

The Impact of Hotel Companies' ESG Activities on Corporate Image, Trust and Customer Loyalty

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Abstract

This study investigates the effects of hotel corporations' ESG (Environmental, Social, and Governance) activities on corporate image, corporate trust, and customer loyalty.

The results show that environmental and social dimensions of ESG significantly and positively influence corporate image, corporate trust, and customer loyalty. Governance practices, while positively affecting corporate image, had no significant impact on trust or loyalty. Corporate image was found to significantly enhance both trust and loyalty, and corporate trust also positively influenced customer loyalty.

These findings suggest that ESG initiatives—particularly those related to environmental protection and social contribution—are effective strategies for enhancing hotel brand image, building customer trust, and fostering long-term loyalty. The limited effect of governance may stem from its low visibility or relevance from the customer's perspective.

Keywords

ESG, corporate image, corporate trust, customer loyalty, hotel industry, Chinese market.

1. Introduction

With the acceleration of globalization, corporate social responsibility and environmental challenges have become more complex. Especially after COVID-19, ESG management has become a necessary strategy rather than an option. According to Google Trends, the search volume for the keyword "ESG" increased significantly during the pandemic. Global companies are now recognizing ESG risks and adopting management strategies to address them (서명환 2021).

Europe has taken the lead in establishing ESG standards, requiring financial companies to disclose ESG information since 2021. South Korea also plans to mandate ESG disclosure for large listed companies starting in 2025, expanding to all KOSPI-listed firms by 2030 (이재훈 2023). In the past, investors mainly focused on financial factors, but now they are paying more attention to non-financial elements such as environmental and social impact and governance transparency (강원 정두권 2020).

ESG has become an important topic for businesses and academia, but it is still not widely recognized by the public. However, after the pandemic, the increase in food delivery services and disposable product usage has raised awareness of environmental issues. The adoption of paper straws in coffee shops, the rising preference for organic products, and the growing number of electric vehicles all indicate the expansion of ESG awareness (김자필 2021).

The importance of ESG management in the hotel industry is even more significant. Hotels account for 21% of carbon emissions in the tourism sector, and this figure is expected to rise to 25% by 2035 (Bianco et al., 2023). In response, major global hotel companies are actively

adopting ESG strategies. Chinese domestic hotel brands are also strengthening their ESG practices. Huazhu Group is focusing on reducing its carbon footprint, Jinjiang Hotels is implementing smart energy management, ShouLv Hotels is enhancing low-carbon activities and employee welfare, and KunTing Hotels is introducing sustainable products and strengthening social responsibility.

Existing studies focus on the relationship between ESG and corporate performance, but research on the hotel industry is limited. This study aims to analyze the impact of hotel companies' ESG management activities on corporate image, trust, and customer loyalty. Furthermore, it highlights the importance of ESG in the hotel industry and proposes effective management strategies to support its sustainable development.

2. Literature review

In the past, concepts such as Corporate Social Responsibility (CSR) and sustainable management existed, but ESG has developed into a more systematic and integrated tool for managing these aspects (민재형 김범석 2019). ESG was first mentioned in the 2004 UN Global Compact report and became a key business strategy through the 2006 UN Principles for Responsible Investment (UNPRI) and the 2019 BRT Declaration (Galbreath, 2013; 황재호 등 2022; 박정현 2024). ESG stands for Environmental, Social, and Governance, representing three key factors that companies must consider to achieve sustainable management (성지영 2022).

As ESG becomes more important, investors and stakeholders pay more attention to ESG-related information, increasing the need for quantitative evaluation. Major global ESG rating agencies include MSCI, S&P, Bloomberg, and Sustainalytics, while Korea's key institutions include the Korea Corporate Governance Service (KCGS) (강인택 2023). In the hotel industry, ESG management has emerged as a crucial issue. Since hotels operate 24 hours a day, they consume significant energy and produce large amounts of waste, which impacts the environment. In response, global hotel companies are actively adopting eco-friendly and sustainable practices. For example, Marriott is expanding the use of renewable energy and increasing green certification, while IHG has set goals to reduce carbon emissions and eliminate single-use plastics.

As technology advances, product differentiation decreases, making it harder for consumers to choose based solely on product features. Corporate image plays a key role in consumer trust, brand preference, and purchasing behavior (정주영 2014). Schwartz (1986) defines corporate image as the overall impression people have of a company, influencing public attitudes positively or negatively. 나병환 (2008) views it as a comprehensive perception formed by consumer experiences, company actions, history, and media coverage. 김동준 정연욱 (2011) emphasize that it combines subjective emotions and objective corporate behavior. Barich & Kotler (1991) further describe it as a mix of tangible information and intangible feelings. Based on prior research, this study defines corporate image as the overall impression shaped by both consumer emotions and corporate actions.

Corporate trust is a crucial concept in the relationship between consumers and companies, significantly impacting sustainability and marketing performance. Moorman et al. (1993) define trust as a firm belief that transaction partners can rely on each other. In the hotel industry, trust plays a vital role, as it reflects consumers' confidence that the company will fulfill its promises honestly (Keller, 1998; 이동진 2005). 강지원 남궁영 (2018) describe hotel trust as customers' reliance on the hotel in transactions, while 지은호 변정욱 (2011) classify trust into three aspects: eco-friendly room services, staff services, and the hotel itself. 김태규 김명수 (2005) further define corporate trust as the belief that service providers, including employees and the hotel, will fulfill their responsibilities. Many studies highlight the strong link between ESG management and corporate trust. 조원마 이은수 (2015) find that ethical and

philanthropic activities enhance trust, while 강해언 박종철(2022) argue that eco-friendly practices are a key factor. 송유형 최정자(2018) and 양주원(2024) confirm the impact of social contributions and ESG practices on trust, and 양나영(2022) highlights ESG's influence on SME customer trust.

Customer loyalty is widely recognized as a key factor in achieving long-term business success and maintaining a sustainable competitive advantage. From a corporate perspective, loyalty reflects customers' attachment to a specific company or brand and can also be expressed through employee or investor commitment (Sudharshan, 1995). Loyal customers not only provide economic value but also attract new customers through positive word-of-mouth, making loyalty essential for maintaining strong customer relationships (리선아이유재 2015). Thus, customer loyalty plays a critical role in marketing strategies by strengthening customer retention and competitive positioning. Research has shown that customer loyalty is crucial for hotel profitability (이수희 김맹선 2012). 서정모(2008) found that brand trust and image positively influence loyalty, while 이차원(2023) confirmed that ESG management in the restaurant industry significantly impacts corporate image and loyalty. 김은림(2019) reported that eco-friendly management positively affects customer loyalty, and 조봉기(2024) highlighted the influence of ESG environmental factors in hotels. 강준근 박철(2023) further suggested that ESG activities impact loyalty through corporate trust. These studies emphasize that effective ESG management is a key factor in enhancing modern consumers' loyalty.

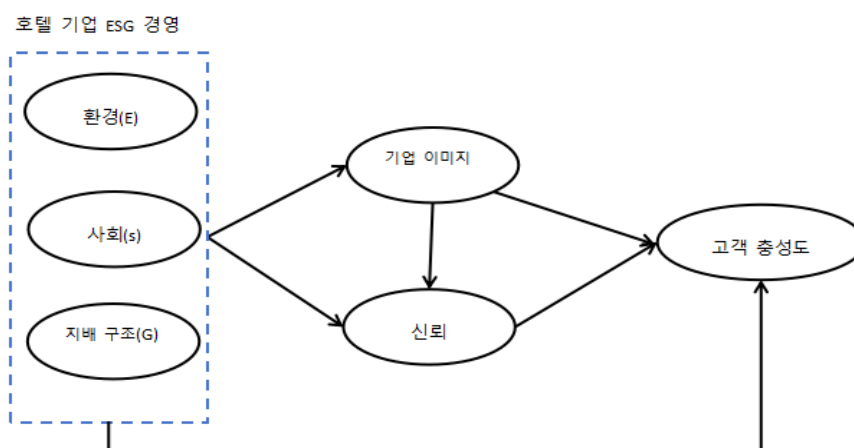
3. Data and methodology

This study established research hypotheses based on previous studies and operationally defined each variable for hypothesis testing. Based on this, the study modified and improved the measurement tools used in previous research to create a questionnaire. The survey for this study consists of ESG management (5 questions on environment, 5 questions on social, 3 questions on governance), corporate image (4 questions), corporate trust (3 questions), and customer loyalty (4 questions), all using a 5-point Likert scale (서정모 2008; 정주영 2014; 백두리 2022; 성지영 2022; 양나영 2022; 황용식이유기 2022; 강준근 박철 2023). Demographic characteristics are measured with 5 questions, and hotel usage experience with 5 questions, both using nominal scales.

This study collected data through a survey to analyze the impact of ESG activities in the hotel industry on corporate image, trust, and customer loyalty. The survey targeted customers who had stayed at either multinational brand hotels or Chinese local hotels within the past three years. A total of 350 respondents were recruited using the convenience sampling method, which is a type of non-probability sampling. The survey was conducted in a self-administered format, and data collection took place over a four-month period from January to May 2025. The hotels included in the study were selected based on their representative ESG management activities and included Hilton, Marriott, InterContinental Hotels Group (IHG), Huazhu, Jinjiang and ShouLve. Data was collected through the survey, and various statistical analyses were performed using SPSS 27.0 and AMOS 23.0.

The research models for this study are as follows

<Table 1> Research Model



4. Result

4.1. Demographic and general characteristics of the sample

To identify the demographic characteristics of the respondents who participated in this study, a frequency analysis was conducted. The gender distribution revealed that 197 respondents were male (56.29%) and 153 were female (43.71%). Regarding age, 83 respondents (23.71%) were under 20 years old, 181 (51.71%) were aged between 20 and 29, 47 (13.43%) were between 30 and 39, 21 (6.00%) were between 40 and 49, 14 (4.00%) were between 50 and 59, and 4 (1.14%) were aged 60 or older.

In terms of marital status, 181 respondents (51.71%) were single, and 169 (48.29%) were married. Educational background was as follows: 42 respondents (12%) had a high school diploma or lower, 112 (32%) had attended or graduated from a junior college, 112 (32%) were attending or had graduated from a university, and 84 (24%) were enrolled in or had completed a graduate program.

For occupational status, 17 respondents (4.86%) were self-employed, 27 (7.71%) worked in technical or production roles, 24 (6.86%) in office jobs, 32 (9.14%) as public officials, 70 (20.00%) in sales or service roles, 33 (9.43%) were professionals, 6 (1.71%) worked in hotel-related fields, 15 (4.29%) were homemakers, and 126 (36.00%) were students.

To examine respondents' usage characteristics and perceptions of ESG management, a frequency analysis was conducted.

Regarding the type of hotel used in the past three years, 184 respondents (52.57%) had stayed at international hotel chains (e.g., Hilton, Marriott, InterContinental), while 166 (47.43%) had stayed at Chinese local hotels (e.g., Huazhu Group, Jin Jiang Hotels, BTG Homeinns Group). This suggests that the sample includes a relatively balanced distribution between the two groups, allowing for comparative analysis.

As for the frequency of hotel use, 140 respondents (40%) had stayed at hotels fewer than two times, 91 (26%) had stayed 3–4 times, 56 (16%) had stayed 5–6 times, and 63 (18%) had stayed more than 7 times. Over 60% of respondents had used hotels more than twice, indicating a meaningful level of experience that supports the reliability of this study.

Concerning awareness of ESG management, 132 respondents (37.71%) reported becoming aware of a hotel's ESG activities after their stay, while 218 (62.29%) indicated they learned about such efforts through this survey. This reveals that ESG-related information has not been

effectively communicated to consumers and that pre-awareness of ESG activities remains limited despite hotels' ongoing efforts.

4.2. Verifying Structural Models and Hypotheses

To verify the proposed hypotheses, structural equation modeling (SEM) was conducted. The results of the path analysis are presented in Table 2.

<Table 2> Hypothesis test

	경로	비표준화 계수	표준화 계수	표준오차 S.E.	C.R.	p	Result
H1-1	ESG (Environmental)→ Corporate Image	0.177	0.159	0.073	2.414	0.016 *	Supported
H1-2	ESG (Social) → Corporate Image	0.283	0.273	0.067	4.211	0.000 ***	Supported
H1-3	ESG (Governance) → Corporate Image	0.274	0.277	0.065	4.226	0.000 ***	Supported
H2-1	ESG (Environmental) → Corporate Trust	0.349	0.290	0.081	4.304	0.000 ***	Supported
H2-2	ESG (Social) → Corporate Trust	0.176	0.157	0.073	2.417	0.016 *	Supported
H2-3	ESG (Governance) → Corporate Trust	0.138	0.128	0.071	1.947	0.052	Not Supported
H3-1	ESG (Environmental) → Customer Loyalty	0.181	0.147	0.079	2.303	0.021 *	Supported
H3-2	ESG (Social) → Customer Loyalty	0.269	0.234	0.071	3.770	0.000 ***	Supported
H3-3	ESG (Governance) → Customer Loyalty	0.061	0.055	0.067	0.900	0.368	Not Supported
H4	Corporate Image → Corporate Trust	0.203	0.188	0.074	2.734	0.006 **	Supported
H5	Corporate Image → Customer Loyalty	0.241	0.217	0.072	3.322	0.000 ***	Supported
H6	Corporate Trust → Customer Loyalty	0.248	0.243	0.067	3.682	0.000 ***	Supported

First, the effects of ESG management activities on corporate image were examined. The environmental ($\beta = 0.159$, $p < 0.05$), social ($\beta = 0.273$, $p < 0.001$), and governance ($\beta = 0.277$, $p < 0.001$) dimensions of ESG were all found to have statistically significant positive effects on corporate image, supporting H1-1, H1-2, and H1-3, respectively.

Second, the impact of ESG activities on corporate trust revealed that both the environmental ($\beta = 0.290$, $p < 0.001$) and social ($\beta = 0.157$, $p < 0.05$) dimensions significantly influenced corporate trust, supporting H2-1 and H2-2. However, the governance dimension showed a marginally insignificant effect ($\beta = 0.128$, $p = 0.052$), leading to the rejection of H2-3.

Third, with respect to customer loyalty, both environmental ($\beta = 0.147$, $p < 0.05$) and social ($\beta = 0.234$, $p < 0.001$) dimensions of ESG significantly enhanced customer loyalty, supporting H3-1 and H3-2. In contrast, the governance dimension did not significantly influence customer loyalty ($\beta = 0.055$, $p = 0.368$), resulting in the rejection of H3-3.

Moreover, corporate image was found to have a significant positive effect on corporate trust ($\beta = 0.188$, $p < 0.01$) and customer loyalty ($\beta = 0.217$, $p < 0.001$), supporting hypotheses H4 and H5. Finally, corporate trust significantly impacted customer loyalty ($\beta = 0.243$, $p < 0.001$), supporting H6.

In summary, 10 out of the 12 proposed hypotheses were supported by the empirical data. The governance dimension of ESG showed relatively weaker influence compared to the environmental and social dimensions, particularly in relation to corporate trust and customer loyalty.

5. Discussion and conclusion

This study explored the effects of hotel corporations' ESG (Environmental, Social, and Governance) activities on corporate image, trust, and customer loyalty. Based on structural equation modeling with 350 valid responses, the key findings are as follows:

First, environmental (E) and social (S) factors significantly and positively influenced corporate image, trust, and customer loyalty. When hotels engage in eco-friendly practices (e.g., energy saving, reducing plastic) and social contributions (e.g., employee welfare, community support), they enhance their image and build trust, ultimately boosting customer loyalty. These effects are stronger when customers can directly experience or perceive such efforts during their stay.

Second, governance (G) activities positively influenced corporate image but had no significant effect on trust or loyalty. This may be because governance practices are less visible or relevant to hotel customers, who may lack awareness or associate such efforts with regulatory compliance rather than customer value.

Third, corporate image significantly affected both trust and customer loyalty, while trust also positively influenced loyalty. ESG activities enhance image and trust, which serve as key drivers of loyalty. Emotional recognition (image) and rational evaluation (trust) jointly shape loyal customer behavior.

In sum, ESG initiatives—especially in environmental and social domains—are effective tools for strengthening hotel brand image, gaining customer trust, and encouraging long-term loyalty.

This study contributes to the growing body of ESG-related hospitality research by empirically validating how ESG activities influence customer perceptions and behaviors in the hotel sector, particularly in the Chinese market. It highlights the strategic importance of environmental and social initiatives in shaping corporate image and fostering long-term customer relationships.

However, the study has several limitations. First, the data was collected from a single country, limiting the generalizability of the findings. Second, the use of self-reported measures may

introduce response bias. Lastly, governance-related impacts may not have been fully captured due to limited customer awareness or measurement sensitivity.

Future research could adopt a cross-cultural approach, consider longitudinal designs, and explore additional mediating or moderating variables—such as perceived authenticity or ESG communication channels—to deepen the understanding of how ESG influences consumer decision-making in hospitality and beyond.

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