

A Causal Model of Patriotic Marketing on Customer Loyalty in China's Hotel Industry

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Abstract

This study aimed to develop a causal relationship model for patriotic marketing on customer loyalty in China's hotel industry. The present study used questionnaires to collect primary data from 385 customers staying at domestic hotel brands in China. All statistical data, which included frequency analysis, percentage, mean, standard deviation, and structural equation modeling. The analysis revealed that respondents generally held favorable views regarding patriotic marketing on customer loyalty in China's hotel sectors. As a result, the causal relationship model of patriotic marketing on customer loyalty in China's hotel industry yielded the following results: $\chi^2 = 380.960$, $df = 14$, $P < 0.05$, $CFI = 0.929$, $AGFI = 0.914$, $TLI = 0.975$, and $RMR = 0.041$. It demonstrates a favorable causal relationship in this industry between perceived value, customer loyalty, service quality, and patriotic marketing.

Keywords: Patriotic Marketing, Customer Loyalty, China's hotel industry.

1. Introduction

In recent years, due to economic globalization, technological advancements, and intensifying market competition, the hotel industry in China has faced unprecedented challenges. The competition between domestic and international hotel brands has escalated, particularly in service quality and customer loyalty. In this context, patriotic marketing has gradually emerged as a crucial strategic tool for enhancing the competitiveness of domestic hotel brands. The growing sense of national pride and patriotism among Chinese consumers has fueled the rise of domestic brands and significantly influenced their purchasing decisions (Peng et al., 2012). Therefore, studying how patriotic marketing can enhance customer loyalty by improving service quality, perceived value, and customer satisfaction is of great theoretical and practical significance.

The strategic implications of patriotic marketing in China are especially important, considering the country's recent emphasis on strengthening national identity and cultural heritage. For example, the Chinese government's efforts to increase domestic consumption and minimize dependency on imports are closely aligned with consumer ethnocentrism ideas. This alignment provides a strategic opportunity for hotel chains to use patriotic marketing to differentiate

themselves in a competitive industry. Furthermore, the competitive advantage achieved through such techniques can result in improved customer loyalty, which is crucial for long-term company success in the hospitality industry (Hong et al., 2023).

The development of China's hotel industry relies on price competition and the ability to win customer loyalty through high-quality service and a unique brand image. With the continuous growth of domestic market demand, primarily driven by domestic tourism and business activities, the hotel industry faces tremendous development opportunities.

According to the China Statistical Yearbook (China Statistical Yearbook 2023, 2023), in 2022, the total revenue of China's hotel industry accounted for 87.34% of the tourism industry's total revenue, highlighting the hotel sector's critical role in the national economy. However, in the face of fierce market competition, more than relying on traditional service and management models is required to maintain a sustainable competitive advantage (Gao et al., 2021). An increasing number of domestic hotel brands have realized that integrating patriotic sentiments into their marketing strategies can enhance their brand appeal and boost customer loyalty (Li et al., 2021). This approach helps businesses stand out in a highly competitive market and contributes to sustainable long-term profitability. Therefore, it is imperative to develop a causal relationship model for patriotic marketing on customer loyalty in China's hotel industry. This research provides a new theoretical study perspective and offers strong guidance on effectively applying patriotic marketing strategies in practice.

2. Literature Review

An extensive examination of prior research and pertinent literature was carried out in relation to the present study. This review aimed to ensure that the analysis aligned with existing academic insights while contributing to the current field of inquiry. According to customer loyalty an organization can enhance customer loyalty by emphasizing the quality of service, perceived value, customer satisfaction, and patriotic marketing. These factors are essential for maintaining a competitive edge in China's hotel industry, where domestic and international brands vie for consumer attention. The “indicators” of patriotic marketing on customer loyalty as shown in Table 1 and indicated that they are the important “variables” or “items.”

Table 1. Key Variables or Items of patriotic marketing on customer loyalty

Key Items	Description
Patriotic marketing	The concept of consumer ethnocentrism highlights how consumers' preference for domestic products over foreign alternatives can be leveraged in marketing strategies. Patriotic marketing influences consumer loyalty, particularly in industries where brand perception is closely tied to national identity. (Shimp & Sharma, 1987); Peng et al. (2012)
Service quality	As a multidimensional construct, including tangibility, reliability, responsiveness, assurance, and empathy, high service quality not only meets but often exceeds customer expectations, which is crucial for fostering customer satisfaction and loyalty. (Grönroos, 1990) and (Parasuraman et al., 1988)

Perceived value	perceived value is often linked to the balance between the price paid and the quality of service received, with higher perceived value leading to greater customer satisfaction in the hospitality industry.	(Kotler, 2003)
Customer satisfaction	customer satisfaction is a significant predictor of repeat patronage and positive word-of-mouth, vital for maintaining and enhancing customer loyalty.	(Hallowell, 1996) and (Smith & Bolton, 1998)

Patriotic marketing is linked to several fundamental components, including the following: 1) consumer ethnocentrism (CE), 2) national identity (NI), 3) consumer animosity (CA), and 4) national pride (NP). Shimp and Sharma (1987) developed the CETSCALE, a tool designed to assess the degree to which consumers favor domestic goods over foreign alternatives. This preference is influenced by national loyalty and the conviction that purchasing local products is ethically justified. Various factors, including cultural values, economic conditions, and social influences, can influence this ethnocentrism. The second element, national identity, refers to individuals' sense of belonging and connection towards their country. This identity can significantly impact consumer behaviors, with individuals often favoring products that align with their national identity (Peng et al., 2012). National identity can also be a powerful motivator for purchasing decisions, as consumers may choose domestic brands to express their patriotism and support for their country's economy. Consumer animosity, the third element, is the reluctance or refusal to purchase products from countries with which consumers have negative feelings, often due to historical, political, or economic reasons (Klein & Ettensoe, 1999). This animosity can affect consumer choices, leading them to avoid foreign brands in favour of domestic alternatives. The fourth element, national pride, is crucial in patriotic marketing. It refers to consumers' positive feelings and pride with their country. Brands that successfully tap into national pride can strengthen their connection with consumers, fostering brand loyalty and increasing the likelihood of repeat purchases. Various strategies are required to implement patriotic marketing effectively. These include promoting the domestic origin of products, emphasizing cultural and national values, and leveraging national symbols and narratives in marketing campaigns. By aligning products and services with national identity and pride, businesses can build stronger consumer relationships, leading to increased loyalty and long-term success in the competitive market (Rong & Hui, 2013).

The growth of China's hotel industry has had a notable effect on the national economy. As reported in the China Statistical Yearbook (2023), since 2018, the rapid economic development and rising living standards have fueled the expansion of the hotel sector, a crucial component of the service industry, increasing its contribution to the country's Gross Domestic Product (GDP). This growth has been particularly driven by the flourishing domestic tourism market. In 2019, the total revenue generated by China's hotel industry reached 190.77 billion yuan. Although the industry suffered a significant decline in revenue due to the COVID-19 pandemic in 2020, it gradually recovered in 2021 and 2022, with total revenue reaching 117.77 billion yuan in 2022. Despite the decrease in revenue and occupancy rates in 2020 and 2021, the hotel industry has shown signs of recovery in recent years as the domestic market rebounds and consumer confidence returns. Mainly driven by domestic tourism and business activities, the hotel industry's revenue accounted for 87.34% of the total income of the tourism industry in 2022, highlighting its crucial role in the overall service sector.

3. Research Framework

The research framework, depicted in Figure 1, was constructed using key concepts from various scholars. The patriotic marketing idea proposed by Shimp and Sharma (1987), the service quality model introduced by Parasuraman, Zeithaml, and Berry (1988), Zeithaml's (1988) notion of perceived value, Oliver's (1980) theory of customer satisfaction, and the customer loyalty framework outlined by Sawyer and Dickson (1984) were all integrated to inform the study's structure..

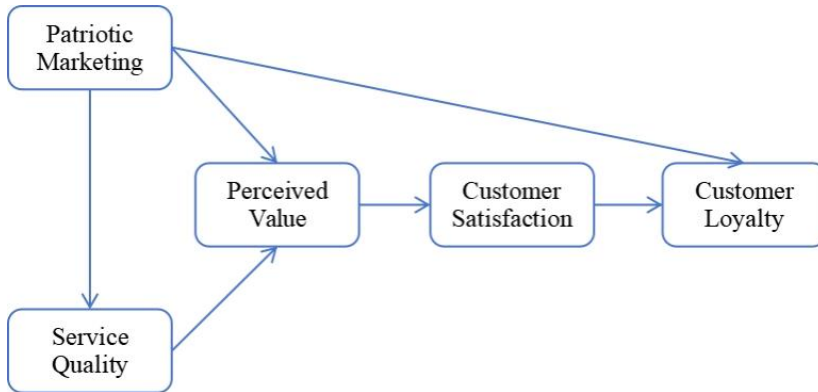


Figure 1 Conceptual Framework

4. Research Methodology

This study utilized a survey-based approach, gathering data through questionnaires and applying multilevel structural equation modeling to construct the proposed model.

The population of this research consisted of customers staying at independent Chinese brand three-star hotels. According to the 2022 National Statistical Survey Report on Star-Rated Hotels (2022 National Star-Rated Tourist Hotel Statistical Survey Report, 2023), there were 3,487 independent Chinese brand three-star hotels in China, with a total of 623,800 beds and an occupancy rate of 38.05%, serving 86.635 million guests. These hotels are officially registered under the regulations of the Ministry of Culture and Tourism of the People's Republic of China, guaranteeing their compliance with the necessary standards for this research. The sample size of 385 is calculated based on a 95% confidence level, a 5% margin of error. The reliability analysis employed Cronbach's Alpha coefficient to measure the internal consistency as result of overall Cronbach's Alpha coefficient is 0.954, indicating with high reliability. For the reliability of patriotic marketing (PM)= 0.924, service quality (SQ)=0.822, perceived value (PV)=0.827, customer satisfaction (CS)=0.845, and customer loyalty (CL)=0.819, better than 0.7 Cochran (1977). This method used stratified random sampling to divide the population of customers staying at independent Chinese brand three-star hotels into different geographic regions across China, ensuring adequate representation from key areas where these hotels are concentrated; a quota sampling method was used to select 385 customers from these regions, ensuring

proportional representation from each area based on the number of three-star hotels located there. This approach guaranteed that each region was accurately represented in the sample relative to its hotel concentration; and a simple random sampling that selected individual customers from the list of identified three-star hotels, particularly focusing on Guangdong Province, which had the highest average number of three-star hotels over the past five years. Finally, 385 respondents were selected from these hotels, ensuring a representative sample accurately reflecting the broader population of customers staying at three-star hotels in China.

Data were collected from 385 customers using online and a self-administered questionnaire in relation to patriotic marketing within three-star independent Chinese hotel brands. The questionnaire utilized a five-point Likert scale, with responses ranging from 1 (strongly disagree) to 5 (strongly agree). The class interval width was set at 0.80, following the guidelines of Kuharatanachai (2003). To ensure content validity, the questionnaire underwent evaluation by a panel of five experts, a common approach that utilizes an odd number of reviewers to prevent tied opinions (Rowinelli & Hambleton, 1977). The selection of items was based on the Item-Objective Congruency Index (IOC), retaining only those with an IOC score of 0.5 or above (Tirakanun, 2007). Data analysis was conducted using statistical software following a structured procedure as descriptive statistics, including frequency, percentage, mean, standard deviation, correlation coefficients, and path analysis technical, were applied to provide an overview of the data distribution.

5. Results and Discussion

General Information of the Respondents: The analysis revealed that most respondents were female, representing 51.4%, while male participants comprised 48.6%. Regarding age, the largest proportion of respondents fell within the 18-24 age range (32.5%), followed closely by those aged 35-44 (32.2%) and 25-34 (27.3%). A smaller segment comprised individuals aged 45-54 (6.0%) and those 55 and older (2.0%). In terms of marital status, the majority were married (56.6%), followed by single participants (43.4%), with a small percentage classified as "Other" (5.7%). Regarding educational qualifications, the majority possessed a bachelor's degree (67.0%), with smaller proportions holding a diploma (14.3%) or having completed high school or lower education (11.2%). A smaller number had a master's degree (6.8%), and very few held a doctorate or post-doctorate degree (0.8%). Regarding occupation, the majority of respondents were government or public enterprise employees (31.9%), followed by private company clerks/employees (23.1%), students (22.1%), freelancers (18.2%), and a small percentage were retired (4.7%). In terms of monthly income, the majority of respondents earned between 5001-8000 RMB (28.8%), followed by those earning 3001-5000 RMB (22.3%) and those earning 3000 RMB or less (20.8%). A smaller percentage of respondents earned between 8001-12000 RMB (16.6%), 12001-20000 RMB (6.8%), and more than 20001 RMB (4.7%).

Factors influence of patriotic marketing on customer loyalty in China's hotel sector: Respondents' overall perceptions of the factors impacting on customer loyalty within the Chinese hotel industry were rated at a high level, with a mean score of 3.93. Their opinions on

patriotic marketing (mean = 3.31), service quality (mean = 3.76), perceived value (mean = 3.65), and customer satisfaction (mean = 3.73) were also at high levels, as shown in Table 2.

Table 2. Levels of opinions on the factor affecting the patriotic marketing on customer loyalty in China's hotel businesses (n=385)

Items	Mean	SD.	Level
Patriotic Marketing	3.31	0.68	High
Service Quality	3.76	0.56	High
Perceived Value	3.65	0.57	High
Customer Satisfaction	3.73	0.76	High
Total	3.93	0.70	High

Appropriateness of data for further analyses: The study investigates relationships between patriotic marketing, service quality, perceived value, and their combined influence on customer loyalty in the Chinese hotel industry. Utilizing Pearson's product-moment correlation coefficient, the analysis scrutinizes 14 observed variables, uncovering a total of 91 correlation coefficients. The correlation analysis demonstrated statistical significance at the 0.01 level among the variables—patriotic marketing (PM), service quality (SQ), perceived value (PV), customer satisfaction (CS), and customer loyalty (CL). The identified relationships show a positive correlation, with correlation coefficients ranging from 0.272 to 0.823 in table 3.

Table 3. The correlation analysis of the measured variables

	PM	CS	CL	QV	MV	SV	EMV	EPV	RV	TAN	REL	ASS	EMP	RESP
PM	1.000													
CS	.392**	1.000												
CL	.385**	.451**	1.000											
QV	.347**	.341**	.408**	1.000										
MV	.342**	.409**	.504**	.553**	1.000									
SV	.342**	.407**	.411**	.562**	.536**	1.000								
EMV	.297**	.456**	.422**	.501**	.523**	.532**	1.000							
EPV	.285**	.375**	.378**	.537**	.509**	.562**	.539**	1.000						
RV	.343**	.371**	.375**	.486**	.423**	.494**	.470**	.467**	1.000					
TAN	.348**	.352**	.340**	.281**	.308**	.408**	.418**	.310**	.363**	1.000				
REL	.328**	.319**	.378**	.389**	.332**	.354**	.417**	.353**	.363**	.504**	1.000			
ASS	.279**	.349**	.429**	.353**	.368**	.365**	.391**	.366**	.288**	.506**	.508**	1.000		
EMP	.285**	.378**	.372**	.309**	.301**	.413**	.343**	.303**	.335**	.471**	.459**	.520**	1.000	
RESP	.317**	.374**	.394**	.357**	.272**	.378**	.374**	.337**	.350**	.553**	.570**	.530**	.561**	1.000

The analysis of the causal relationship model of patriotic marketing on customer loyalty in China's hotel industry showed strong alignment with the empirical data of overall model fit and component fit. The author evaluated the developed structural equation model analysis (SEM) model and investigated assumptions to ensure its accuracy. The model's fit was indicated as follows: $\chi^2 = 380.960$, $df = 14$, $P < 0.05$, $CFI = 0.929$, $AGFI = 0.914$, $TLI = 0.975$, and $RMR = 0.041$ (Hu & Bentler, 1995; Goldstein, 2003).

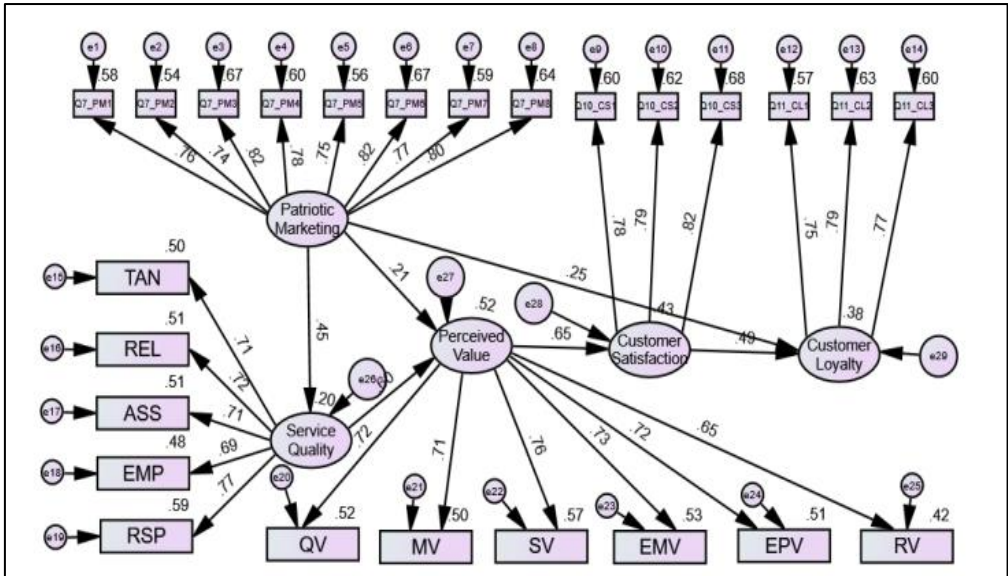


Figure 2 The causal relationship model of patriotic marketing on customer loyalty in China's hotel industry

All of these indices in figure 2 demonstrate that the model developed in this study achieves an excellent fit, effectively capturing the data's characteristics. This analysis confirms that the model is well-suited for examining the effects of patriotic marketing on service quality, perceived value, customer satisfaction, and customer loyalty in China's hotel industry. The strong fit between these indices allows for a confident interpretation of the hypothesized relationships and pathways in the research.

6. Conclusions

This research examined the key factors that strategically impact customer loyalty in the Chinese hotel industry, with a primary focus on patriotic marketing, service quality, and perceived value. To analyze this relationship, data were collected from various customers of Chinese domestic hotel brands. Various statistical and econometric methods covered the causal factors and success in driving customer loyalty. The findings of this study illustrate a strong relationship between the multilevel causal factors—patriotic marketing, service quality, and perceived value—and customer loyalty in China's hotel industry. The study's findings are highly recommended for domestic hotel brands in China seeking to enhance customer loyalty through strategic interventions. Moreover, students of marketing and hospitality management can analyze the study's findings to gain deeper insights into the overall trends in customer loyalty within China's hotel industry. However, the study also has certain limitations. Primarily, it relied on data collected directly from a range of customers. While the managerial implications are justified,

other variables, such as long-term customer behaviour, could benefit from time series data and secondary measures, providing more robust outcomes. Additionally, the study was conducted in the context of China's hotel industry, and the managerial implications might not fully extend to other regions or industries. Future research could overcome these limitations by providing stronger justification and generating more comprehensive results, potentially by utilizing larger datasets or concentrating on different geographical areas or industry sectors.

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