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# Customer Equity and Brand Trust: A Cross-national Study of South Korea and China

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## Abstract

**Purpose:** This study compares Korean and Chinese consumers on the impact of customer equity on trust. Although there have been many studies regarding the impact of customer equity, most of them are limited to the retail and banking industry and mostly compare East and West cultures. Therefore, this study compares Korea and China within East Asia in the hotel industry. **Research design, data and methodology:** Based on reviews in the literature, this study explores different effects of customer equity on brand trust between Korea and China. To confirm the hypotheses, the research collected survey data from 186 Korean and 155 Chinese respondents. After confirming reliability and validity of measures, this study conducted a multiple regression to test proposed hypotheses. **Results:** The results of the study showed that all of three customer equities influences on trust positively in the hotel industry. Regarding comparing Korea and China, brand equity has stronger impact on trust in Chinese customers than South Korean customers, on the other hand, value equity and relationship equity had a slightly stronger positive effect in South Korea than in China. **Conclusions:** This study found significant differences between Korean and Chinese customers in the hotel industry. These results show that even two countries in the same region of East Asia, South Korea and China, are different. Also, this finding suggests that hotel management level should consider differentiating their marketing strategies for Korean and Chinese customers.

**Keywords :** Customer equity, Brand trust, Hotel, South Korea, China, Consumer behaviour

**JEL Classification Code:** M16, M31.

## 1. Introduction

It has seen a rise in industrial competition, with multiple companies within an industry struggling to attract the same customers. In this competitive market, loyalty is understood as marketers using their loyal customers to protect or grow their market share. Customer loyalty is a fundamental goal of strategic market planning (Kotler, 1984) and a key component of creating a long-term competitive edge that can be attained by marketing initiatives (Dick & Basu, 1994).

However, this kind of brand loyalty is not one that brands achieve in a second. Previous literature suggests a progression from customer equity through trust and satisfaction to brand loyalty. However, there is no clear conclusion as to the order of impact on trust, satisfaction, and loyalty from customer equity.

There are several studies that researchers connected customer equity with the cultural background of the customers. However, most studies have classified culture in two dimensions: Western and Eastern. For instance, those

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studies related customer equity and trust, satisfaction, and loyalty between South Korea and the United States (Vogel et al., 2008). Many Western-oriented studies have lumped Eastern cultures together as a single culture because East Asia countries, Japan, Korea, and China share a common culture both historically and geographically. As an example, South Korea and China, both countries have a Confucian culture, they are considered to have comparable civilizations (Jeon, 2021). However, cultural differences occur even within the same Eastern culture. Moreover, most of the existing research on cultural or consumer behavioral differences between the two countries has been conducted in the context of retail shops and banks as service industries. There was a study examined customer equity and trust in the hotel industry, but it only included Chinese citizens who have stayed in a contactless hotel in China. Also, this study conducted customer equity as a one variable to examine its impact on trust (Hao & Chon, 2022). In this way, research gaps have been found that comparing two countries about customer equities on trust have not been studied in the hotel industry, one of the majorities in hospitality industries, and not in industries such as retail or banking.

Even though South Korea and China share common cultures within East Asia's cultural block, there are some differences in various cultural behaviors. Korea and China have different historical experiences, different state institutions, different political systems, and different business environments, which have led to differences in consumer behavior (Jeon, 2021). Since the 2000s, people have seen different and individual cultures emerge in how consumers behave by age, gender, and region. In addition, the development of information and communication technologies has brought about social and cultural differences. These socio-cultural differences have also contributed to differing consumer behavior between the two countries (Hwang et al., 2012).

For these reasons, this study mainly concentrates on South Korean and Chinese consumer behavior especially how customer equity influences trust in the hotel industry. It takes place in a different industry to the one that has been studied in the marketing industry so far which will help broaden the research framework. Furthermore, by looking at differences within the same Eastern countries, this study is able to bring a different perspective to previous studies that have been limited to East-West comparisons. In addition, the final results of this study will provide some implications for hotel management levels as well as academic implications.

To achieve the above objectives, this thesis is organized in the following way. First, reviewed the literature on trust and customer equity and the differences between Korean and Chinese consumers. Next, analyze customer equity and brand trust in Korea and China, measured using

questionnaires, to examine whether the hypotheses are supported, and present implications, limitations, and directions for future research.

## 2. Literature Review

### 2.1. Brand Trust

Trust is generally viewed as a multidimensional concept that distinguishes between the honesty and benevolence perceived in the behavior of the other party (Rubio & Yagüe, 2017). Regarding customer trust from the perspective of theory, it is clear that two conditions require being satisfied for trust to be established: the supplier must be capable (i.e. competent) and motivated to offer a product or service of the desired standard (Singh & Sirdeshmukh 2000). According to Sirdeshmukh et al. (2002), trust refers the consumer's expectation that the provider is reliable and can be counted on to deliver on its commitments. This explanation means to the retail industry because it states that the customer's trust is based on the ability of the business's behaviors and is founded on two basic concepts: trust in the workers who provide the products or services and trust in the business's procedures and regulations. As a result, a customer will only trust a supplier if s/he is satisfied that the supplier is sufficiently competent to satisfy his or her needs.

Brand trust is understood to have two different dimensions, reflecting different perspectives from which brands can be viewed as credible. The first dimension of brand trust (reliability) is technical or competence-related and involves the capability and the willingness to deliver on promises made and to satisfy consumers' needs. The second dimension (intentions) involves the association of good intentions with the brand in terms of consumers' interests and well-being (Delgado-Ballester & Luis Munuera-Alemán 2005)

### 2.2. Customer Equity

A study by Lemon et al. (2001), created a new concept in marketing and business strategy which is customer equity that places the customer, and more importantly, the strategies that increase the value of the customer, at the center of the business. Customer equity will almost always be the main factor influencing a company's long-term value. The firm's current consumers are the most trustworthy indicator of future income and earnings, even though they will not account for all of the company's value. In other words, they argue that this ought to be the main focus of the marketing strategy. Customer equity is driven by three factors - value equity, brand equity, and relationship equity, also known as retention equity. All these drivers have an

impact, both individually and collectively.

According to Kim et al. (2018), the customer equity technique is more suited to understanding individual consumer buying trends and producing comprehensive data. Customer equity-based classification has become crucial in the service sector. The three customer equity drivers from Rust et al. (2000) study, which examined the performance profiles of American, Delta, United, and Southwest Airlines in terms of customer equity, were applied in the context of tourism and hospitality. Voorhees (2006) investigated how customer equity affected consumer intentions and behavior in the airline, hotel, retail grocery, and restaurant industries. The customer equity theory's applicability to hospitality and tourism industries is discussed in prior research, which also offers insights into how to use the three customer equity variables which are value equity, brand equity, and relationship equity to increase customer equity (Kim et al., 2018).

### 2.2.1. Value Equity

According to Zeithaml (1988), value is a trade-off between the important give and gain components. And value equity is known as the ratio of what customers believe they have received relative to what they have paid for or given up. A good price-quality ratio is perceived favorably by customers as a sign of great quality. According to earlier research (Bolton & Lemon, 1999), contentment and perceived value are positively correlated. For service firms, it is necessary to carefully understand the exchange relationship between what the customer gets from the service and what the firm provides in order to set the right price and to provide customers with the right utility value for the quality of service they will receive from purchasing the service (Park & Jung, 2014). Customers are fully willing to pay a price for a service if they believe they are getting what they pay for (Shoemaker & Lewis, 1998). The many features of the offering could include its reasonable prices, accessibility, accurate product information, perceived value for the money, and customer service (Zeithaml, 1988). Increasing purchase and repurchase intentions (Teas & Agarwal, 2000), and enhancing brand loyalty (Wang et al., 2004) are important marketing consequences of perceived value. In this regard, hotels require strategically target high value guests, recognizing their potential to positively impact financial performance.

### 2.2.2. Brand Equity

As opposed to value equity which is generated by views of objective characteristics of a company's offers, brand equity is created through meaning and image. Brand equity is more specifically defined as the customer's subjective and intangible evaluation of the brand, in addition to its perceived worth from an objective standpoint. Brand

awareness, brand attitudes, and corporate ethics are the main observable levers of brand equity, and they include the brand's images, awareness, and reputation (Lemon et al., 2001). Subjective assessments of a brand that are not taken into consideration by objective performance make up brand equity. Beyond the benefits of value and connection equity, brand equity is the individual fit with a brand (Keller, 1993). When given an equal level of product attributes, Yoo et al. (2000) define brand equity as the difference in consumer preference between the focus branded product and an unbranded product. In conclusion, a high brand equity indicates that customers are devoted to the brand, view it to be of high quality, and have several positive and strong connections with it.

### 2.2.3. Relationship Equity

Customers' propensity to support a brand despite its negative and positive reviews is known as relationship equity (Rust et al., 2004). Major factors mentioned in the retailing literature can be thought of as close correlates of relationship equity, as stated for value and brand equities in the parts above. Since the brand and value assets are not enough to hold on to customers, companies need a way to create and maintain a relationship that is relationship equity. Relationship equity is specifically described as a customer's propensity to continue with a company despite both their objective and subjective brand evaluations. Loyalty programs, special recognition and treatment, intimacy building, community building, and knowledge building programs are the keyways that businesses can improve relationship equity. Customers that exhibit certain behaviors are rewarded with concrete rewards through loyalty programs (Lemon et al., 2001). Customers from Asian nations in particular should value the caliber of their interactions with staff. For instance, Tai (2008) finds that Chinese customers like to have more personal interactions with salespeople and are more likely to make purchases from stores where the salespeople are familiar with their names.

## 2.3. Consumer behavior of South Korea and China

There are differences in consumer behavior between countries, which can be explained because each country has its own political, economic, and socio-cultural environment. That is why it is not possible to have exactly the same consumer behavior as other countries even within a similar cultural background. In a study on the values of Korean and Chinese consumers, Hwang et al. (2012) found that Koreans are optimistic about the future, critical of authoritarianism, and more individualistic. However, in China, the values of political and economic thought are changing to anti-traditional distributism, and the values of social life are

changing to family-orientated individualism. In addition, while Korea has mixed positive and negative images of capitalism and is increasingly open and receptive to foreign cultures and capital, China is changing to realistic economic differentiation in its economic life. Based on these different values, Korean and Chinese consumers have different consumption behaviors.

Korean consumers are optimistic about the future, have an alternate view of capitalism (both positively and negatively), and are very receptive to foreign culture and capitalism. On the other hand, Chinese consumers are transitioning from collectivism focused on the job to individualism focused on the home and from the averageism of communist ideology to actual economic diversity. According to different countries, these values are recognized to have an identical impact on consumers' tendency to consume. Also, Chinese consumers have higher mean scores for aesthetic and symbolic attitudes to consumption than South Korean consumers, and South Korean consumers have higher mean scores for hedonic attitudes to consumption than Chinese consumers. (Hwang et al., 2012). Additionally, language also has an effect on consumer behavior, unlike Korea, China uses ideograms, which creates a unique way of thinking. The characteristic of Chinese characters to perceive each word as a whole can affect the decoding of marketing communication messages (Fan, 2002). However, since Korea is a language culture that uses Chinese characters but has phonetic characters, it is possible to assume differences in consumer behavior caused by differences from Chinese language habits (Jeon, 2010).

In terms of consumer culture, Chinese consumers are known to prefer more standardized products. When it comes to marketing communications, the Chinese believe that word-of-mouth is more important than traditional advertising. In terms of purchasing behavior, Chinese companies often make large purchases for their employees, reflecting the collectivist nature of Chinese culture. In the past, during the early stages of opening up, Chinese people paid little attention to the real value of the goods they bought. However, as various foreign products compete in the Chinese market and the overall quality of Chinese-made goods improves to some extent, they are starting to pay more attention (Melewar et al., 2004).

### 3. Hypotheses Development

#### 3.1. Value Equity and Brand Trust

When customers experience a low-quality product or service for the effort and money they've invested, they can become dissatisfied with a brand and lose trust in it. The key elements of value equity can be seen as price, value, and

convenience, of which price is one of the marketing mixes and an integral part of marketing. Consumers may equate high costs with premium goods and low prices with low-quality goods (Villarejo, 2001, as cited in Rondán Cataluña et al., 2006). If price and quality are at an acceptable level, consumers will be satisfied with the use of the product or service and will trust and continue to use the familiar rather than the unknown when using the same product. Other authors (Singh & Sirdeshmukh, 2000) contend that price has an effect on trust and loyalty. Even if the price is high, customers will purchase it only if they trust that the quality will be worth the price.

A study by Cho and Chang (2017) found that in both South Korea and the United States, value has a positive impact on trust in the discount store industry. Consumers also include price, accessibility, and quality of information about a product as components of a brand when evaluating a company's value. Providing these value equity elements increases customer trust, satisfaction, and repurchase intentions (Eggert & Ulaga, 2002). Thus, the following statement is made:

**H1:** Value Equity has a positive effect on brand trust.

#### 3.2. Brand Equity and Brand Trust

Brand equity refers to a subjective perception of the brand, more focused on image and significance than the objective evaluation of price, quality and convenience (Lemon et al., 2001). When customers perceive a particular brand as strong, unique and desirable, they experience high brand equity (Verhoef et al., 2007). A brand adds intangible value to a product or service compared to a non-branded product or service (Vogel et al., 2008), thereby gaining the customer's trust. Trust in a brand that is recognized by consumers provides the buyer an impression of reliability and safety (Delgado-Ballester & Munuera-Alemán, 2001).

If a brand has a good reputation and a positive, attractive image, then customers might trust that brand more than another brand or competitor with a negative image. Customers who identify themselves as a specific brand because the brand's image reflects their own image may also show a high level of trust, such as trusting themselves. As such, a brand's image and reputation may have a significant impact on brand trust, leading to the following hypothesis.

**H2:** Brand Equity has a positive effect on brand trust.

#### 3.3. Relationship Equity and Brand Trust

In general, people trust people they know more than people they do not know at all, so building those relationships well and getting to know customers through

interactions will earn their trust. This is why building rapport is such an important point in gaining trust, and it takes a lot of interaction to build rapport, which can be thought of as relationship equity because when it comes to relationship equity, building a good relationship with the customer through conversations and interactions.

Furthermore, there is a term Guanxi, which means "relationship" in Chinese, which refers to the social ties formed by a special connection between two people (Chung et al., 2010). Every human community embraces guanxi to some degree, but Asia especially China has a much more powerful guanxi culture than the West (Huang, 2000). Geddie et al. (2005) explained the similarity between relationship marketing and guanxi such as bonding, empathy, satisfaction, and customer loyalty, and also found that guanxi enhances relationship management with customers in the hospitality industry. This fact is something that could be noted in this study which compares two countries in East Asia with the hotel industry as a background.

**H3:** Relationship Equity has a positive effect on brand trust.

## 4. Methods

### 4.1. Data Collection and Sample

Data was gathered for both South Koreans and Chinese because this study compares South Korean and Chinese consumer behavior as variables. The sample for the study was convenience sampling and a questionnaire was used. The self-administered survey was the main tool used to collect information for the research. They were informed the questionnaire was anonymous. The total number of responders is 341 for both Korea and China, 186 and 155 respectively. Table 1 and Table 2 show the demographic characteristics of each country's respondents.

**Table 1:** Demographic Characteristics of South Korean Respondents

Monthly Income (million KRW)	Frequency (%)	Education	Frequency (%)
Below than 1	24 (12.9)	High school	19 (10.2)
1 – 2	16 (8.6)	Higher Diploma	11 (5.9)
2 – 3	48 (25.8)	Bachelor's Degree	81 (43.5)
3 – 5	51 (27.4)	Master's Degree	53 (28.5)
Over 5	47 (25.3)	Doctor's Degree	22 (11.8)

**Table 2:** Demographic Characteristics of Chinese Respondents

Monthly Income (thousand CNY)	Frequency (%)	Education	Frequency (%)
Below than 5	44 (28.4)	High school	6 (3.9)
5 – 12	53 (34.2)	Higher Diploma	15 (9.7)
12 – 20	35 (22.6)	Bachelor's Degree	18 (52.3)
21 – 30	9 (5.8)	Master's Degree	46 (29.7)
Over 30	14 (9.0)	Doctor's Degree	7 (4.5)

### 4.2. Measures

An extensive literature search led to the identification of reliable and regularly used measures, which were then used to create an accepted questionnaire. Customer equity variables are referenced to Ahn et al.'s (2011) study on the relative effect of customer equity on customer loyalty, however, some of the variables are not sufficient to be explained for the hotel industry. Therefore, value equity is merged with other items from other studies.

According to the study by Cho and Jang (2017), the measurements of trust included people's belief that their

brand of choice would perform better than other competitors and that the brand would make every effort to satisfy the respondents themselves. Another measure was having full trust in a large store. This was transformed into having trust in the brand. One of the items for feeling safe when using the products was amended to feel safe when staying with the brand.

Value equity is normally explained with perceived quality, price, and convenience in the business industry, and it also can be used for this research which is in the hotel industry but that is not enough to support to special characteristics of the hotel industry. Since the hotel is an industry that includes not only tangible goods but also

intangible services, the value of services should be measured as well. Therefore, combined with the measurement items from Cho and Jang (2017) such as worthwhile, high-quality service, and the pricing for the hotel matches its quality. In addition, the quality as perceived by customers was decided to replace the item of whether the price and quality are appropriate. Most of the studies related to brand equity basically included brand image and awareness. However, some of the studies only evaluate the image of the brand, so this present study is cautious about not being one-sided neither brand image nor awareness. Hence, the five measurement items that encompass the brand image and awareness are a strong and attractive brand, a good reputation, a positive attitude toward the brand, and how well they fit with the brand image. Relationship equity factors include whether the business has a loyalty program, whether members are rewarded more than non-members, and whether the program is meaningful to the customer. This is the reason why many businesses create their own loyalty program to make the customers stay loyal. Other

elements include the treatment you receive from those who serve you, and how interconnected you feel with other users of the brand. A 5-point Likert scale was used to rate each item, with 1 indicating “strong disagree” and 5 indicating “strongly agree.”

Before asking about customer equity, the first question was asked to write what brands they prefer so that respondents could remember and think of only one brand and continuously answer the following survey. The original questionnaire was initially developed in English. The English questionnaire was then translated into Korean and Chinese by a person fluent in English and Korean and Chinese respectively. The questionnaire was back translated into English. Also, four components which are gender and age were used as control variables. The gender variable changed to dummy variables, 1 and 0 each indicated female and male respectively. Age was calculated as natural logarithms to conduct the examination.

**Table 3: Measure Validation**

Variables	Items	South Korea		China	
		Factor loadings	Cronbach's Alpha	Factor loadings	Cronbach's Alpha
Value Equity	VE1 Worthwhile	.734	.805	.861	.934
	VE2 High quality	.731		.918	
	VE3 Proper pricing	.740		.916	
	VE4 Usage convenience	.822		.900	
	VE5 Reservation convenience	.729		.860	
Brand Equity	BE1 Attractiveness	.841	.849	.924	.955
	BE2 Strong brand	.723		.929	
	BE3 Positive feeling	.820		.942	
	BE4 Reputation	.869		.928	
	BE5 Image fit	.726		.886	
Relationship Equity	RE1 Loyalty program	.723	.751	.823	.918
	RE2 Difference by members	.653		.876	
	RE3 Special treat	.724		.891	
	RE4 Importance	.757		.894	
	RE5 Feel bonds	.690		.865	
Trust	Trust1 Believes	.824	.892	.929	.954
	Trust2 Trust	.895		.947	
	Trust3 Feel secure	.901		.949	
	Trust4 Satisfy	.866		.929	

## 5. Results

### 5.1 Reliability and Validity

Before the hypotheses were examined, reliability and validity analyses were conducted. Cronbach's alpha coefficients were applied to evaluate internal coherence to ensure reliability, factor loadings were applied to evaluate validity. As shown in Table 3, all Cronbach alphas are greater than .80 for all constructs. Therefore, the constructs were reliable. The factor analysis for validity, KMO is 0.815 ( $p < 0.001$ ), Bartlett's test of sphericity test  $\chi^2$  shows 1005.056 and the factor loadings are all above 0.76 which is higher than the minimum standard. Therefore, the validity

was also proven.

### 5.2 Descriptive Statistics

Table 4 and Table 5 show means and standard deviations of major variables and correlations between them. The correlation analysis indicated that some independent variables were highly correlated, leading to the examination of the tolerance and the variance inflation factor together to test for multicollinearity. As shown in Table 6 and Table 7, the multicollinearity test reveals that the VIF value of independent variables is below 10, which rejects the existence of multicollinearity.

**Table 4:** Descriptive Statistics and Correlations (South Korea)

	Mean	S.D.	1	2	3	4	5	6
1. Gender <sup>a</sup>	0.610	.488	1					
2. Age <sup>b</sup>	3.704	.369	-.488**	1				
3. Value Equity	4.219	.620	.096	-.188*	1			
4. Brand Equity	4.147	.642	-.076	.016	.714**	1		
5. Relationship Equity	3.579	.739	-.086	.072	.477**	.554**	1	
6. Brand Trust	3.903	.762	-.188	.026	.634**	.742**	.645**	1

a. Dummy conde: Male 0; Female 1

b. Natural logarithm

\*\* Correlation is significant at the 0.01 level (2-tailed).

**Table 5:** Descriptive Statistics and Correlations (China)

	Mean	S.D.	1	2	3	4	5	6
1. Gender <sup>a</sup>	0.720	.452	1					
2. Age <sup>b</sup>	3.341	.237	-.125	1				
3. Value Equity	4.154	.763	.059	.032	1			
4. Brand Equity	4.076	.808	.003	.153	.866**	1		
5. Relationship Equity	3.818	.890	.016	.110	.718**	.765**	1	
6. Brand Trust	4.000	.853	-.084	.145	.815**	.900**	.812**	1

a. Dummy conde: Male 0; Female 1

b. Natural logarithm

\*\* Correlation is significant at the 0.01 level (2-tailed).

### 5.3. Hypotheses Testing

Multiple regression analysis was used to assess the hypotheses as the method of measurement was validated. To test the hypotheses, regression was performed by comparing two regression equations. As shown in Table 6 and Table 7, the results indicate that there are all three types of customer equity and trust have a statistically significant relationship in both South Korea and China. For both Korean and Chinese consumers, value equity has a positive effect on trust ( $\beta = .239, p < 0.01$ ;  $\beta = .117, p < 0.10$ ) which means the

H1 was supported. H2 points out that brand equity has a positive effect on trust, and this hypothesis was supported in South Korea ( $\beta = .499, p < 0.01$ ) and China ( $\beta = .621, p < 0.01$ ). H3 suggests that relationship equity has a positive effect on trust. It was supported as well in South Korea ( $\beta = .318, p < 0.01$ ) and China ( $\beta = .275, p < 0.01$ ). Compared with South Korean and Chinese consumers, Chinese consumers ( $\beta = .621$ ) have a more positive impact on brand equity on trust than South Korean consumers ( $\beta = .499$ ). However, in value equity and relationship equity, South Korean ( $\beta = .239$  and  $\beta = .318$ ) have a stronger impact on

trust than Chinese ( $\beta = .117$  and  $\beta = .275$ ). We found that Chinese consumers put more importance on brand equity compared to Korean consumers. Also, found that Korean

consumers consider value equity and relationship equity more important than Chinese consumers.

**Table 6:** Regression analysis of Korea

	Model 1	Model 2	Tolerance	VIF
(Constant)	4.789*** (.679)	.252 (.489)		
Gender	-.360*** (.129)	-.271*** (.078)	.750	1.332
Age	-.179 (.171)	-.107 (.105)	.721	1.386
Value Equity		.239*** (.081)	.434	2.304
Brand Equity		.499*** (.080)	.415	2.408
Relationship Equity		.318*** (.054)	.669	1.496
Adj. $R^2$	.031	.656		
F value	3.932**	71.439***		

\* $p < 0.10$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$

**Table 7:** Regression analysis of China

	Model 1	Model 2	Tolerance	VIF
(Constant)	2.443* (.992)	-.180 (.410)		
Gender	-.126 (.152)	-.180*** (.059)	.976	1.025
Age	.493** (.290)	.030 (.116)	.925	1.081
Value Equity		.117* (.072)	.230	4.345
Brand Equity		.621*** (.074)	.196	5.097
Relationship Equity		.275*** (.047)	.402	2.486
Adj. $R^2$	.013	.852		
F value	1.995	179.012***		

\* $p < 0.10$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$

## 6. Discussion

### 6.1. Academic and Managerial Implications

There are several academic and practical implications of this study. First, while previous studies on customer equity and trust have been conducted in retail stores and banks, this research is conducted in the hotel industry which is one of the major sectors of the hospitality industry. As the hotel industry in this study shows customer equity impacts trust not only in businesses that sell tangible goods but also in businesses that sell and provide intangible services and experiences, similar to banks. A hotel-related study had examined this topic, however, only for Chinese who have

stayed in a contactless hotel as described earlier. This study expanded to compare two countries and did not limit the type of hotel.

Second, assorted academics have investigated and extensively discussed the factors that influence consumer equity and how they relate to trust studies. A related study is currently being conducted on the impact of customer drivers across various nations but most of the studies were divided into the Eastern and the Western countries based on their cultural background because lots of studies from the Western countries that conducted the research looked at the East as a single culture, which excluded the possibility of significant differences in consumer behavior. However, it's important to note that this study doesn't simply compare two different countries on the Asian continent, but rather two



countries that are geographically and historically close, South Korea and China, grouped together as East Asia.

A third academic implication is that this study comparing two countries in the same East Asian region, as described above, has found significant differences. While both countries did not differ in the fact that customer equity had a positive impact on trust, the results showed differences in which of the three different dimensions of customer equity had a greater impact. In both China and South Korea, brand equity had a greater positive impact on trust than the other two categories. In addition, brand equity had a greater positive impact on trust in China than in South Korea, and value equity and relationship equity had a greater positive impact on trust in South Korea than in China.

Lastly, managers in the hotel industry might consider enhancing customer equities to increase brand trust which lead to attract potential customers and to build long-term relationship with current customers as well. Specially, brand equity has the greatest impact on brand loyalty in the hotel industry as shown in the results. By referring to this, it will have a crucial opportunity of increasing brand trust through delivering a positive and powerful brand image and providing fruitful brand experience which might link with favorable intangible evaluation of the brand.

## 6.2. Limitations and Directions for Further Research

As with any research, there are limitations. The following are limitations of this study and suggest possible directions for further research. Firstly, a sample problem is one of the limitations of this study. Korean and Chinese consumers cannot be represented due to the small number of samples. Both China and South Korea had a higher proportion of female respondents compared to male respondents, with China having a more than 2.5 times difference in the ratio between female and male. In addition, while Korean respondents were relatively evenly distributed in age, Chinese respondents in their 20s and 30s accounted for nearly 90% of all Chinese respondents. The sample is not representative and therefore not generalizable. Also, one of the questions for value equity was about a high quality of service. However, respondents disagreed if the brand was not a luxury hotel. For example, those who answered they prefer the brand 'Toyoko-in', a two- or three-star business hotel, disagreed with this question. This may cause the value equity results not strong enough as strong as in previous studies. Regarding this issue, this survey was not based on people staying at a certain hotel brand or given a standard of hotel brand category or class, so there could be differences between the hypothesis and the results of value equity. Because the responses were not limited to five-star international hotel chains but also included three four-star

small local hotels. Therefore, further research is possible to limit whether luxury hotels budget hotels international chain hotels, or local hotels. It is possible to give a guideline of the size (the number of rooms and staff) of the hotel as well.

Second, the satisfaction aspect of the hotel stay was not measured in this study, but trust may vary depending on the level of satisfaction or dissatisfaction. Normally, satisfaction is based on their expectation such as whether the hotel meets their expectation or not. Future research could include this aspect of expectation before staying at the hotel and at the same time, satisfaction after staying at the hotel. In addition to that, satisfaction could be included as a component of the measurement. Other studies have shown that both satisfaction and trust are related to customer equity or brand loyalty, although there are differences in the chronological order in which they occur. Therefore, both satisfaction and brand loyalty could be added to the future study.

Lastly, Korea, China, and Japan share a common culture both historically and geographically as East Asia countries. While certain traits suggest parallels between Korea and China, others reveal connections between Korea and Japan. Because of this, it would be able to compare the three countries in future research to see how Japanese customers are different compared to South Korean and Chinese customers.

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