
ROLE OF SOCIAL AND ENVIRONMENTAL SUSTAINABILITY IN DRIVING CONSUMER BRAND LOYALTY OF YOUNG ADULTS: A CASE STUDY ON FIVE-STAR HOTEL BRANDS IN COLOMBO, SRI LANKA

S.A.D.P.P. Suraweera

Research Scholar

Department of Economics

University of Colombo, Sri Lanka

Pramudithapankaja@gmail.com

Abstract

Social sustainability and environmental sustainability are the emerging trends of the sustainability aspect of a corporate setting since it is giving back to the community and the environment. Because of the emotional and selfless aspect of social and environmental sustainability young adults are more attracted to the hospitality companies that maintains sustainable practices and initiatives since they feel they've directly or indirectly impacted the society and environment positively. This research is focused on studying the role of social and environmental aspects of sustainability practices performed by star class hotels that can attract young adult consumer base and through that how the hotels drive their brand loyalty. Through this study the Sri Lankan star hotel brands that are yet to initiate any form of sustainability practices can have an idea of how they would be behind on creating brand loyalty in country's young adults who are the emerging, trendy spenders in the society. Data collection was done through a structured questionnaire survey using a sample of 160 hotel guests who are from five-star hotel brands in Sri Lanka. The Brand Loyalty Scale (BLS) is used to assess the brand loyalty through social and environmental sustainability. The New Ecological Paradigm (NEP) scale is used to assess the attitude towards social and environmental sustainability. The results show a significant positive correlation between NEP scores and brand loyalty. That means social and environmental sustainability positively affects the brand loyalty. Results also indicates that 87% of the young adults from the sample has contributed to the above positive correlation where it can be determined that the majority of young adults would stay loyal with the hotel brands that more concerned about society and environment.

Keywords: *Brand loyalty, Social Sustainability, Environmental Sustainability,*

Young Adults

1.0 Introduction

These are the times where the carbon emission is high, climate change is drastically affecting the ecosystems while it is a tough time to manage the natural resources and run businesses with minimum carbon footprint while causing minimum effects to the environment. (Kuchinka et al., 2018) The poverty is rising with high inflation rate in Sri Lanka where most of the communities are in need of support. The communities need to be uplifted. These issues have been increasing and the global attention is always present. Out of the economic, social and environmental pillars of sustainability this paper would be focusing on environmental and social aspects. Since these pillars are mostly about giving back to the surrounding and consumers have a morally abided connection of being environmentally and socially responsible through the products/services they are consuming. It has been recognized as the new trend to consume eco-friendly and sustainably sourced products/services. (Ahmad et al., 2021)

According to McKinsey, the major challenge for organizations is the sustainability. Studies show that search on internet for sustainable products has been increased three times from 2016 to 2019(Amed et al.,2020). As any other business Sri Lankan hospitality sector also should be converted into sustainable organizations. It is challenging to adopt sustainable business practices to the business model in order to achieve the sustainable development goals. If a hotel's business activities are aligned with the sustainable development, the rising pro-sustainability consumers would be definitely attracted to that particular hotel brand. (Jermsttiparsert et al., 2019)

Brand loyalty is directly connected with consumer's sentiments. Brands can impact consumer behaviour, specially purchasing patterns (Hilal & Mubarak, 2016). Furthermore, consumers express who they are through the brands they consume. Hence the brand and consumer compliments each other with an interdependency (Grubor & Milovanov, 2017). When considering Sri Lanka as an island nation there are different types of hotels from resorts to city hotels. This study is focused on five-star city hotels in Colombo which has considerable brand loyalty than other properties in the island. Therefore, the competition between the five-star hotel brands to increase their respective brand loyalty is considerably high. In a competitive setting as such, every minor factor that impacts brand loyalty is crucial. This study is conducted to fill the knowledge gap of how the social-environmental sustainability can impact the brand loyalty, where most of the Colombo five-star hotel brands have a less satisfactory sustainability business model. Most of the hotel brands have not given that much of an attention towards sustainability initiatives whereas they will be missing a competitive advantage over their competitors without incorporating sustainable practices.

The objective of this research is to study and examine how social and environmental sustainability can influence and drive Sri Lankan star class hotels' brand loyalty. Primarily this research will study into which degree the young adults are sensitive and carry the pro-environmental and social attitude where they genuinely care about sustainability. After determining the attitude towards the sustainability, it would be evident that the young adults' brand choices would be affected by the attitude towards the sustainability. The study mainly aims to answer the research question of Can the social and environmental sustainability practices in a Colombo five-star hotel influence the hotel's brand loyalty?

2.0 Literature Review

2.1 Age and influence

Many scholars have studied the age as one of the main characteristics that affects consumer behaviour in tourism and hospitality sector. Chau et al. found out that young and old populations who went on a vacation had different levels of behaviours and responses towards the loyalty intention of the brand (Chua et al., 2017). Furthermore, the consumer behaviour and decision-making pattern was identified using different age groups (Song et al., 2012). Hwang et al conducted a study on hospitality sector where the behavioural intentions among restaurant's customers. The results showed that innovativeness and its influence on customer behavioural intentions were influenced by age factor (Hwang et al., 2019).

It is evident that age is influencing consumer behaviour including purchasing, brand perception (Mubarak, 2019). In Sri Lankan context the influence of the sustainability activities towards brand loyalty should be studied and the young adults age group was selected since it would be the upcoming spenders and tech savvy generation who can affect to the purchasing frequency of a certain product. Furthermore, tourism literature shows that age as one of the crucial characteristics, when formulating post-purchase intention that will eventually influence the brand loyalty (Alexander, 2012). Therefore, this study is mostly focused on an age group due to the influence a certain age group can make towards to an organization's brand loyalty.

2.2 Brand loyalty

Conceptualization of brand loyalty has been done by different scholars. Brand loyalty can be defined as "The probability that a consumer will purchase or recommend a particular product or service" (Srinivasan et al., 2002). Furthermore, researchers have stated that brand loyalty is helping to mitigate the situational pressure when the purchasing decision is made. When there is a strong brand loyalty consumer tends to have less pressure when choosing the product. Any product or service have the ability to bind the consumer emotionally with its brand (Ul Islam & Zaheer, 2016). This made companies to make more than letting the consumers know about their products/services. In order to attain an emotional attachment and eventually create a loyal consumer base, organizations should create exceptional level of customer service and delight the consumers over a period of time (Islam et al., 2020). This loyal customer base would create a ripple effect of having a positive brand image and an edge of competitive advantage.

The hotels' brand loyalty is determined through factors such as product/service quality, customer satisfaction, brand image (Mubarak, 2020). Out of those factors Agustin and Singh stated customer satisfaction is a key determinant of brand loyalty but not a sufficient determinant (Agustin & Singh, 2005). Therefore, hotels are more focused on delighting the guests to increase customer satisfaction and repurchase rate where it would be related to increasing the brand loyalty. Due to the lack of data the impact that sustainability aspect can make towards Sri Lankan hotels' brand loyalty should be examined more, since that aspect might make a significant impact towards the brand loyalty.

2.3 Consumer attitude towards Social and environmental Sustainability

The main indication a corporation can provide the general public about their concern towards sustainability is through Corporate social responsibility (CSR) projects. (Ahmad et al., 2021) In Sri Lanka there are certain hotel brands and travel companies that have strong CSR portfolios. Sri Lankan five-star hotel brands are practicing their CSR initiatives but more than 70% of the successful CSR projects are taking place outside from Colombo. The Colombo five-star hotels should focus more on their CSR initiatives. Han et al. showed that the environmental dimension of CSR is positively associated with consumer loyalty (Han et al., 2019). Therefore, this study is focused on how environmental sustainability initiatives can drive the consumer loyalty. Likewise, in a recent study, the social dimension of CSR has a positive impact on consumer loyalty by mediating the role of reputation (Aramburu & Pescador, 2017). The further study is taken place through this research on how the Colombo’s five-star hotels can drive their brand loyalty of young adults by studying the attitude towards social and environmental sustainability.

According to Young et al. consumers play a vital part in sustainable development. The consumer behavior and purchasing decisions can make a difference in promoting and achieving UN sustainability goals (Young et al., 2009). Most of the studies have focused on environmental sustainability, where eco conscious and pro-environmental consumer behavior was analyzed. Through these studies Tsen et al stated that the most important factor that affects consumer’s willingness to purchase a green product is its their attitude towards the sustainability (Tsen et al., 2006)

Young people are often expected to be more concerned about sustainability issues since they are more informed, more vocal, proactive and involved in different environmental and social projects (Wee at al., 2017).Tuncer et al. stressed that young population is more into sustainability practices with a green and sustainable lifestyle, focusing on sustainability issues and voice, actively involved with those issues (Tuncer et al.,2005) studies stated that older population is more concerned about environmental issues(M. Wiernik et al., 2013). Anyhow, one study suggested attitudes towards sustainability is not influenced by the age (Watling & Zhou, 2021). Therefore, this study is focused on young adults where most of the young adults are engaged and interested in sustainability.

2.4 Conceptual Framework

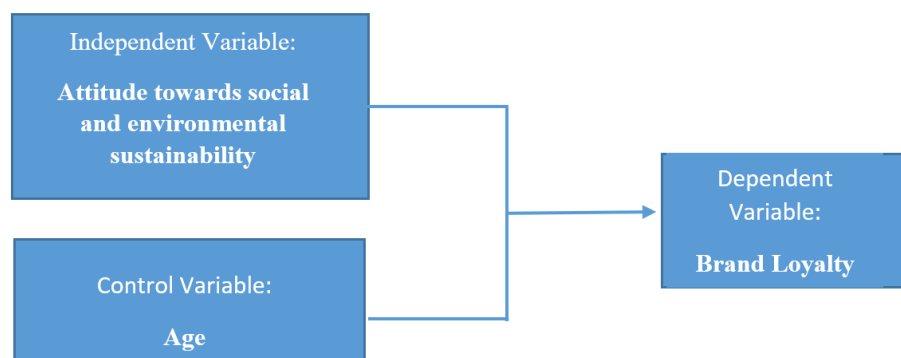


Figure 2.1: Conceptual Framework

3.0 Methodology

When exploring under-researched topic in the Sri Lankan five-star hotel context, primary data was collected through a structured questionnaire survey. For this study three main five-star hotels in Colombo were selected and questionnaire was forwarded to young adult guests/customers who have patronized or patronizing the hotel's products and services. The sample size was 160(n=160) young adults who are aged from 18 to 30 years old.

The questionnaire is consisting of two parts, first part is to measure the young adults' attitude towards social and environmental sustainability. The New Ecological Paradigm (NEP) designed by Dunlap, Van Laire, and Jones was used (Dunlap et al., 2000). NEP consists of 15 questions that is connected to ecological crisis, human invasions on the planet and limited environmental resources where it will help to assess the attitude of the participants towards the environmental sustainability. The author altered the NEP by adding three more paradigms/questions to assess the social sustainability.

As a valid and reliable instrument to assess the attitude toward the social and environmental sustainability NEP scores were collected through the surveys as the first part of the questionnaire. When the NEP scores is high that indicate high interest levels in sustainability and low scores indicate low interest levels.

The second part of the questionnaire was consisted of brand loyalty scale (BLS) (Lau & Lee, 2000) in order to assess the brand loyalty levels of the young adults. This consisted of 8 specific questions that addressed the brand loyalty of the Colombo's five-star hotels. 5-point Likert scale was used for the whole questionnaire which consisted responses from Strongly disagree to strongly agree (Sullivan & Artino, 2013). Participants should fill out both the parts of the survey by submitting the responses. Each part of the questionnaire will have separate scores which would be NEP score and BLS score. NEP score was determined by allocating 5 points to the best response that supports towards social and environmental sustainability in each question. 1 point was allocated to the response that least supports towards social and environmental sustainability. Therefore, NEP score was determined out of 90 points (18 questions) and the participants who scored high scores are recognized as the young adults who have positive attitude towards social and environmental sustainability. BLS score was calculated by allocating 5 points for the response that best explains the brand loyalty towards the hotel brand that practices social and environmental sustainability. only 1 point was given if the participant selects a response that does not support uplifting the brand loyalty. BLS score was given out of 40 points (8 questions) and if a participant gets higher score after completing the second part of the questionnaire that means that participant is loyal to that hotel brand that focuses on social and environmental sustainability.

4.0 Findings

Pearson's correlation was used to analyse the data collected. A normality test was run using SPSS software; skewness and kurtosis values of each variable resulted within the acceptable levels hence the data is approximately normally distributed. Reliability test was done and Cronbach's Alpha resulted as 0.808 which means data collected was highly reliable and

acceptable since Cronbach's Alpha is closer to 1. When running the validity test the data set gave a Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) of 0.500 which is less than a mediocre value. According to KMO test the data set is poorly scientifically valid.

Results and findings indicate that the NEP and BLS scores are having a very strong positive correlation with a correlation coefficient (r) of 0.9274. Therefore the attitude towards the social and environmental sustainability among young adults is positively correlated with the brand loyalty those young adults created towards a sustainable hotel brand. When statistically analysing the data sets for a one-tailed test, null hypothesis can be rejected and favour the alternate hypothesis with 95% assurance of NEP and BLS shows a positive correlation. Pearson's r squared (Regression analysis) comes as 0.86, where 86% of the variation in the BLS scores can be explained by the NEP scores. The following graph explains the positive correlation between the BLS and NEP scores.

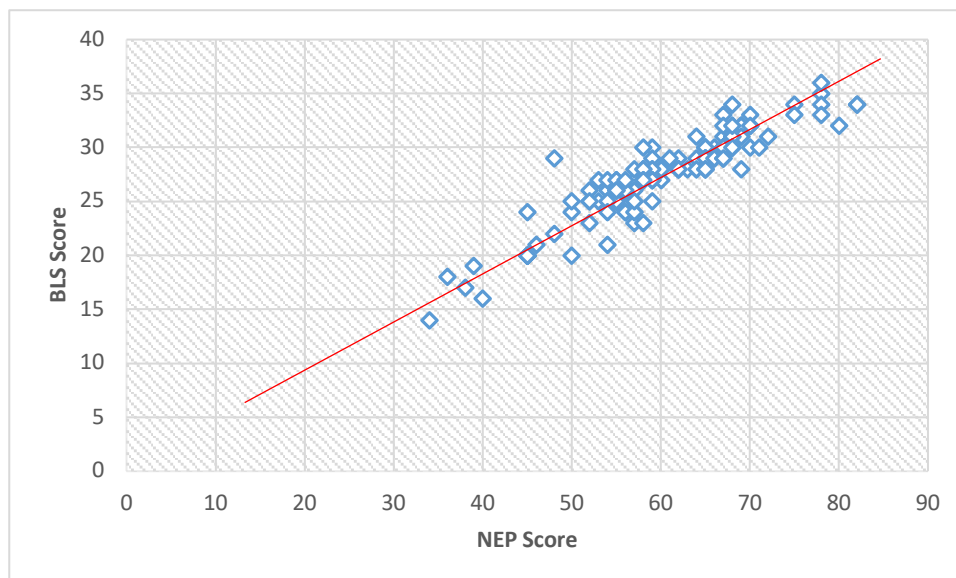


Figure 4.1 : Relationship between BLS and NEP scores.

5.0 Conclusions & Recommendations

In the introduction a research question was mentioned as “Can the social and environmental sustainability practices in a Colombo five-star hotel influence the hotel’s brand loyalty?”

In order to answer the above question author selected a sample of 160 young adults and exclusive survey was done to assess the attitude towards social and environmental sustainability among the young adults using The New Ecological Paradigm (NEP). Second part of the survey assessed the brand loyalty. participants were asked to respond to the second part considering that the hotel brand is practicing social and environmental sustainability initiatives. The Brand Loyalty Scale (BLS) tool was used to assess the young adults’ brand loyalty. After statistically analyzing the results, it is evident that NEP and BLS scores shows strong positive correlation, therefore the attitude among young adults towards social, environmental sustainability and young adults’ brand loyalty towards Colombo’s five-star hotels show a

positive correlation. It can be concluded by answering the research question as the social and environmental sustainability practices can drive and influence Colombo five-star hotels' brand loyalty.

Through this research study author would be suggesting some recommendations to the industry. Colombo's five-star hotels should invest on social and environmental sustainability initiatives since it is evident that the brand loyalty among the young adults would be increased through the sustainability practices. Since the young adults would be the changemakers and the future of a country achieving young adults' positive brand loyalty towards a hotel brand would benefit in the long run. Furthermore, since there are less social and environmental sustainability initiatives among Colombo five-star hotels it would be a guaranteed competitive advantage to the hotel brand which initiate their sustainable practices. This will help the hotel marketing departments for what and whom to focus on their marketing campaigns involving sustainability. Constructing adequate strategies and sustainable practices to make the organization more sustainable. Develop more sustainable products and services while creating a sustainability committee or a department. Adopting green hotel concept with minimum carbon footprint, minimum energy wastage with bio degradable hotel amenities.

References:

- Agustin, C., & Singh, J. (2005). Curvilinear Effects of Consumer Loyalty Determinants in Relational Exchanges. *Journal Of Marketing Research*, 42(1), 96-108. <https://doi.org/10.1509/jmkr.42.1.96.56961>
- Ahmad, N., Mahmood, A., Ariza-Montes, A., Han, H., Hernández-Perlines, F., Araya-Castillo, L., & Scholz, M. (2021). Sustainable Businesses Speak to the Heart of Consumers: Looking at Sustainability with a Marketing Lens to Reap Banking Consumers' Loyalty. *Sustainability*, 13(7), 3828. <https://doi.org/10.3390/su13073828>
- Alexander, Z. (2012). The impact of a volunteer tourism experience, in South Africa, on the tourist: The influence of age, gender, project type and length of stay. *Tourism Management Perspectives*, 4, 119-126. <https://doi.org/10.1016/j.tmp.2012.07.002>
- Amed, I.; Berg, A.; Balchandani, A.; Hedrich, S.; Rolkens, F.; Young, R.; Ekelof, J. The State of Fashion 2020; Business of Fashion and McKinsey & Company: New York, NY, USA, 2020.
- Chua, B., Lee, S., Kim, H., & Han, H. (2017). Investigation of cruise vacationers' behavioral intention formation in the fast-growing cruise industry: The moderating impact of gender and age. *Journal Of Vacation Marketing*, 25(1), 51-70. <https://doi.org/10.1177/1356766717750419>
- Dunlap, R., Van Liere, K., Mertig, A., & Jones, R. (2000). New Trends in Measuring Environmental Attitudes: Measuring Endorsement of the New Ecological Paradigm: A Revised NEP Scale. *Journal Of Social Issues*, 56(3), 425-442. <https://doi.org/10.1111/0022-4537.00176>
- Grubor, A., & Milovanov, O. (2017). Brand Strategies in the Era of Sustainability. *Interdisciplinary Description Of Complex Systems*, 15(1), 78-88. <https://doi.org/10.7906/indecs.15.1.6>
- Han, H., Yu, J., & Kim, W. (2019). Environmental corporate social responsibility and the strategy to boost the airline's image and customer loyalty intentions. *Journal Of Travel & Tourism Marketing*, 36(3), 371-383. <https://doi.org/10.1080/10548408.2018.1557580>
- Hilal, MIM., & Mubarak, KM. (2016). Exploring Customer Based Brand Equity: A Study among the Tourist Hotels in the East Coast of Sri Lanka. *SEUSL Journal of Marketing*, Vol. 1, No. 2.

- Hwang, J., Lee, J., & Kim, H. (2019). Perceived innovativeness of drone food delivery services and its impacts on attitude and behavioral intentions: The moderating role of gender and age. *International Journal Of Hospitality Management*, 81, 94-103. <https://doi.org/10.1016/j.ijhm.2019.03.002>
- Islam, J., Shahid, S., Rasool, A., Rahman, Z., Khan, I., & Rather, R. (2020). Impact of website attributes on customer engagement in banking: a solicitation of stimulus-organism-response theory. *International Journal Of Bank Marketing*, 38(6), 1279-1303. <https://doi.org/10.1108/ijbm-12-2019-0460>
- Jermisittiparsert, K., Siam, M., Issa, M., Ahmed, U., & Pahi, M. (2019). Do consumers expect companies to be socially responsible? The impact of corporate social responsibility on buying behavior. *Uncertain Supply Chain Management*, 741-752. <https://doi.org/10.5267/j.uscm.2019.1.005>
- Kuchinka, D., Balazs, S., Gavriletea, M. and Djokic, B., 2018. Consumer Attitudes toward Sustainable Development and Risk to Brand Loyalty. *Sustainability*, 10(4), p.997.
- Lau, G., & Lee, S. (2000). *Consumer's trust in a brand and the link to brand loyalty*. [s.n.].
- M. Wiernik, B., S. Ones, D., & Dilchert, S. (2013). Age and environmental sustainability: a meta-analysis. *Journal Of Managerial Psychology*, 28(7/8), 826-856. <https://doi.org/10.1108/jmp-07-2013-0221>
- Mubarak Kaldeen (2020) Impact of Marketing and Content Trust of Social Media on Millennials Travelers as Adprosumers: Evidence From Accommodation Sector. *Journal of Critical Reviews*, 7 (15), 871-878. doi:10.31838/jcr.07.15.127
- Mubarak, K. M. (2019). Impact of customer & competitor orientation and inter-functional coordination on SME's performance. *Journal of Management* 14(2), 88-94
- Song, H., Lee, C., Kang, S., & Boo, S. (2012). The effect of environmentally friendly perceptions on festival visitors' decision-making process using an extended model of goal-directed behavior. *Tourism Management*, 33(6), 1417-1428. <https://doi.org/10.1016/j.tourman.2012.01.004>
- Srinivasan, S., Anderson, R., & Ponnayolu, K. (2002). Customer loyalty in e-commerce: an exploration of its antecedents and consequences. *Journal Of Retailing*, 78(1), 41-50. [https://doi.org/10.1016/s0022-4359\(01\)00065-3](https://doi.org/10.1016/s0022-4359(01)00065-3)
- Sullivan, G., & Artino, A. (2013). Analyzing and Interpreting Data From Likert-Type Scales. *Journal Of Graduate Medical Education*, 5(4), 541-542. <https://doi.org/10.4300/jgme-5-4-18>
- Tsen, C.; Phang, G.; Hasan, H.; Buncha, M.R. Going green: A study of consumers' willingness to pay for green products in Kota Kinabalu. *Int. J. Bus. Soc.* 2006, 7, 40–54
- Tuncer, G.; Sungur, S.; Tekkaya, C.; Ertepinar, H. Young attitude on sustainable development: A case study. *H. U. J. Educ.* 2005, 29, 187–193.
- Ul Islam, M., & Zaheer, D. (2016). Using Facebook Brand Communities to Engage Customers: A New Perspective of Relationship Marketing. *People: International Journal Of Social Sciences*, 2(1), 1540-1551. <https://doi.org/10.20319/pijss.2016.s21.15401551>
- Watling, A., & Zhou, E. (2021). Diva-portal.org. Retrieved 22 September 2021, from <https://www.diva-portal.org/smash/get/diva2:430152/FULLTEXT01.pdf>.
- Wee, M.I.; Ariffin, F.N.; Ng, T.F.; Shabudin, A.F.A. (2017). Awareness and Attitudes towards Sustainable Development amongst Higher Education Students in Penang, Malaysia. In *Handbook of Theory and Practice of Sustainable Development in Higher Education*; Leal Filho, W., Azeiteiro, U., Alves, F., Molthan-Hill, P., Eds.; World Sustainability Series; Springer:

- Young, W., Hwang, K., McDonald, S., & Oates, C. (2009). Sustainable consumption: green consumer behaviour when purchasing products. *Sustainable Development*, n/a-n/a. <https://doi.org/10.1002/sd.394>