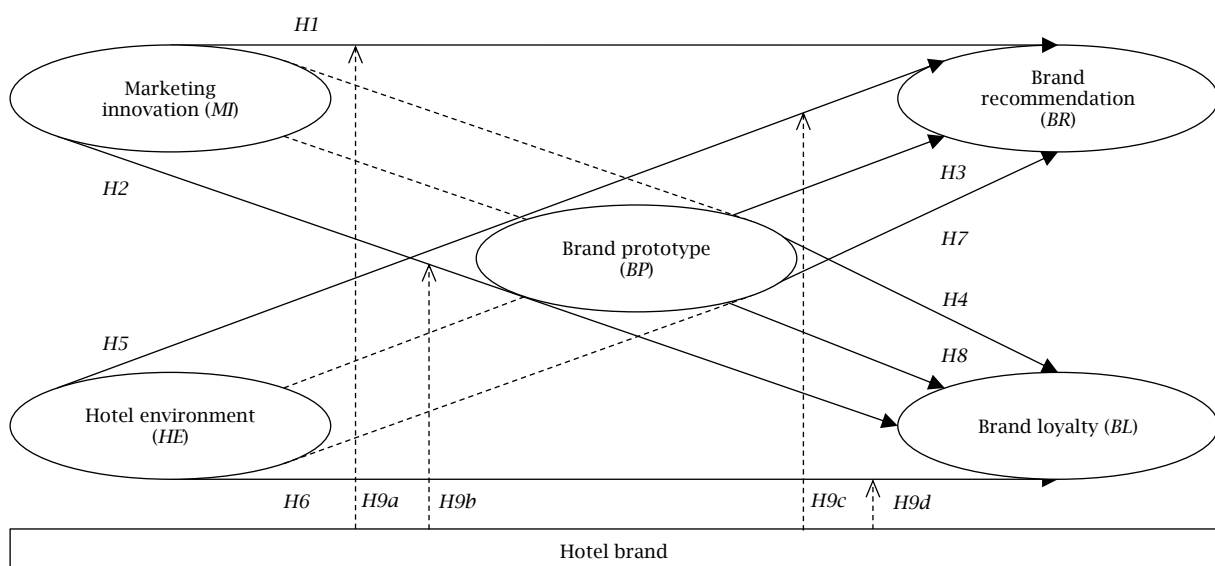
*H9b: Hotel brand can moderate the relationship between marketing innovation and brand loyalty.*

*H9c: Hotel brand can moderate the relationship between hotel environment and brand recommendation.*

*H9d: Hotel brand can moderate the relationship between the hotel environment and brand loyalty.*

The proposed conceptual model, developed based on the literature review and hypotheses development, is presented in Figure 1.

Figure 1. Conceptual model



### 3. RESEARCH METHODOLOGY

#### 3.1. Population and sample

The target audience for this study consisted of hotel guests who had stayed in the same local and/or international brand hotels in Indonesia at least two times in the last two years. This study employed a non-probability purposive sampling technique because no population frame was available. The onsite survey was conducted by receptionists working in local and international hotels, and the online survey was distributed using social media channels to multiple communities using Instagram, WhatsApp, and Facebook.

Partial least squares structural equation modeling (PLS-SEM) was used to test all hypotheses. In line with the suggestion of Hair et al. (2022), the sample size was set to a minimum of 200 to provide a strong basis for evaluation. From the 237 returned questionnaires, 220 were processed for data analysis, of which 110 respondents chose local brand hotels, and the remaining opted for international chain hotels.

The respondents' demographic data were processed using IBM SPSS 25, as shown in Table 1. A total of 108 males and 112 females participated in the survey. Most respondents were between the ages of 36 and 50 years old, with a bachelor's degree and above. There were 197 out of 220 respondents who had stayed at the selected hotel, either local or international, up to ten times in two years.

**Table 1.** Characteristics of respondents

Description		Frequency	Percentage
Gender	Male	108	49.1
	Female	112	50.9
Age (years)	20-35 years old	47	21.3
	36-50 years old	117	53.2
	51-65 years old	56	25.5
	66 years and above	10	4.5
Education level	Secondary/High school	41	18.6
	Bachelors and above	179	81.4
Frequency of staying at the selected hotel (times)	2-4	69	31.4
	5-10	128	58.2
	> 10	23	10.4

#### 3.2. Questionnaire development

Primary data collection was carried out using Google Forms, where each item was measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The indicators used for the *MI* variable were modified from Gupta (2016), where the sample items were "This hotel is constantly using innovative advertising to challenge traditional advertising" and "This hotel takes the initiative in developing new marketing channels". There were four modified items used to measure the *HE* adopted from Yi et al. (2022), where the sample items were "The staff at this hotel has always been knowledgeable, courteous, and helpful" and "This hotel's environment is innovative and appealing". The indicators for *BP* were modified from Zameer et al. (2019) where the sample items were "I am aware that this is a well-known hotel brand" and "This hotel brand provides services that are designed to meet needs". As for *BR*, this study used modified items from Vigripat and Chan (2007) containing sample items such as "I think this hotel has a fantastic brand" and "I will recommend this hotel's brand to others". Lastly, *BL* used indicators adopted from Nam et al. (2011), consisting of sample items such as "Over the next few years, I will stick with this current hotel's brand" and "I tell other people positive things about this hotel's brand".

Before the survey, a pre-test consisting of 30 respondents, who were not part of the survey population, was conducted to evaluate the reliability and validity of the questionnaire.

#### 3.3. Data analysis

The suggested conceptual model was estimated using PLS-SEM to examine the relationships between latent variables (Lohmöller, 1989; Wold, 1982). The measurement (outer) and structural (inner) models were evaluated in two stages (Hair et al.,

2019). First, factor loadings, construct validity, and reliability were investigated. The direct and indirect hypotheses were examined in the second step. Finally, the importance-performance map and a multi-group analysis were conducted to review the differences between the two groups of respondents who answered questions about local and international hotels.

#### 3.4. Alternative methods

To enrich the quantitative research in this study, alternative methods include qualitative techniques incorporating focus group discussions and in-depth interviews, which offer insights into consumer attitudes and experiences. Case studies provide thorough examinations of specific hotels, illustrating the real impact of marketing strategies and environmental factors. Combining quantitative and qualitative approaches through mixed methods provides a more comprehensive view, while ethnographic research, including participant observation and diary studies, offers immersive and ongoing perspectives on customer behavior. Additionally, action research involves working directly with hotels to test and refine new strategies and experimental designs to enable controlled testing of specific factors to evaluate their influence on brand perception and loyalty (Manthiou et al., 2016; Oh et al., 2021).

### 4. RESULTS AND DISCUSSION

#### 4.1. Measurement model

Data analysis began by establishing convergent and discriminant validity to evaluate the research model. Two methods were used to assess convergent validity: 1) indicator loadings and 2) average variance extracted (AVE). According to Hair et al. (2019), the outer loading of each item had to be more

than 0.708, and the AVE value had to be greater than 0.5 (Fornell & Larcker, 1981). Based on the test results, the AVE value for each variable was above the threshold, ranging from 0.591 to 0.759.

Next, internal consistency reliability was assessed based on the composite reliability (CR) value. Nunnally (1994) stated that the CR value had

to be above 0.7, and it was discovered that the CR values in this study were between 0.822 and 0.883. As presented in Table 2, the values of loadings, CR, and AVE indicated the fulfillment of the reliability and validity of the construct with an acceptable level of internal consistency and accuracy.

**Table 2.** Value of loading, composite reliability, and average variance extracted

Variable	Item	Loading	CR	AVE
Marketing innovation ( <i>MI</i> )	<i>MI_1</i>	0.764	0.822	0.607
	<i>MI_2</i>	0.794		
	<i>MI_3</i>	0.778		
Hotel environment ( <i>HE</i> )	<i>HE_1</i>	0.776	0.837	0.631
	<i>HE_3</i>	0.758		
	<i>HE_4</i>	0.847		
Brand prototype ( <i>BP</i> )	<i>BP_1</i>	0.765	0.852	0.591
	<i>BP_2</i>	0.733		
	<i>BP_3</i>	0.813		
	<i>BP_4</i>	0.761		
Brand recommendation ( <i>BR</i> )	<i>BR_1</i>	0.839	0.883	0.716
	<i>BR_2</i>	0.858		
	<i>BR_3</i>	0.842		
Brand loyalty ( <i>BL</i> )	<i>BL_1</i>	0.883	0.863	0.759
	<i>BL_2</i>	0.859		

The next step was to assess discriminant validity to ensure that there was a distinction between the variables in the research model using the Fornell-Larcker criterion (Fornell & Larcker, 1981). The results demonstrated that the reflective variables were distinct from each other, and discriminant validity was established.

#### 4.2. Structural model

To assess the structural model, collinearity was checked by testing the variance inflation factor (VIF) with a value below 3 (Hair et al., 2019). A higher VIF value indicated that there might be collinearity among variables (Becker et al., 2013). No collinearity problem was found in this study, as the inner VIF values were below the set limit, as shown in Table 3.

**Table 3.** Collinearity statistics

Construct	<i>BP</i>	<i>BR</i>	<i>BL</i>
<i>MI</i>	1.121	1.412	1.412
<i>HE</i>	1.121	1.534	1.534
<i>BP</i>		1.931	1.931

A bootstrap procedure with 5,000 iterations was performed to test the significance of the items and the coefficient paths (Chin et al., 2008).

The assessment of model quality was then continued by examining the coefficient of determination ( $R^2$ ), effect size ( $f^2$ ), and cross-validated redundancy ( $Q^2$ ).

$R^2$  was regarded as weak, moderate, and substantial when the values were measured at 0.25, 0.50, and 0.75, respectively (Hair et al., 2019). As presented in Table 4, this study showed that  $R^2$  for *BP* was 0.482,  $R^2$  for *BR* was 0.597, and  $R^2$  for *BL* was 0.536, indicating that the variables were influenced by predictor constructs with moderate criteria.

It was suggested that  $f^2$  values greater than 0.02, 0.15, and 0.35 indicated small, medium, and large effect sizes, respectively (Hair et al., 2019). In terms of *BP*, a large effect size was observed in the *HE* (0.368). Similarly, *BL* also demonstrated a larger effect size in the *HE* (0.235). However, for *BR*, the effect size was notably higher in *BP* (0.257), as presented in Table 4.

The value of  $Q^2$  for any variable was to be greater than zero to show how well the structural model predicted that construct.  $Q^2$  values greater than 0, 0.25, and 0.5 indicated that the PLS-path model had small, medium, and substantial predictive importance (Hair et al., 2019). The results of this study showed that all  $Q^2$  values had medium predictive power.

**Table 4.** Structural model evaluation

Relationship	$R^2$	Adjusted $R^2$	Effect size ( $f^2$ )	Predictive relevance ( $Q^2$ )
Marketing innovation ( <i>MI</i> )				
<i>MI</i> → <i>BP</i>			0.259	
<i>MI</i> → <i>BR</i>			0.074	
<i>MI</i> → <i>BL</i>			0.056	
Hotel environment ( <i>HE</i> )				
<i>HE</i> → <i>BP</i>			0.368	
<i>HE</i> → <i>BR</i>			0.121	
<i>HE</i> → <i>BL</i>			0.235	
Brand prototype ( <i>BP</i> )	0.482	0.477		0.277
<i>BP</i> → <i>BR</i>			0.257	
<i>BP</i> → <i>BL</i>			0.092	
Brand recommendation ( <i>BR</i> )	0.597	0.590		0.418
Brand loyalty ( <i>BL</i> )	0.536	0.529		0.394

The hypotheses in this study were tested using a one-tailed test, and the results are presented in Table 5. *MI* was confirmed to have a direct effect on *BR* ( $\beta = 0.205$ ,  $t = 3.895$ ) and *BL* ( $\beta = 0.191$ ,  $t = 3.037$ ), supporting *H1* and *H2*. *BP* could mediate the relationship between *MI* and *BR* ( $\beta = 0.173$ ,  $t = 5.401$ ), as well as *MI* and *BL* ( $\beta = 0.112$ ,  $t = 4.218$ ), indicating that *H3* and *H4* were accepted.

Next, the *HE* had a positive direct effect on *BR* ( $\beta = 0.273$ ,  $t = 4.948$ ) and *BL* ( $\beta = 0.409$ ,  $t = 6.676$ ), confirming *H5* and *H6*. The *HE* could also influence *BR* ( $\beta = 0.207$ ,  $t = 6.805$ ) and *BL* ( $\beta = 0.133$ ,  $t = 4.451$ ) through *BP* to support *H7* and *H8*.

Table 5. Hypotheses testing results

Path	Direct effect			Indirect effect			Total effect			Supported
	$\beta$	t-value	p-value	$\beta$	t-value	p-value	$\beta$	t-value	p-value	
H1: <i>MI</i> → <i>BR</i>	0.205	3.895	0.000				0.378	7.848	0.000	Yes
H2: <i>MI</i> → <i>BL</i>	0.191	3.037	0.001				0.302	5.087	0.000	Yes
H3: <i>MI</i> → <i>BP</i> → <i>BR</i>				0.173	5.401	0.000				Yes
H4: <i>MI</i> → <i>BP</i> → <i>BL</i>				0.112	4.218	0.000				Yes
H5: <i>HE</i> → <i>BR</i>	0.273	4.948	0.000				0.480	10.248	0.000	Yes
H6: <i>HE</i> → <i>BL</i>	0.409	6.676	0.000				0.542	10.886	0.000	Yes
H7: <i>HE</i> → <i>BP</i> → <i>BR</i>				0.207	6.805	0.000				Yes
H8: <i>HE</i> → <i>BP</i> → <i>BL</i>				0.133	4.451	0.000				Yes

The findings of this research align with those of earlier studies that highlight the direct impact of *MI* on *BR* and *BL*, underscoring that strategic innovations in marketing significantly enhance how customers perceive and advocate a brand (Ismail, 2017; Zameer et al., 2019). In addition, it further supports the idea that *BPs*, or idealized perceptions that consumers hold about a brand, play a crucial mediating role in this relationship (Pappu & Quester, 2016; Yi et al., 2022). Specifically, it suggests that *MIs* directly influence customer recommendations and loyalty and shape the *BP*, which in turn affects these outcomes. This implies that a strong, favorable *BP*, cultivated through innovative marketing practices, amplifies positive effects on customer loyalty and brand advocacy.

This study also corroborates previous research demonstrating that *HE* significantly influences *BR* and *BL* (Dewi et al., 2021; Rosli et al., 2019). These results reinforce the notion that a positive and well-designed *HE* contributes directly to enhanced customer satisfaction and advocacy. Additionally, this study reveals that the impact of the *HE* extends beyond direct effects, as it indirectly influences *BR* and *BL* through the mediation of *BPs* (Serra-Cantalops et al., 2018). This finding suggests that, while the physical and service aspects of a hotel play a crucial role in shaping customer perceptions, these environmental factors also contribute to the development of a *BP*, which further mediates the relationship between the environment and customer loyalty.

#### 4.3. Importance-performance map analysis

The relationship between the significance and performance of each given variable, as well as the difference between the actual and expected results of these attributes, were visualized using the importance-performance map analysis (IPMA) technique (Ringle & Sarstedt, 2016). All constructs used in this study to improve *BR* and *BL* performed reasonably well, as shown in Table 6.

Notably, the *HE* showed the highest importance for both *BR* (0.480) and *BL* (0.542), indicating its significant role in influencing customer perceptions and behaviors. Moreover, the performance score revealed that the *HE* also excelled in execution (52.928), suggesting that improving the *HE* could substantially enhance *BR* and *BL*.

In contrast, *MI* had moderate importance for *BR* (0.378) and *BL* (0.302), but its performance was lower (38.620), signifying the need for improvement in marketing efforts to achieve better outcomes. *BP* also played a crucial mediating role, with considerable importance for *BR* (0.447) and *BL* (0.288), yet its performance score (54.139) suggested that, while it was effective, there was still room for leveraging *BP* to optimize *BR* and *BL*.

Table 6. Importance-performance of the target construct

Predecessor	Important		Performance
	<i>BR</i>	<i>BL</i>	
<i>MI</i>	0.378	0.302	38.620
<i>HE</i>	0.480	0.542	52.928
<i>BP</i>	0.447	0.288	54.139

#### 4.4. Multi-group analysis

A multi-group analysis was conducted in this study between local brands and international chain hotels. It was crucial to evaluate moderation effects across multiple relationships and understand the variations in relationships across different subgroups (Cheah et al., 2020). Therefore, it helped to identify meaningful differences that might not have been apparent when analyzing the entire dataset.

The findings showed that *HE* exerted a substantial influence on both *BR* ( $\beta = 7.374$ ,  $p = 0.000$ ) and *BL* ( $\beta = 7.865$ ,  $p = 0.000$ ) in local hotels, as shown in Table 7. It highlighted the importance of a strong physical and service environment for these hotels in enhancing brand-related outcomes. The effects of *MI* were insignificant, suggesting that innovativeness in promotional activities might not be critical for local hotels in driving customer recommendations and loyalty. According to Wang (2016), the atmosphere and ambiance lead to customer preferences, particularly in the context of local and family-owned hotels. The integration of environmental and personal factors attached to local brand hotels provides a comprehensive perspective on the factors affecting hotel guest loyalty. The emphasis on customer experience and environmental stimuli in shaping guest loyalty aligns with the notion that local and family-owned hotels, often catering to a specific clientele and community, may have a more

pronounced influence on customer loyalty in their unique and tailored environments (Guan et al., 2021).

Conversely, for international hotels, *MI* had a significant impact on both *BR* ( $\beta = 4.172$ ,  $p = 0.000$ ) and *BL* ( $\beta = 2.142$ ,  $p = 0.016$ ), indicating that innovative marketing strategies were crucial in fostering *BR* and *BL* in this group. Although the *HE* positively influenced *BL*, its effect on *BR* was not significant. This is supported by the study of

Hariandja and Sartika (2022), underscoring the importance of innovative strategies in enhancing brand outcomes in international hotels. Innovation has a greater impact on international hotels as they often face higher competition and diverse consumer segments, making innovative strategies more crucial in differentiating and positioning the brand effectively (Elziny & Mohamed, 2021; Liu & Hu, 2022).

**Table 7.** Multi-group analysis results

Path	Hotel brand			
	Local		International	
	$\beta$	p-value	$\beta$	p-value
H9a: <i>MI</i> → <i>BR</i>	0.864	0.194 <sup>ns</sup>	4.172	0.000*
H9b: <i>MI</i> → <i>BL</i>	0.729	0.233 <sup>ns</sup>	2.142	0.016*
H9c: <i>HE</i> → <i>BR</i>	7.374	0.000*	0.982	0.163 <sup>ns</sup>
H9d: <i>HE</i> → <i>BL</i>	7.865	0.000*	2.587	0.005*

Note: s — significant, ns — not significant.

## 5. CONCLUSION

This study commences with an analysis of the factors influencing *BR* and *BL* by testing the role of *MI* and *HE* through the mediation of *BP* in local and international hotels. The proposed research model yields several findings.

For local brand hotels, the *HE* is paramount as it significantly influences *BR* and *BL*, whereas the impact of *MI* is insignificant. These findings suggest that local and family-owned hotels should focus on their internal dynamic capabilities by improving their atmosphere and ambiance, which resonates with their loyal customer bases (Kaban & Tukiran, 2023). Practical implications include prioritizing enhancements that reinforce the hotel's unique cultural and regional identity and ensuring that any innovation activity aligns with the established brand values that customers cherish. Local hotels should invest in personalized customer service and create authentic and memorable experiences that strengthen their emotional connections with their guests (Rajaguru & Hassanli, 2018). Additionally, gathering regular feedback from loyal customers can help refine innovation strategies to ensure that they complement rather than disrupt the elements that drive them to recommend them to others. By doing so, local and family-owned hotels can innovate while preserving the authenticity and reliability that fosters customer loyalty.

On the other hand, *MI* plays a critical role in international hotel chains, particularly in *BRs*. Therefore, international hotels should prioritize continuous and strategic innovations, including leveraging advanced digital marketing techniques, personalized marketing campaigns, and loyalty programs that resonate with the global audience (Serra-Cantalops et al., 2020). International hotels should focus on creating unique value propositions and storytelling to enhance their brand appeal across diverse markets (Hariandja & Sartika, 2022). Additionally, they should ensure that their marketing strategies highlight unique experiences and exceptional service moments that are more

likely to drive recommendations. By integrating innovative marketing approaches that align with brands' global standards and local adaptations, international hotels can encourage positive recommendations and enhance guest loyalty, thereby maintaining a competitive edge in the global market.

The theoretical implications of this research extend the understanding of brand management in the hospitality entrepreneurship by demonstrating the differential impacts of *MI* and *HE* on *BR* and *BL* through *BPs* across local and international contexts. The findings underscore the importance of context-specific strategies, showing that local hotels benefit more from enhancing relational and service quality factors, whereas international hotels benefit more from robust marketing advancements. This study enriches the existing theories by highlighting the complex interplay between innovative and environmental factors in the concept of brand, suggesting that traditional service quality frameworks must be integrated with contemporary innovation perspectives to fully grasp the dynamics of customer loyalty and recommendations in diverse hospitality settings.

Finally, this study has several limitations that should be considered when interpreting the findings. First, the study's reliance on self-reported data can introduce bias, as participants may have overestimated or underestimated their perceptions and behaviors. Second, the cross-sectional design limits the ability to infer causality as it captures data simultaneously rather than over an extended period. In addition, this study focuses on specific geographical regions, which may limit the generalizability of the results to other contexts or cultural settings. While this research examines key constructs, such as *MI* and the *HE*, other potentially influential factors are not considered, which affect the comprehensive understanding of the customers' dynamics. Future research should address these shortcomings by employing longitudinal designs, expanding geographical scope, and incorporating a broader range of variables.



## REFERENCES

- Almeida, S., Sheppard, V., Costa, C., Manuel Simões, J., & Costa, R. (2020). Choosing independence or affiliation: The case of Portuguese four- and five-star hotels. *Tourism and Hospitality Research*, 20(4), 450-465. <https://doi.org/10.1177/1467358420914369>
- Alzoubi, A. (2021). The impact of process quality and quality control on organizational competitiveness at 5-star hotels in Dubai. *International Journal of Technology, Innovation and Management*, 1(1), 54-68. <https://doi.org/10.54489/ijtim.v1i1.14>
- Aparicio, G., Maseda, A., Iturralde, T., & Zorrilla, P. (2023). The family business brand: Cross-fertilization between fields. *Management Decision*, 61(6), 1585-1611. <https://doi.org/10.1108/MD-04-2022-0445>
- Backman, M., Klaesson, J., & Öner, Ö. (2017). Innovation in the hospitality industry: Firm or location? *Tourism Economics*, 23(8), 1591-1614. <https://doi.org/10.1177/1354816617715159>
- Bairrada, C. M., Coelho, F., & Coelho, A. (2018). Antecedents and outcomes of brand love: Utilitarian and symbolic brand qualities. *European Journal of Marketing*, 52(3-4), 656-682. <https://doi.org/10.1108/EJM-02-2016-0081>
- Becker, J.-M., Rai, A., Ringle, C. M., & Völckner, F. (2013). Discovering unobserved heterogeneity in structural equation models to avert validity threats. *MIS Quarterly*, 37(3), 665-694. <https://doi.org/10.25300/MISQ/2013/37.3.01>
- Buhalis, D., Harwood, T., Bogicevic, V., Viglia, G., Beldona, S., & Hofacker, C. (2019). Technological disruptions in services: Lessons from tourism and hospitality. *Journal of Service Management*, 30(4), 484-506. <https://doi.org/10.1108/JOSM-12-2018-0398>
- Cheah, J.-H., Thurasamy, R., Memon, M. A., Chuah, F., & Ting, H. (2020). Multigroup analysis using SmartPLS: Step-by-step guidelines for business research. *Asian Journal of Business Research*, 10(3), 1-19. <https://doi.org/10.14707/ajbr.200087>
- Chin, W. W., Peterson, R. A., & Brown, S. P. (2008). Structural equation modeling in marketing: Some practical reminders. *Journal of Marketing Theory and Practice*, 16(4), 287-298. <https://doi.org/10.2753/MTP1069-6679160402>
- Ćurlin, T., Kamenjarska, T., & Bach, M. P. (2022). Innovation features in the hotel industry: Croatian hotel websites. *Croatian Regional Development Journal*, 3(1), 91-111. <https://doi.org/10.2478/crdj-2022-0006>
- Deng, J. (2022). Hotel brands and the impact of brand differentiation on the success of the global hotel brands. *Highlights in Business, Economics and Management*, 1, 265-276. <https://doi.org/10.54097/hbem.v1i.2582>
- Dewi, L. P. T. A., Wiranatha, A. S., & Suryawardani, I. G. A. O. (2021). Service quality, brand attributes, satisfaction and loyalty of guests staying at Le Meridien Hotel Bali Jimbaran. *E-Journal of Tourism*, 8(1), 97-114. <https://doi.org/10.24922/eot.v8i1.71451>
- Dogru, T., Modry, M. A., Hanks, L., Suess, C., Isik, C., & Sozen, E. (2024). The impact of business models and state regulations on the accommodation sector: Theory and empirical evidence from the recent pandemic. *International Journal of Contemporary Hospitality Management*, 36(6), 1713-1743. <https://doi.org/10.1108/IJCHM-10-2022-1201>
- Elziny, M. N., & Mohamed, H. E. (2021). The role of technological innovation in improving the Egyptian hotel brand image. *International Journal of Heritage, Tourism and Hospitality*, 15(2), 20-39. <https://doi.org/10.21608/ijhth.2022.245625>
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1), 39-50. <https://doi.org/10.2307/3151312>
- Foroudi, P. (2019). Influence of brand signature, brand awareness, brand attitude, brand reputation on hotel industry's brand performance. *International Journal of Hospitality Management*, 76, 271-285. <https://doi.org/10.1016/j.ijhm.2018.05.016>
- Guan, J., Wang, W., Guo, Z., Chan, J. H., & Qi, X. (2021). Customer experience and brand loyalty in the full-service hotel sector: The role of brand affect. *International Journal of Contemporary Hospitality Management*, 33(5), 1620-1645. <https://doi.org/10.1108/IJCHM-10-2020-1177>
- Gupta, P. D. (2016). Impact of knowledge management processes for sustainability of small family businesses: Evidences from the Brassware sector of Moradabad (India). *Journal of Information and Knowledge Management*, 15(4), Article 1650040. <https://doi.org/10.1142/S0219649216500404>
- Gustafsson, A., Snyder, H., & Witell, L. (2020). Service innovation: A new conceptualization and path forward. *Journal of Service Research*, 23(2), 111-115. <https://doi.org/10.1177/1094670520908929>
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2022). *A primer on partial least squares structural equation modeling (PLS-SEM)* (3rd ed.). SAGE Publications.
- Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to use and how to report the results of PLS-SEM. *European Business Review*, 31(1), 2-24. <https://doi.org/10.1108/EBR-11-2018-0203>
- Hariandja, E. S., & Sartika, L. (2022). Effects of brand innovation and marketing dynamic capability on the performance of international hotels. *Innovative Marketing*, 18(1), 63-78. [https://doi.org/10.21511/im.18\(1\).2022.06](https://doi.org/10.21511/im.18(1).2022.06)
- Ismail, A. R. (2017). The influence of perceived social media marketing activities on brand loyalty: The mediation effect of brand and value consciousness. *Asia Pacific Journal of Marketing and Logistics*, 29(1), 129-144. <https://doi.org/10.1108/APJML-10-2015-0154>
- Kaban, L. M. (2024). Inclusive leaders for innovation in the founder stage and sibling partnership of family enterprises. *The Southern African Journal of Entrepreneurship and Small Business Management* 16(1), Article a917. <https://doi.org/10.4102/sajesbm.v16i1.917>
- Kaban, L. M., & Stevanus, L. (2023). The antecedents of purchase decision at online travel agent (tiket.com). *Quantitative Economics and Management Studies*, 4(4), 697-709. <https://sainsmat.org/index.php/qems/article/view/1672>
- Kaban, L. M., & Tukiran, M. (2023). Dynamic capability for digital transformation in family-owned company: A systematic review. *International Journal of Research and Review*, 10(5), 465-473. <https://doi.org/10.52403/ijrr.20230553>
- Ko, C.-H. (2017). Investigating the determinants of innovation according to radical and incremental attributes. *Open Access Library Journal*, 4, Article e3994. <https://doi.org/10.4236/oalib.1103994>

- Konovalova, T., & Jatuliavičienė, G. (2015). Innovation development perspectives in a hotel industry by example of Radisson hotel chain in Ukraine. *Regional Formation and Development Studies*, 15(1), 73–85. <https://doi.org/10.15181/rfds.v15i1.981>
- Liu, K.-N., & Hu, C. (2022). The incorporation of Mainland Chinese tourists' experiences into the Taiwan hotel branding process. *Asia Pacific Journal of Marketing and Logistics*, 34(7), 1368–1391. <https://doi.org/10.1108/APJML-01-2021-0059>
- Lohmöller, J.-B. (1989). *Latent variable path modeling with partial least squares*. Springer. <https://doi.org/10.1007/978-3-642-52512-4>
- Manthiou, A., Kang, J., Sumarjan, N., & Tang, L. (2016). The incorporation of consumer experience into the branding process: An investigation of name-brand hotels. *International Journal of Tourism Research*, 18(2), 105–115. <https://doi.org/10.1002/jtr.2037>
- Nam, J., Ekinci, Y., & Whyatt, G. (2011). Brand equity, brand loyalty and consumer satisfaction. *Annals of Tourism Research*, 38(3), 1009–1030. <https://doi.org/10.1016/j.annals.2011.01.015>
- Nunnally, J. C. (1994). *Psychometric theory 3E*. Tata McGraw-Hill Education.
- Oh, H., Lee, B., & Lee, S. A. (2021). Global or local brand? Hotel selection in global travel context. *Journal of Product & Brand Management*, 30(1), 104–117. <https://doi.org/10.1108/JPRM-08-2019-2509>
- Pappu, R., & Quester, P. G. (2016). How does brand innovativeness affect brand loyalty? *European Journal of Marketing*, 50(1–2), 2–28. <https://doi.org/10.1108/EJM-01-2014-0020>
- Rajaguru, R., & Hassanli, N. (2018). The role of trip purpose and hotel star rating on guests' satisfaction and WOM. *International Journal of Contemporary Hospitality Management*, 30(5), 2268–2286. <https://doi.org/10.1108/ijchm-01-2017-0044>
- Ringle, C. M., & Sarstedt, M. (2016). Gain more insight from your PLS-SEM results: The importance-performance map analysis. *Industrial Management & Data Systems*, 116(9), 1865–1886. <https://doi.org/10.1108/IMDS-10-2015-0449>
- Rosli, N., Che Ha, N., & Ghazali, E. M. (2019). Bridging the gap between branding and sustainability by fostering brand credibility and brand attachment in travellers' hotel choice. *The Bottom Line*, 32(4), 308–339. <https://doi.org/10.1108/BL-03-2019-0078>
- Safeer, A. A., Yuanqiong, H., Abrar, M., Shabbir, R., & Rasheed, H. M. W. (2021). Role of brand experience in predicting consumer loyalty. *Marketing Intelligence & Planning*, 39(8), 1042–1057. <https://doi.org/10.1108/MIP-11-2020-0471>
- Serra-Cantalops, A., Ramón Cardona, J., & Salvi, F. (2020). Antecedents of positive eWOM in hotels. Exploring the relative role of satisfaction, quality and positive emotional experiences. *International Journal of Contemporary Hospitality Management*, 32(11), 3457–3477. <https://doi.org/10.1108/IJCHM-02-2020-0113>
- Serra-Cantalops, A., Ramon-Cardona, J., & Salvi, F. (2018). The impact of positive emotional experiences on eWOM generation and loyalty. *Spanish Journal of Marketing - ESIC*, 22(2), 142–162. <https://doi.org/10.1108/SJME-03-2018-0009>
- Su, N., & Reynolds, D. (2019). Categorical differences of hotel brand personality: Identifying competition across hotel categories. *International Journal of Contemporary Hospitality Management*, 31(4), 1801–1818. <https://doi.org/10.1108/IJCHM-05-2018-0354>
- Sun, Q., Deng, X., & Hu, Z. (2024). Marketing exploitation and exploration in export companies: The moderating effect of organisational formalisation. *South African Journal of Business Management*, 55(1), Article a4580. <https://doi.org/10.4102/sajbm.v55i1.4580>
- Vigripat, T., & Chan, P. (2007). *An empirical investigation of the relationship between service quality, brand image, trust, customer satisfaction, repurchase intention and recommendation to others* [Paper presentation]. International DSI/Asia and Pacific DSI. <https://surl.li/qalhqe>
- Wang, Y. (2016). Localization of international hotel brands in China. *American Journal of Industrial and Business Management*, 6, 942–946. <https://doi.org/10.4236/ajibm.2016.69091>
- Wang, Y., Hong, A., Li, X., & Gao, J. (2020). Marketing innovations during a global crisis: A study of China firms' response to COVID-19. *Journal of Business Research*, 116, 214–220. <https://doi.org/10.1016/j.jbusres.2020.05.029>
- Wikhamn, W., Armbrecht, J., & Remneland Wikhamn, B. (2018). Innovation in Swedish hotels. *International Journal of Contemporary Hospitality Management*, 30(6), 2481–2498. <https://doi.org/10.1108/IJCHM-06-2017-0323>
- Wold, H. (1982). Soft modeling: The basic design and some extensions. In K. G. Joreskog & H. O. A. Wold (Eds.), *Systems under indirect observation: Causality, structure* (pp. 1–54). North-Holland.
- Yi, L., Khan, M. S., & Safeer, A. A. (2022). Firm innovation activities and consumer brand loyalty: A path to business sustainability in Asia. *Frontiers in Psychology*, 13, Article 942048. <https://doi.org/10.3389/fpsyg.2022.942048>
- Zameer, H., Wang, Y., & Yasmeen, H. (2019). Transformation of firm innovation activities into brand effect. *Marketing Intelligence & Planning*, 37(2), 226–240. <https://doi.org/10.1108/MIP-05-2018-0176>