The Effect of Consumer Scepticism on the Perceived Value of a Sustainable Hotel Booking

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Abstract

Tourists find it hard to evaluate the advantages of a sustainable hotel and others may be even sceptical about sustainable tourism altogether. The study reported here was designed to investigate the associations between perceived benefits, perceived costs, and perceived value while booking a sustainable hotel. In addition, the moderating role of scepticism is assessed relating the paths linking the study variables. The study is based on an online survey carried out with 1056 respondents in the USA. The results of structural equation modeling indicate that the perceived benefits, both authentic and environmental benefits were significantly influencing perceived value; and perceived value had a significant influence on booking intentions. The moderating effect of scepticism on authentic benefit perceptions with perceived value suggests that when respondents are sceptical about sustainability in general, it alters the relationship between authentic benefit perceptions and perceived value showing a negative impact. The study provides implications for sustainable hotel marketing by emphasising the need to understand how potential consumers perceive the sustainable product value and how this affects their booking intentions.

Keywords: Perceived value; Benefits; Costs; Scepticism; Booking intentions; Sustainable hotel

Introduction

As consumers are more aware about the global environmental issues more than ever now sustainable hotels are not considered a niche product anymore. Indeed, a growing number of hotels actively implement sustainability actions to manage their impacts and meet changing customer expectations. But, often hoteliers are doubtful about whether their sustainability actions deliver any competitive advantages; hence only some indeed manage their premises fully according to sustainability principles [1]. It is a challenge to create a balance between meeting consumer expectations whilst managing the social, economic and environmental impacts of a hotel. Thorough understanding about the sustainability actions implemented by a hotel creates value perceptions by tourists [2]. Theoretically, the actual value (of a sustainable hotel) is truly a reflection by customers rather than by the company (hotel) itself [3] since this is translated into effective bookings and possibly loyalty by them.

The perceived value of a product or service can be evaluated by maximizing benefits and minimizing costs [4]. This is considered to be a cognitive evaluation for decision making and takes a unidimensional approach towards value gained by booking a sustainable hotel. On the one hand, the benefits possible from the functional attributes of a sustainable hotel influence its perceived value and so also impact booking intentions. Theoretically, a higher perceived benefit leads to higher net value evaluation of a sustainable hotel, which should lead to a booking [5].

On the other hand, a sustainable hotel has a common perception amongst consumers to be comparatively costlier than a standard hotel and such an accommodation choice could have a variety of non-monetary costs such as inconvenience due to requirements to search longer to book due to unavailability of information or suitable offers. All these factors can negatively influence value perceptions by consumers [6-8]. Several studies evaluated the perceived value of sustainable hotels modelling benefits and costs individually [9,10]. But, only few studies considered benefits and costs together to evaluate the perceived value and how this can translate into booking intentions [8,11]. Indeed a study conducted by Deloitte [12] found that customer is always hindered to buy green because of limited understanding of the benefits and costs to maintain sustainability. However, these studies did not determine how the benefits resulting from functional sustainability attributes contribute to the overall value of a hotel and it still remains unanswered from a consumer perspective. Additionally, all these previous studies investigated the influence of the perceived value on booking intentions either in a green hotel by only considering the environmental aspects of sustainability management or in a medical hotel context only [8,11]. In this framework, the primary question was to determine the associations between perceived benefits, perceived costs, perceived value and booking intentions.

Scepticism is a general disbelief amongst customers about a claim such as environmental performance in marketing communications [13]. Businesses offering various products with sustainability characteristics are often the subject of the “green washing” phenomenon, when they overstate the performance of a given product [2]. In addition, Font et al. [14] highlights a “green hushing” phenomenon where tourism businesses are downgrading the sustainability information to avoid consumer scepticism. This shows that general scepticism towards sustainability interferes with the functional benefits of a particular product. Additionally, when a consumer who generally does not believe in sustainability encounters a product that he or she associated with inconvenience or having to give up something, these situations might negatively influence their product value perceptions.

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As more hotel implement sustainable business practices, the consequences of deceptive claims can affect the overall value of the product/service and there by negatively impacting on booking intentions [15]. This is important and has financial implications for hotels. If tourists believe that, certain benefits of the advertised sustainability actions may not be performed as expected due to some degree of scepticism, the negative effect on value perceptions result in no booking in the worst case. A less severe impact of scepticism may be that a guest, who is sceptic about the hotel’s sustainability claims of a booked establishment, could be confronted with apart of the service that may confirm the scepticism. For example, if the hotel advertising claimed sustainable food offers that were locally supplied, organic and fair trade, the guests would expect information and the experience to match this when staying in the hotel and would be looking to experience these benefits mights part of the stay value. If the hotel somehow does not deliver what was advertised, an already somewhat sceptic guest would reinforce their level of scepticism about the hotel. The impact of this may lead to a negative evaluation of the hotel resulting in a net loss on their product/service value assessment and no possibility of word of mouth advertising and probably no intention to return and book this hotel again. Hence, the current research aimed to measure the intervening role of scepticism in general on booking intentions by examining the relationship between perceived benefits addressing the three dimensions of sustainability, costs and values obtained.

Filling the gaps outlined above, this study attempts (1) to empirically examine the possible associations amongst the perceived benefits of booking a sustainable hotel, perceived costs, perceived value, and booking intentions by developing a conceptual model incorporating these variables (2) to test the moderating role of scepticism on the paths linking the study variables. The findings of the study primarily contribute to understanding the role of scepticism in sustainable hotel booking intentions. The study provides detailed insights about what consumer’s specifically value in a sustainable hotel and what factors they consider to reduce these perceptions in context of having some degree of scepticism about the advertised sustainability claims.

**Literature Review**

Consumers usually will not waste time and money to purchase a product unless value is gained from purchasing. In addition, a potential consumer is constantly looking to maximize his benefits and minimize the costs when choosing a particular product or service. Previous marketing research considers that customer perceives value for the purchase when he/she gains benefits or advantages arising out of a customer’s association with a product while reducing the sacrifices or costs [3,4,16]. This net perceived value has been considered as a net transaction effect between benefits vs. costs. Consumer perceptions of a product’s value can increase purchase intentions and this can be understood by a set of benefits and costs [4,17]. Tourism product and service providers, including hoteliers are well aware of what their tourist’s value in their offer but this is not clearly the case for a sustainable hotel (because many sustainability attributes cannot be seen or experienced consciously by guests unless the hotelier explicitly informs them about specific management actions) [18].

**Relationship between perceived benefit, perceived cost and perceived value**

Sustainable hotel may implement many actions to meet the sustainability criteria, especially when compared to a standard hotel. But, there are 100’s of actions possible to improve the hotel’s attributes and not all may be perceived as benefits by guest [19]. Some researchers suggest that green hotel attributes are not considered to be critical determinants when choosing a hotel; rather they are considered to add value to the existing product/service [20]. To attain a value from sustainability attributes requires a thorough understanding of the perceived benefits and costs which can influence potential customers to book a sustainable hotel [18].

The functional concept of sustainability has three dimensions including economic, social, and, environmental. From a sustainable hotel perspective, the specific benefit and value perceived from each dimension is not known or documented. Previous studies either do not document the influence of the green hotel benefits by bundling all ecological aspects together and evaluating their impacts directly on booking intentions [20] or conceptually model all the dimensions and directly evaluate perceived value [8]. For example, [21] emphasizes functional benefits as the most primary and individual benefits sought by customers. Functional benefits are related to the product attributes and what a consumer perceives the product attributes will do to meet their needs. These benefits include: perceived environmental benefit and perceived authentic benefit. These authors argue that how functional benefits of sustainability would contribute to add to the overall value perceptions of a given product or service. In contrast, when the additional value of a product is explicitly emphasized to target mass consumer markets, customers respond better [22] because they get the impression of better quality and experience for them [23].

Hence, examining the role of perceived benefit specifically from functional benefits derived from the sustainability attributes of a hotel offers a better understanding about the social, economic and environmental dimensions. In the current study, benefits are divided into authentic benefit derived from social dimensions and environmental benefits derived from ecological actions performed by the hotel.

H1a: Perceived environmental benefits positively affect the perceived value.

H1b: Perceived authentic benefits positively affect the perceived value.

Perceived costs can be considered as what tourists give up to buy what they desire [5]. Indeed, it is a monetary cost and some non-monetary sacrifice to consider a sustainable choice [20]. Previous research suggests that although few consumers are willing to pay a premium for booking a sustainable hotel [24]; they also consider different non-monetary costs such as giving up some wants, which may be an inconvenience and be associated with lower product performance.

According to the definition of perceived value, not only maximizing benefits but also overcoming the monetary and non-monetary costs/ barriers can affect the perceived value of choosing a product or service and this concept can be applied to a sustainable hotel [3,5]. Especially, targeting mass tourism segment constantly try to maximise their value, perceived costs can negatively affect the perceived value gained from booking a sustainable hotel. For example, Chen and Chang [25] claims that in the context of green purchasing behaviour, consumers are willing to minimise their risks or costs rather than maximizing their green needs or wants by choosing the product.

H2: Perceived costs negatively influences the perceived value.

Over the past few years, perceived value has been approached either as a unidimensional or multidimensional phenomenon towards influencing consumers. Nevertheless, both these approaches
consider perceived value as the most significant factor towards purchase intentions [3,5,26]. Additionally, Deloitte [12] highlights the importance of communicating a green value proposition to influence purchasing for a hospitality product. In the end, consumers prefer to buy a product if they gain higher perceived value from the purchase [25].

H3: Perceived value has a positive effect the booking intentions.

Scepticism

Scepticism is defined as the “general disbelief towards the environmental claims made by the advertising”. It is more of a general disbelief towards the environmental products [13]. In the current context, it is applied towards the three dimensions of sustainability claims. D’Souza [27] suggests that a more functional understanding is required to meet the consumer’s needs when they are sceptical. Mostafa [28] implies that scepticism towards environmental claims is negatively related to green consumption. It has been well known that scepticism in various green products caused negative consequences towards purchasing by consumers [29,30]. Delmas and Burbano [31] suggests that scepticism may increase when the sustainable hotel market expands.

H4: Scepticism negatively influences the booking intentions.

Calfee and Ringold [32] argue that consumers are by nature sceptical of environmental claims unless they have credible bases for evaluating the claims. Many companies have utilised terms such as “biodegradable”, “recyclable” to describe benefits which were misleading sometimes to customers resulting in scepticism towards the concept of sustainability altogether [33]. However, scepticism is caused due to the uncertainty of environmental benefits, which may be falsely claimed by a product or service producer [30]. Hence, it is crucial to understand the impact of scepticism and relate it to perceived benefits. Otherwise, the uncertainty towards environmental benefits of a green product might translate to decreased willingness to choose a particular product or service [30]. With the rapid expansion of eco-conscious consumers, this is increasingly a part of reality and an important aspect to consider when designing marketing communication for potential consumers. Instead of maximizing the benefits, it would decrease the positive effect of benefit on perceived value.

Furthermore, during the evaluation of perceived value, if scepticism intervenes with perceived costs, it would increase the weight on perceived costs and there by decrease in the perceived value of the product. Becken [34] discusses the tourist perceptions on climate change explains that sceptical consumers perceive the price of a product 14.7% higher compared to a tourist who believes climate change is a reality. It means the chances of consumer overcoming the barriers will increase because of his scepticism thereby affecting the perceived value.

H5a: Increasing scepticism lowers the positive effect of perceived environmental benefits on perceived value.

H5b: Increasing scepticism lowers the positive effect of perceived authentic benefits on perceived value.

H6: Scepticism strengthens the negative effect of perceived costs on perceived value.

Scepticism as a moderator between perceived value and booking intentions

Although previous work examined the concept of perceived value related to understanding its role in influencing the booking intentions. Since there is an additional value to prefer a sustainable product, few companies promoted their products by means of deceptive claims about their environmental actions. This led consumers to be sceptic or avoid the product [15]. Previous studies already highlighted that scepticism can negatively influence purchase intentions for various products such as organic food, tourism products and others [29,30]. With an increased number of sustainable hotels available for booking, poor perceived value due to scepticism might result in reduced booking intentions [25]. Hence, evaluating the perceived value when intervened by scepticism towards booking intentions is crucial. Therefore, this study sets out to test the following hypothesis:

H7: Scepticism lowers the positive effect of perceived value on booking intentions.

Accordingly, the present study examines associations between perceived value, perceived benefits, costs and booking intentions by proposing and evaluating a structural equation model (detailed subsequently in Figure 1).
Methodology

The data for this research was collected between February and March 2017, through an online administered survey in the USA. An online polling company chose survey participants and the survey was administered using UNIPARK (http://www.unipark.de/). The survey used proportional quota sampling, ensuring the sample interviewed is representative of the population of interest. In this study, quotas were set in regards with the age, gender and educational background making the sample representative of the demographic distribution of US Census data [35]. Responses who met the quotas were selected for the final data analysis. All the participants were rewarded with a financial incentive for participation.

Participants were provided with a hypothetically designed sustainable online hotel brochure to navigate through before proceeding to answer the survey questions. Hypothetical scenario planning is commonly applied to evaluate the consumer behaviour [36]. This hotel brochure has been thoroughly evaluated by hotel marketing experts. It considered all the details of a standard hotel amenities and sustainable hotel attributes covering all three dimensions of sustainability in the information. The brochure’s layout was also pretested and the content available was evaluated by the industry experts to ensure credibility. After respondents finished reading the brochure, they were subsequently navigated to answer a questionnaire.

Measures

All the items were measured on a Likert scale. The questionnaire was pre-tested twice using Mechanical Turk to improve questionnaire clarity and refine measurement scales.

Later, the individual items for perceived sustainable hotel benefits were adopted based on a literature review. Perceived value (PV) (for ex: …great value for money compared to a regular three-star hotel.), booking intentions (BI) (ex: I intend to book the promoted hotel for my next vacation.), perceived costs (PC) (ex: …spending more time and effort for booking than I usually do.) and scepticism towards sustainability (SK) (ex:…social responsible practice does not bring anything) were adopted and developed based on existing validated measures from other researchers in this field [8,20,29,37]. Related to perceived benefits several items were included in the questionnaire to measure each construct. Measures for benefit constructs were derived from a literature review based on the sustainability benefit dimensions proposed by Priskin [38]. A total of 15 items for the perceived benefits were chosen also incorporating the work of previous studies [8,20]. All the measurement items utilized a seven-point Likert-type scale. Perceived authentic benefit (PBA) (for ex: …experience locally authentic food and drinks), perceived environmental benefit (PBE) (for ex: …reduce my natural resource use (e.g. lower water and energy use, lower waste creation and carbon emissions etc.) were divided into two types covering the three dimensions of sustainability.

In total 1079 respondents were used for analyses, where responses who mentioned technical problems to complete the questionnaire and those failing the survey’s inbuilt seriousness check were eliminated (a total of 13 cases). Additionally, three extreme outlier’s responses were eliminated by calculating their Mahalanobis distance.

Analysis and Results

Data collected were analysed using SPSS 24.0 and AMOS 23.0for Windows. As recommended by Gerbing and Hamilton [39], the scale items were first examined by using an exploratory factor analysis (EFA) were first examined to identify poorly fitting items and then CFA was performed.

Measurement model

Prior to SEM, CFA was first conducted. The results of the CFA provided an adequate fit to the data ($\chi^2=457.407$, df=121, p<0.001, Root mean square error of approximation (RMSEA)=0.051, comparative fit index (CFI)=0.981, normed fit index (NFI)=0.974. Factor loadings were equal to or greater than 0.70 and all were significant and shown in Table 1. Coefficient alpha for the multi-item scales was used in this study. The cut-off point was generally regarded to be 0.70 [40]. As shown in Table 1, all values were between 0.802 and 0.994. A construct validity test was conducted using the factor loadings within each construct, the average variance extracted (AVE) and the correlation between the constructs. As shown in the Table 1, a convergent validity was established [41]. To test for discriminant validity, the square root of the AVE (on the diagonal in the matrix below) to all inter-factor correlations was calculated. All factors demonstrated adequate discriminant validity, because the diagonal values were greater than the correlations. Discriminant validity was also demonstrated according to [42]. Additionally, the composite reliability was also computed and it was reported that all cases the CR was above the minimum threshold of 0.70, indicating the reliability.

Structural model results

From the measurement model (n=1056), the SEM was examined to test the relationships between perceived benefit, perceived value and perceived costs with a moderating effect of scepticism. Significant paths were reported in Table 2. As shown in Table 2, the overall model $\chi^2=491.143$ with df=123 (p<0.001); however, the normed chi-square ($\chi^2$/df=3.993, which is between 2 and 5, was deemed acceptable [43]. Other goodness-of-fit indices revealed that the model fits well, including GFI

Table 1: Measurement items, loadings and reliability.
Moderated effects

In addition to the structural model, moderating role of scepticism was evaluated by creating composite variables using factor scores in AMOS before assessing the moderating effect of scepticism. The independent variables were standardized and the interaction term was calculated by multiplying the predictor variable (X) and moderator (M). The product term shows the empirical evidence that the nonlinear combination of variables X and M accounts for a unique amount of variability in the outcome variable (Y) (Table 3).

Scepticism was found to be a significant (β=0.178, p<0.001) as a moderator. Though, there is no negative effect in altering the relationship between environmental benefit on perceived value but it reduces the predictive power of environmental benefit. Therefore, general scepticism towards sustainability is an important consideration in context of authentic benefit perceptions. In support of H5b, scepticism about sustainability was hypothesized to alter the relationship between authentic benefit on perceived value as mentioned in Table 3. The negative sign indicates that as scepticism towards sustainability increases, the relationship between perceived authentic benefit and perceived value decreases (β=−0.158, p<0.001).

As illustrated in Table 3, no significant moderating effect of scepticism was found for the relationship between either perceived cost and perceived value or perceived value and booking intentions, rejecting H6 and H7.

Discussion

The model distinctively contributes to extend our knowledge about sustainable hotel booking intention formation. The research sheds clear insights into the roles perceived value and perceived benefits derived from sustainability attributes and perceived costs play in the booking process. Additionally, the significant role of scepticism affecting all relationships is relatively a new contribution towards understanding booking intentions, which has important implications for tourism marketing.

The findings of the research also add to an understanding about the concept of perceived value and its role in sustainable tourism research more generally. In the context of sustainable and green hotels, previous research only examined the relationship between perceived benefits directly with perceived value [8] or the both perceived benefits and perceived costs directly related to booking intentions. The results of SEM documented here verified the significant and positive associations amongst authentic, environmental benefits and perceived value. These findings imply that an increase in either authentic benefits or environmental benefits of a sustainable hotel would contribute to an increase in its perceived (net) value by potential consumers.

Another important finding is that the perceived authentic benefit contributes with higher predictive power to increase the perceived value compared to perceived environmental benefit. Perceived authentic benefit is of a great importance to influence perceived value compared to an environmental benefit of a sustainable hotel for this particular market. For example, customers who would experience specific desired attributes of the hotel experience such as locally made authentic food consider it could offer them a better value in choosing a sustainable hotel.

Consumers calculate the value determined from a product/service with a benefit-costs trade-off [5]. From a functional aspect of sustainability, perceived costs do not appear to play a critical role compared to perceived benefits to offer the value in a booking which indicates more emphasis on perceived benefit to add value to their booking. In addition, perceived value was significantly influencing booking intentions. Our research is in line with previous research who has observed the perceived value in medical hotels, lodging industry [8]. However, observing this significant relationship particularly in a sustainable hotel hasn’t been discussed in the previous research.

Second, the study attempted to extend current sustainable tourism research to understand the problem of scepticism and its role in specifically relating to booking intentions. In the present context, though it has been observed that general scepticism towards sustainability has no influence on booking intentions pertaining to the US travel market. However, when a tourist perceives an authentic benefit could influence their functional gain towards a sustainable hotel gets affected if the tourist is sceptical about sustainability in general. Thus, they perceive lower value in their booking the more they are doubtful or sceptical, when the hotel offered with authentic benefits before they are booking.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path coefficients</th>
<th>Estimates</th>
<th>Proposed effect</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>PBE → PV</td>
<td>0.374***</td>
<td>Positive</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1b</td>
<td>PBA → PV</td>
<td>0.489***</td>
<td>Positive</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>PC → PV</td>
<td>-0.004 (n.s.)</td>
<td>Negative</td>
<td>Rejected</td>
</tr>
<tr>
<td>H3</td>
<td>PV → BI</td>
<td>0.716***</td>
<td>Positive</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4</td>
<td>SK → BI</td>
<td>-0.007 (n.s.)</td>
<td>Negative</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Note: *p<0.05, **p<0.01, ***p<0.001 (two-tailed).

Table 2: The results of the SEM model.

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Estimates</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H5a (PBExSK) → PV</td>
<td>0.178***</td>
<td>4.541</td>
</tr>
<tr>
<td>H5b (PBAxSK) → PV</td>
<td>-0.158***</td>
<td>-4.257</td>
</tr>
<tr>
<td>H6 (SKxPC) → PV</td>
<td>0.032 (n.s.)</td>
<td>1.783</td>
</tr>
<tr>
<td>H7 (SKxPV) → BI</td>
<td>0.021 (n.s.)</td>
<td>0.850</td>
</tr>
<tr>
<td>PBE → PV</td>
<td>0.295***</td>
<td>9.573</td>
</tr>
<tr>
<td>PBA → PV</td>
<td>0.584***</td>
<td>19.187</td>
</tr>
<tr>
<td>PC → PV</td>
<td>-0.015 (n.s.)</td>
<td>-0.852</td>
</tr>
<tr>
<td>PV → BI</td>
<td>0.761 (n.s.)</td>
<td>37.463</td>
</tr>
<tr>
<td>SK → BI</td>
<td>-0.006 (n.s.)</td>
<td>-0.281</td>
</tr>
</tbody>
</table>

Note: *p<0.05, **p<0.01, ***p<0.001 (two-tailed).

Table 3: Results of the testing moderating effects.
This finding of this research has a number of important implications for sustainable hotel marketing. First, it helps understand what yields value from a functional aspect for potential customer before choosing a sustainable hotel. Communicating authenticity (as part of the socio-economic attribute) rather than focusing only on environmental benefits could attract more guests who are interested in the other dimensions of sustainability. It also highlights for hotel managers the need to offer services that are more authentic to customers while they are staying to increase their value perceptions. In terms of a functional benefit-based positioning strategy, marketing managers could choose to promote either authentic benefit or environmental benefit based on their consumer choices and understand the customers who are either disinterested or sceptic about sustainability and personalize their services accordingly.

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