The Importance of Quality Labels in Consumers' Preferences

Alain Decrop and Valérie Boembeke

Abstract Quality is a determining attribute when consumers evaluate a tourist service. Due to its intangible nature, a service is difficult to observe and evaluate, which leads to uncertainty in consumers' mind. Therefore, quality signals, such as brands and labels, are used to reassure them. This research investigates the importance of quality labels in consumers' preferences. More specifically, we attempt to measure consumers' sensitivity to a quality label when they choose an accommodation or a tourist attraction. In order to reach these objectives, an experiment (conjoint task) was conducted among 193 respondents. Results namely show that the relative importance of the label "Wallonie Destination Qualité" is higher than the weight given to the brand and is lower than the importance of classification. Tourist organizations should promote such quality labels more extensively and operators should use them to develop new attractive deals.

1 Introduction

Service quality is defined as "*the consumer's judgment about a product's overall excellence or superiority*" (Zeithaml 1988, p. 3). It is characterized by both a technical and a functional dimension (Grönroos and Shostack 1983). Technical quality refers to the result of what is delivered to the consumer, while functional quality refers to the way in which the service is delivered. In recent decades, the functional dimension has become an issue of increasing importance, especially in a context of technological advance, growing competition and behavioral changes (Decrop 2010; Milea 2012; Ryglová et al. 2013; Talib and Rahman 2012; Tarí et al. 2012).

A. Decrop (✉) · V. Boembeke
University of Namur, Namur, Belgium
e-mail: alain.decrop@unamur.be

V. Boembeke
e-mail: valerie.boembeke@gmail.com

Quality is a determining attribute when consumers evaluate a tourism activity (Weiermair 2000; Wong and Kwong 2004). Due to its intangible nature, a service is difficult to observe and evaluate, leading to uncertainty in consumers' mind (Parasuraman et al. 1985). Therefore, quality signals, such as labels, are used to improve the perceived service quality (Akerlof 1970; Armstrong et al. 2010; Marcotte et al. 2012; Merasli 2004; Prim-Allaz et al. 2008). Over the past decade, a multiplication of quality labels has been observed across Europe, such as *Wallonie Destination Qualité* in Belgium.

This chapter's main objective is to study the importance of quality labels in consumers' preferences. More specifically, we attempt to measure consumers' sensitivity to a quality label when they choose an accommodation or a tourist attraction. In order to reach these objectives, a literature review of theories around consumer preferences and quality labels will be developed. Next, the methodology of the empirical research and the main results will be presented. Finally, we will discuss results and present the study's managerial implications, limitations and suggestions for future research.

2 Literature Review

During a decision-making process, consumers evaluate a series of choice alternatives, which are part of their consideration set (Engel et al. 1968). The evaluation can be performed according to a categorization process or follow a more analytical process, attribute by attribute and/or alternative by alternative. The evaluation can be internal or external. An internal evaluation is based on pre-existing evaluations resulting from direct or indirect past experiences with the product/service, whereas an external evaluation involves the construction of new evaluations resulting from the information stored in memory or gathered from commercial and non-commercial sources. Once the evaluation process is over, consumers should be able to identify their preferred alternative and to make a decision. So, preference is usually defined as the predisposition of choosing one product alternative over the other. It implies taking a position that is the result of a comparative process. Comparison may be explicit (ranking objects) or implicit (rating objects). Preference is a special case of a broader construct, i.e. attitudes, which has been one of the most popular topic in the consumer behavior literature so far (Fishbein and Ajzen 1975).

2.1 Quality Labels

A quality label is defined as *a sign that informs about specific quality dimensions, in any form whatsoever, of a product or a service and emanating from an organization different from the company that produces that product or service*

(Chameroy and Chandon 2010, p. 5). It is essential to make a distinction between a label and neighbour concepts such as brand, certification and classification. First, the brand emanates from the company itself, whereas the label stems from an independent third party. The brand is specific to the company, while more brands may be under the umbrella of one and the same label. Second, the certification is governed by more strict regulatory measures than the label. Most of the time certifications are mandatory, while labels are voluntary. Finally, the classification aims at categorizing a tourism activity in a series of groups or classes (i.e., stars or suns) according to criteria related to its importance, value or quality. It pertains to the technical dimension of service quality, whereas the label relates to its functional dimension.

2.2   Importance of Quality Labels in Consumers' Preferences

The major objective of this study is to compare the relative importance of three attributes that may be used as quality signals in tourism choices, i.e., label, brand and classification. Quality labels facilitate the decision-making process when consumers choose a tourism activity (Marcotte et al. 2012). An empirical study has shown that classification is valued above the brand and the label when consumers choose a tourism activity (Prim-Allaz et al. 2008), which leads to our first hypothesis:

H1:   The relative importance of the C*lassification* attribute is higher than the *Label* attribute when consumers choose a tourism activity.
Of course, the brand is also a major quality signal involved in consumers' decision-making process, infering ideas of quality and consistency (Armstrong et al. 2010). However, the classification and the label are generally valued by consumers stronger than commercial information issued by the company, as they appear to be more neutral and credible because they emanate from an independent third party (Chameroy and Chandon 2010). Therefore, we suggest that:

H2:   The relative importance of the *Label* attribute is higher than the *Brand* attribute when consumers choose a tourism activity.
In addition to comparing the relative importance of a quality label versus brand and classification, we also wanted to investigate how consumers' perception and attitude towards a quality label may influence its relative importance in a choice task. On the one hand, a specific quality label should be perceived as credible if it is to influence consumers' decision-making process (Courvoisier and Courvoisier 2005; CRIOC 2004; Larceneux 2004). A few studies demonstrated that the perceived credibility of a quality label has a positive influence on the perceived quality and the purchase intention of

a labeled product/service (Moussa and Touzani 2008), which leads to formulate the following:

H3: The relative importance of the *Label* attribute is higher when the quality label is perceived as more credible by consumers.

On the other hand, the literature suggests that consumers have a positive attitude towards labels in general (Chameroy and Chandon 2010), which leads them spontaneously to limit their consideration of choice alternatives to labeled products/services (Blackwell et al. 2006; Decrop 2010). Therefore, we assume that:

H4: The relative importance of the *Label* attribute is higher when consumers have a positive attitude towards labels in general.

Finally, the relative importance of quality labels may be influenced by moderating variables including the type of tourism activity, consumers' level of risk aversion, level of involvement and the purchase frequency of tourism services. Quality signals in the accommodation sector are used for a longer time than they are in the tourist attraction sector. Morever, accomodation choices are assumed to involve consumers more strongly than attraction choices due to a higher cost and the higher complexity of the purchase process (Blackwell et al. 2006; Sirakaya and Woodside 2005). This leads to these two hypotheses:

H5: The relative importance of the *Label* attribute is higher in the accommodation sector than in the tourist attraction sector.

H6: The relative importance of the *Label* attribute is higher when consumers are involved more strongly in the purchase decision of a tourism activity.

A consumer who shows a strong risk aversion tends to reduce the perceived risk and to be more sensitive to quality labels in his/her choice (Larceneux 2004). A stronger risk aversion when purchasing a product/service leads to a stronger involvement, which may increase consumers' sensitivity to the quality label in the purchase decision (Rothschild 1984; Zaichkowsky 1985, 1986). Similarly, the unusual purchase of a product/service (low purchase frequency) increases consumers' perceived risk and level of involvement. According to these arguments, we assume that:

H7: The relative importance of the *Label* attribute is higher when consumers show a stronger risk aversion when purchasing a tourism service.

H8: The relative importance of the *Label* attribute is higher when consumers have a lower purchase frequency.

Figure 1 presents our full research model, including the eight hypotheses formulated above.
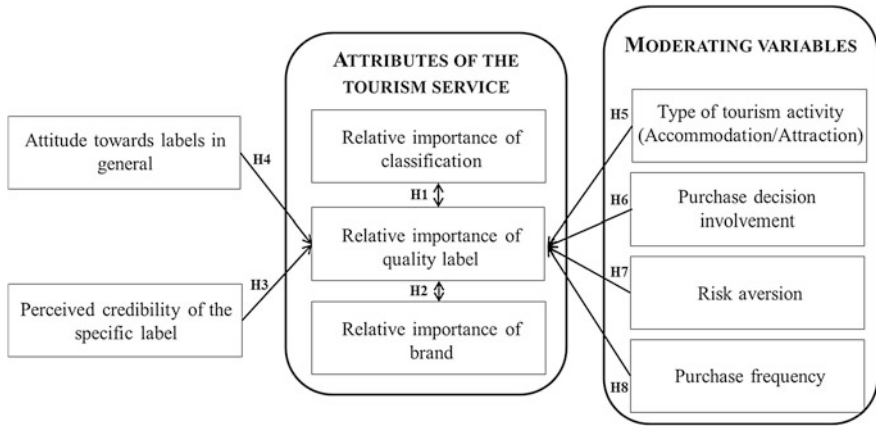
Fig. 1 Research model

3 Method

Two data collection techniques were used in a survey: a conjoint analysis task and a questionnaire. Conjoint analysis measures consumer preferences (Luce and Tukey 1964) through the estimation of partial utilities that helps to compute the relative importance of a product/service's attributes (Kemperman 2000). We designed prototypical hotel and tourist attraction deals based on combinations of determining attribute levels (Table 1). *Conjoint Designer* helped us generate two sets of 16 deals and we asked respondents to rank one of these two sets in a decreasing order of preference. In addition to the estimation of consumer preferences through the conjoint task, we designed a short survey in order to measure the independent and moderating variables of our research model.

The survey was administered electronically or in face-to-face to French-speaking Belgians living in the Walloon Region, who did stay or go for a recreational excursion. The non-random quota sampling technique was used in order to build up a sample representative of the target population as to accompaniment, province of residence and occupation. After cleaning the data, the final sample included 193 respondents, i.e., 96 in the accommodation sector and 97 in the tourist attraction sector. Data were analyzed with *Conjoint Linmap* and SPSS 16.0.

4 Results

In the accommodation sector, hotel classification results to be the attribute to which respondents give the highest importance, followed by price, convenience and label (Table 1). In contrast, brand is the attribute with the lowest relative weight. In the

Table 1 Utility function of choosing a hotel and a tourist attraction

Hotels		
Label	13.08%	
	Wallonie Destination Qualité	3.760
	No label	−3.760
Classification	32.07%	
	2 stars	−10.349
	3 stars	2.256
	4 stars	8.093
Brand	8.03%	
	Independent hotel	2.362
	Member of a hotel chain	−2.362
Price	31.32%	
	Linear	0.173
	Quadratic	−0.003
Convenience	15.50%	
	Close to a transport infrastructure	−5.262
	Close to the area visited	3.648
	Close to the downtown	1.614
Tourist attractions		
Label	26.61%	
	Wallonie Destination Qualité	4.551
	No label	−4.551
Classification	32.82%	
	2 suns	−6.183
	3 suns	1.139
	4 suns	5.044
Brand	3.84%	
	Independent tourist attraction	0.657
	Member of a tourist attraction chain	−0.657
Price	31.92%	
	Linear	3.037
	Quadratic	−0.137
Type of attraction	4.81%	
	Natural	−0.031
	Recreational	−0.807
	Cultural	0.838

tourist attraction sector, classification also appears to be the most important attribute, followed by price, label and the type of attraction. Again, brand is the least important attribute.

Based on paired samples t-tests, the difference between *Label* and *Classification* (t = −5.936, df = 192, p = 0.000) and between *Label* and *Brand* (t = 2.255,

df = 192, p = 0.025) are significant. The relative importance of the label attribute is lower than the classification attribute and higher than the brand attribute, confirming our hypotheses 1 and 2.

Based on a t-test on independent samples, the difference between *Hotels* and *Attractions* (t = 0.684, df = 191, p = 0.495) does not appear to be significant at the 0.05 level. The relative weight of the label attribute does not vary with the type of tourism activity, which does not support hypothesis 5.

A Principal Component Analysis was conducted in order to group items from the scales developed for measuring the two independent variables of our research model (i.e., credibility of the specific label and attitude towards labels in general). Second, a multiple linear regression was generated to estimate the effects of independent and moderating variables on the relative importance of the label attribute (dependent variable).

Bêta coefficients of the perceived credibility of a specific quality label and the attitude towards labels in general are positive and significant (Table 2). In the accommodation sector, only the attitude coefficient is positive and significant. In the tourist attraction sector, coefficients of the credibility, the attitude and the purchase frequency are positive and significant. These results confirm our hypotheses 3 and 4 but do not support hypotheses 7 and 8.

According to the correlation matrix, a significant relationship exists between the relative importance of the *Label* attribute and purchase decision involvement. A simple regression (due to a collinearity problem) shows that the involvement coefficient is positive and significant (n = 193, β = 0.229, p = 0.001). However, in the tourist attraction sector, the involvement level appears to positively influence the weight of the label (n = 96, β = 0.305, p = 0.002), whereas this is not such the case for the accommodation sector. So, hypothesis 6 is partially validated.

Table 2 Linear regression of independent and moderating variables on the relative importance of the label attribute

	Total	Accommodation	Tourist attraction
N	193	97	96
R-squared	0.375	0.451	0.373
Adjusted R-squared	0.358	0.420	0.339
Credibility_label	β = 0.126 p = 0.083	β = −0.015 p = 0.878	β = 0.256 p = 0.020
Attitude_label	β = 0.540 p = 0.000	β = 0.654 p = 0.000	β = 0.410 p = 0.001
Risk_aversion	β = 0.027 p = 0.644	β = 0.050 p = 0.539	β = 0.070 p = 0.429
Involvement_decision	β = −0.034 p = 0.611	β = 0.051 p = 0.543	β = −0.061 p = 0.545
Frequency_purchase	β = 0.013 p = 0.830	β = −0.097 p = 0.239	β = 0.153 p = 0.090

4.1 Conclusion

Quality label is a determining attribute when consumers choose a hotel and a tourist attraction. Whatever the sector, the relative importance of this attribute is higher than the weight given to the brand and is lower than the importance of classification. Such a result may be specific to tourism products for which novelty seeking is higher and loyalty is lower than for other products or services. As most of the time, tourists lack knowledge about brands on the market, they are likely to trust labels to a larger extent. Moreover, consumers' attitude towards labels in general and their perceived credibility of a specific quality label, such as *Wallonie Destination Qualité*, have a positive impact on the relative importance of the label attribute. Consumers' purchase decision involvement is a moderator that may also have a positive impact. However, quality labels are not so well known by consumers, regardless of the sector, and are confused with other similar notions, such as the classification.

These results lead to a few managerial and theoretical implications. On the one hand, the proven importance of labels may encourage labeled tourist operators to increase using this attribute in their positionning and marketing campaigns and encourage unlabeled tourist operators to enroll in such a quality approach. Tourist organizations should be educated to promote quality labels and to develop new attractive tourist deals. On the other hand, our results highlight the importance of labels in consumers' decision-making process. Classification and labeling seem to reassure consumers about the quality of a tourism product and to help them make a choice through a reduction of cognitive effort and emotional disruption, which are increasing in the current context of hyperchoice. Moreover, conjoint analysis proves to be a useful method for comparing the importance of different choice attributes related to quality.

Of course, our study shows limitations that lead to a few suggestions for future research. It would be interesting to increase sample size in order to ensure a better representation of the Belgian population. Next, it would be interesting to extend the target population to international tourists. Finally in this study, the brand attribute reflects the legal status of a tourism activity (independent/franchisee) rather than the signature of a company (e.g., Ibis, Novotel, etc.), which may explain why brand is not that important in tourists' preferences. Therefore, it would be interesting to test the influence of concrete brand names on consumer choices.

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