

Entrepreneurial Hospitality Businesses: Application to a New Consumer Purpose Model

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Abstract: This paper applies a proposed concept of underlying consumer purpose and psychological bonding to the entrepreneurial hospitality industry, including hotels, restaurants, and bed and breakfast establishments. Since the worldwide COVID-19 pandemic, the industry has seen a huge surge in pent-up demand. Event planners' expectations have risen. Students are flocking to the industry where there is almost a guaranteed employment upon graduation. The hospitality industry, being one of the largest industries worldwide, faces intense market competition. To succeed, it relies on various factors, including customer satisfaction, loyalty, trust, affective commitment, and share of wallet. The model applied in the paper has recently been published in the *Journal of Asia-Pacific Management*. The model synthesizes multiple theories, that includes need fulfillment theory, goal theory, and congruency theory. The purpose of this paper is to illustrate that a comprehensive understanding of consumers' needs, goals, values, and self-image is crucial for marketers to enhance service experiences, achieve sustainable success, and help consumers attain their desired psychological outcomes. To combat this somewhat sceptical view of service mix development benefitting the hotel firm primarily, we propose the need to broaden hotel marketing and innovation strategies to include recognition of purposeful fulfilment of consumers' psychological needs/tasks, goals, values, and self-concept. Doing so will strengthen the organizational commitment to hotel consumers, leading to sustainable success for the hotel firm and other hospitality-related businesses. To exemplify further the usefulness of consumers' underlying purpose, we have supplied a variety of hotel examples in figures that demonstrate how hotels can create innovative products or services by utilizing a single meaningful purpose to communicate distinct competencies in meeting consumers' psychological needs and goals and asserting values congruence and self-image congruity. These easy-to-understand models can be applied to the hospitality industry. The paper includes examples and illustrations throughout. Implications for future research and further applications are discussed.

Keywords: Hospitality, Innovation, Consumer Purpose, Psychological Bonding

1. Introduction

Hsieh et al.'s (2023) recent article published in the *Journal of Asia-Pacific Business* introduces a new model of consumer purpose. The authors emphasize the importance for marketers and innovators to identify customers' underlying purpose by developing psychological bonds with them. This involves synthesizing multiple theories, including the need fulfillment theory, goal theory, and congruency theory. According to the authors, such an approach enables the maximization of customer experiences and the refinement of marketing messages, leading to the retention of competitive advantages and the achievement of sustainable success. Figure 1 presents Hsieh et al.'s (2023) proposed concept of consumer purpose and psychological bonding.

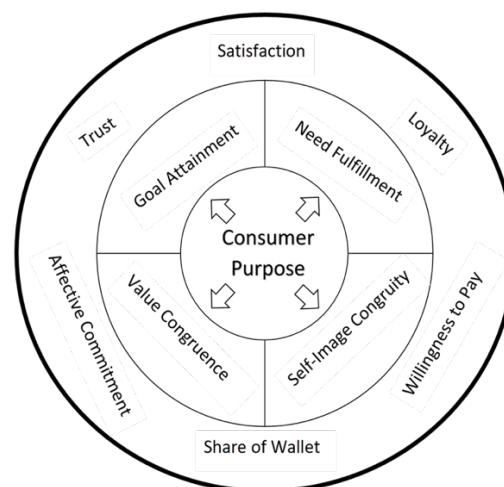


Figure 1: Theoretical Model (Hsieh, Canziani, & Welsh, 2023).

1.1 Purpose of the Study

The hospitality industry, being one of the largest industries worldwide, faces intense market competition. To succeed, it relies on various factors, including customer satisfaction, loyalty, trust, affective commitment, and share of wallet. Asatryan and Oh (2008) argue for the incorporation of consumer psychology in studying customer-organization relationships within the hospitality sector. While much of the existing literature on hotel services focuses on aspects of quality and satisfaction (e.g., Lai et al., 2018; Tsang et al., 2015), there are still unanswered questions regarding the factors that drive customer loyalty and willingness to spend beyond what can be explained by satisfaction with service quality, price/value perceptions, and rewards membership programs (McCall & Voorhees, 2010). Limited insights are available regarding the additional benefits that can be gained through target marketing, personalized services, or other organizational tactics beyond quality enhancement, such as sustainable development or corporate social responsibility. Hotels have extensively employed differentiation strategies and market segmentation to combat fierce competition in the market (Taylor, 1997).

Differentiation has proven to be an effective approach, particularly in saturated markets (Kasimoglu & Hamarat, 2003; Taylor, 1997). However, Samuelson (1976) argued that much of the differentiation is artificial and heavily reliant on advertising or push cues, rather than being a genuine response to the diverse needs of consumers for building long-term customer relationships. Hotel firms do differentiate or target specific markets for practical reasons. Enz et al. (1999) demonstrated that hotels that narrow their customer base (and customize their services) enjoy lower costs compared to hotels serving a mass market. Furthermore, "a strategy of differentiation through high levels of congruency between customer needs and hotel product-and-service offerings enables operators to command somewhat higher prices" (Enz et al., 1999, p.55).

To combat this somewhat sceptical view of service mix development benefitting the hotel firm primarily, we propose the need to broaden hotel marketing and innovation strategies to include recognition of purposeful fulfilment of consumers' psychological needs/tasks, goals, values, and self-concept. Doing so will strengthen the organizational commitment to hotel consumers, leading to sustainable success for the hotel firm. Building upon Hsieh et al.'s consumer purpose (2023), this paper takes a comprehensive approach to understanding customer purpose in the hospitality industry, considering theories such as the need fulfilment theory, goal theory, and congruency theory.

2. Literature Review

2.1 Synthesis of Theories in the Hospitality Industry

2.1.1 Needs fulfilment

Hotels understand their core technology—that they ought to provide safe, reliable accommodations and consistent service amenities, thus satisfying consumers' lower-level needs of the hierarchy. For example, a hotel providing secure rooms and reliable food service delivery speaks to a consumer's basic physiological or safety needs. Hotels can also provide services that permit task completion in the jobs-to-be-done sense, for example, a business center with printing and mailing services that facilitate efficiently completing a professional's work duties while away from the office. However, hotels can apply Maslow's (1943, 1970) hierarchy to augment their services and products to appeal to consumers more directly regarding a higher sense of purpose than finding a clean room for the night, i.e., higher-order needs. Becker et al. (2020) advocate for a customer journey approach. Interacting personally with the consumer can facilitate a feeling of belongingness and meet social needs, and admiring a guest's wine knowledge or upgrading a guest to a high-end club floor can foster guest awareness of self-esteem and enhance guest self-actualization.

Hotels can nudge customers to create psychological bonds with the business based on (a) identifying customers' needs at multiple levels, (b) helping consumers to meet those needs, and (c) directly affirming the shared purpose that led to realized needs fulfillment or problem solutions. Services offered by hotels should be congruent with the guests' needs (McIntoch & Siggs, 2005). A guest with small children needs a hotel that will be family-friendly with activities and experiences to keep small children entertained during the hotel stay. Services that meet this expectation might include game rooms/play areas, gift backpacks, toys, crafts, and child-focused room furnishings. Solutions to childcare task requirements include day-care and nanny services. Considering customers' underlying purposes, we envision the hotel overtly addressing these needs in all

communications and interactions with guests and family. Disney Park's family resorts do this already and have proven to be a model for other fields seeking to shine in service to families and children (Sze et al., 2019).

2.1.2 Goal fulfilment

Goal fulfilment is another answer to "why" customers choose a specific hotel or lodging brand. Consumers seek service experiences to achieve objectives beyond needing a hotel room or core lodging services. Goals are about wanting to do, be, or feel. Goal statements for hotel customers may include "to spend time with family," "to feel relaxed and rested," "to be pampered by service staff," or "to engage in a favorite activity or sport." This suggests that guests tend to select hotels that partner with them in their goal fulfillment when making a purchase decision. Hotels benefit from targeting customers whose goals they can serve since they can be better satisfied, assuming goals are correctly identified, and acceptable service performance levels are achieved. Hotel firms should communicate their ability to facilitate goal attainment and draw upon consumer feedback to understand how well the hotel helped its guests achieve their personal objectives.

For example, customers may select a hotel that provides targeted services to meet their desire for pampering and relaxation (the goals), the purpose being an overall mental and physical rejuvenation of self. Deploying the underlying purpose in this instance requires not only the identification of the goal and provision of relevant services but direct messaging that communicates the hotel's commitment to pampering the guest and its role in helping the guest to achieve a relaxed or improved mental and physical state.

Examples of relevant service experiences include a serene environment and staff, free yoga or fitness classes, health assessments, lifestyle consultants, energy healing sessions, personal tea services, a variety of pillow options, or meditation classes.

2.1.3 Values congruence

Hotel firms must adopt a values-focused thinking approach to marketing by identifying their customers' values and articulating an organizational values statement that projects meaningful values congruence between the hotel firm and its customers. Personal values in expressing ones' values (Huang, 2022); have been studied in the hotel field: Aesthetics (Gallarza et al., 2016), Fairness and Equity (Banki et al., 2017), Hedonism (Hosany & Gilbert, 2010; Io, 2016; Ozturk et al., 2016), Security and Risk Taking (Chan & Lam, 2013; Feickert et al., 2006; Gerald & Hein, 1994), Sustainability (Lee et al., 2010; Martinez et al., 2014) and Tradition (Bates, 2003; Sheperd-Lanier, 1996; Withiam, 1991). These items are only part of the values that can be shared between hotel customers and brands. However, the list permits good insights into how matching consumer/firm values may be deployed via communications to connect hotel guests more tightly to the organization or brand.

Hotels create positive value congruence by aligning values in marketing communications and during service transactions. For example, global warming and environmental issues have become pressing concerns of environment-conscious consumers. Hotels can express sustainability values by minimizing water usage and inviting guests to limit the washing of linens during a guest stay. However, when a firm's values-driven behaviors are challenging for consumers to identify or are hidden from plain view—for example, sustainable construction or HVAC system improvements—the hotel must use overt communication tactics, such as storytelling or symbols such as eco-labels and certification awards, to enhance consumer perceptions of company achievements in this arena.

The customers' underlying purpose can address values congruence as a measurable outcome that matters to the hotel firm and the customer. The key is to select values carefully to make sure that they are meaningful to the consumer and achievable in an authentic way by the hotel. Some values have already been used to characterize (segment) hotel properties (e.g., green hotels) (Martinez et al., 2014). Green hotels rely more on direct marketing of congruent values and self-images than other types of hotels (Lee et al., 2010). This further suggests that the underlying purpose is, and will be, helpful in differentiating one hotel from another.

3. Propositions

The best example in the lodging field is Ritz Carlton's employee training campaign of "We are Ladies and Gentlemen serving Ladies and Gentlemen" (Saranow, 2006). The clear message is one of congruence between staff and guest images and is meant to dictate behavioral expectations on both sides of the firm/consumer relationship.

To exemplify further the usefulness of consumers' underlying purpose, we have proposed a variety of hotel actions in Figures 2 to 6 that demonstrate how hotels can create innovative products or services by utilizing a single meaningful purpose to communicate distinct competencies in meeting consumers' psychological needs and goals and asserting values congruence and self-image congruity. Each of these four theoretical concepts (needs, goals, values, and self-images) contributes to defining the overall construct of purpose in using a hotel.

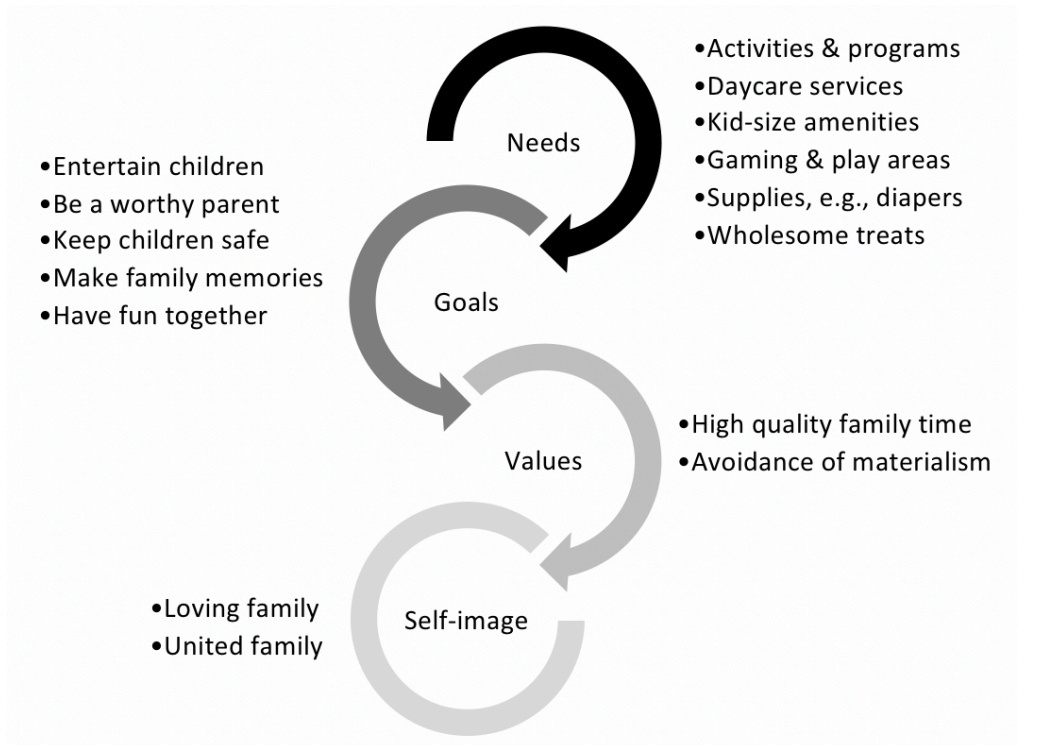


Figure 2: Proposed model purpose is “to experience stress-free and delightful family travel”

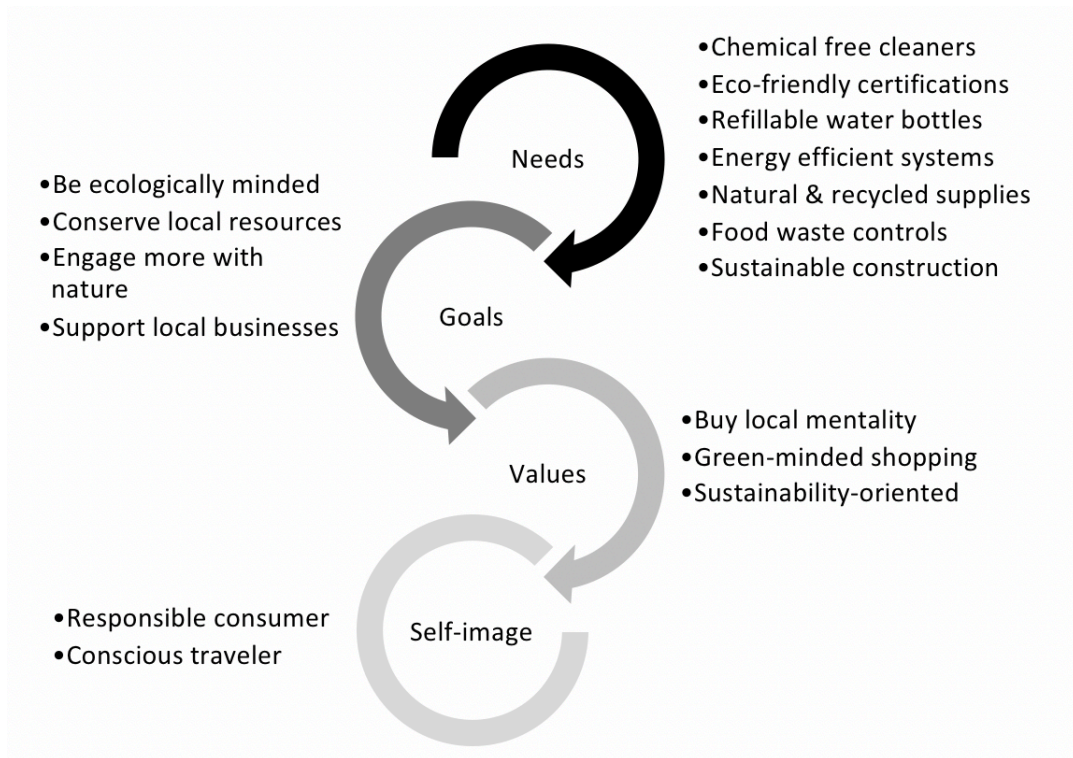


Figure 3: Proposed model purpose is “to unite with others to protect world resources”

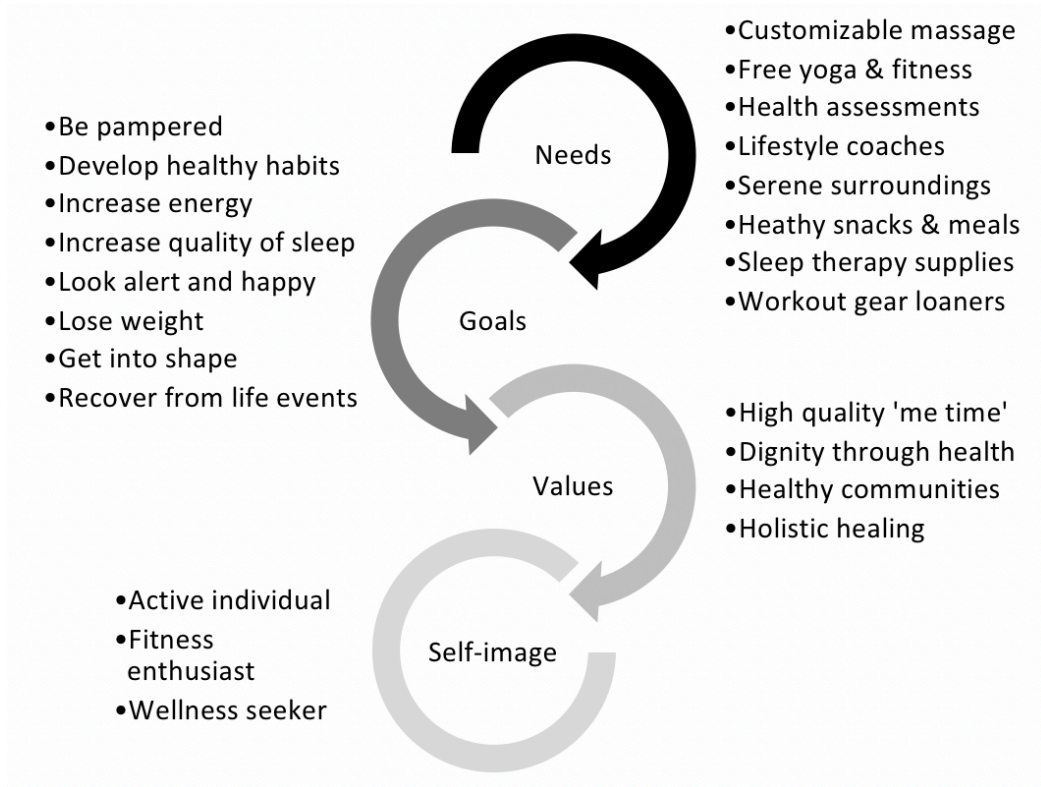


Figure 4: Proposed model purpose is “to rejuvenate oneself physically and mentally”

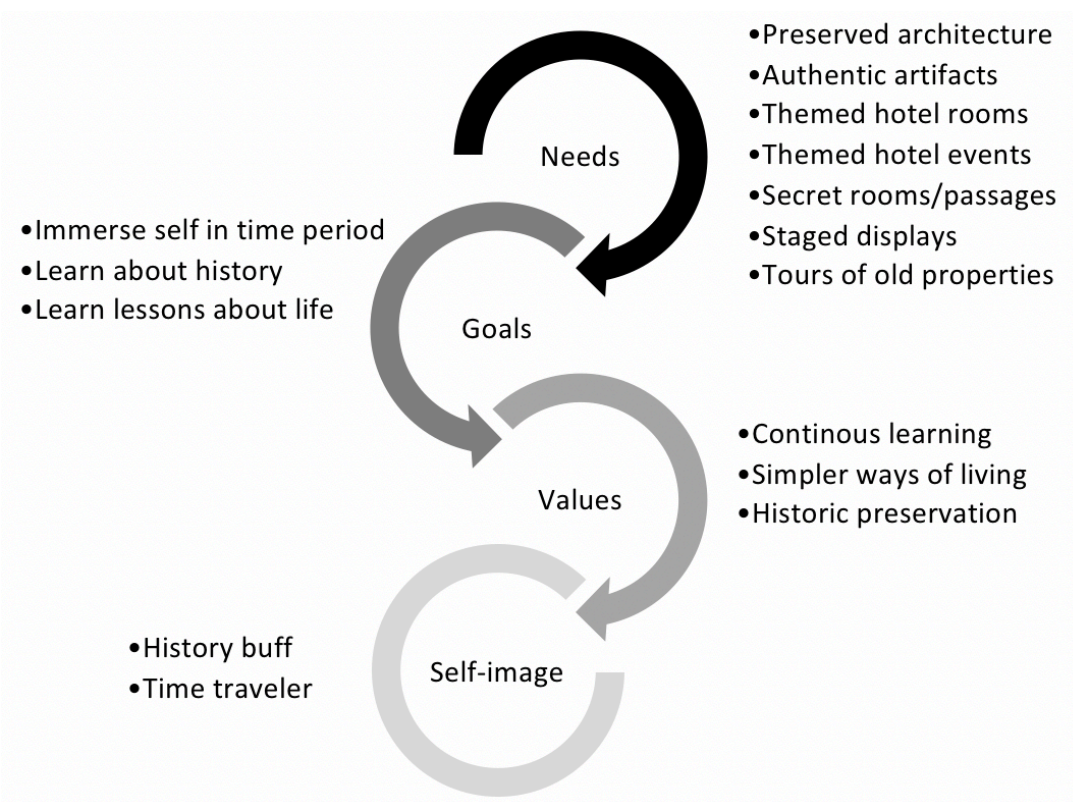


Figure 5: Proposed model purpose is “to improve oneself through exposure to history”

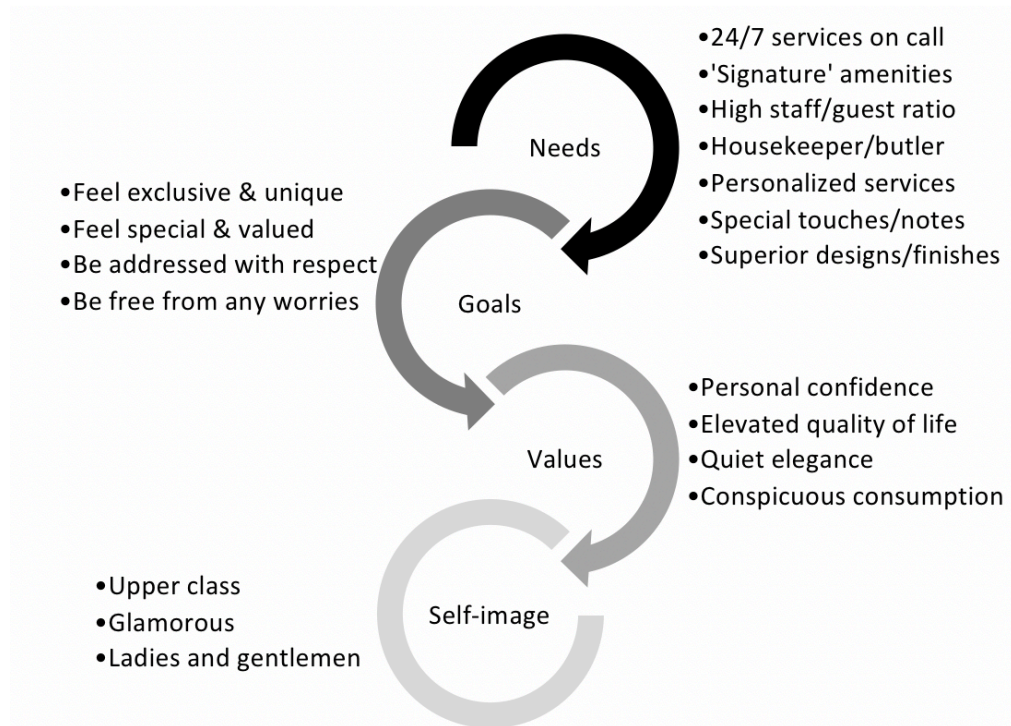


Figure 6: Proposed model purpose is “to heighten self-esteem through luxury purchases”

4. Conclusions

This paper emphasizes the significance of delving into customers' underlying purposes during hotel stays, as it greatly assists hotel marketers and operators in crafting innovative products and services that authentically satisfy their guests' higher-level psychological needs. Such an approach fosters the creation of distinctive experiences and fosters the development of strong connections with guests. While needs are primarily articulated through tangible product features or task solutions, the notions of goals, values, and images progressively assume more abstract forms of expression.

5. Future Research

This paper proposes five models with distinct purposes that need tested in the hospitality marketplace. Observational techniques could be combined with real performance data to test the propositions and the impact on profitability, human resource management, customer experience, and sustainability. Which model or models have the most sustainability for the hospitality industry and what techniques to maintain sustainability could be further explored. Future research could also test the propositions on the tourism and recreation industries, which is closely aligned to hospitality and are customer focused.

6. Practical Implications

The primary implication of this paper is that hotel marketers and operators can weave together a more robust campaign by addressing these four components collectively in a coherent and holistic statement explaining “why” consumers should select their hotel, brand, and products. This valuable information can also be utilized by hotels to maintain and strengthen their ongoing service and product innovation initiatives.

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