A study on holistic customer experience in selected resort hotels in China

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Goal and objectives of the dissertation

Goal

Over the past decades, marketing managers of service providers in the hospitality and tourism industry have retained their existing customers by delivering high-quality services. However, they have struggled to maintain long-lasting relationships with their customers because quality services are no longer accepted as a significant competitive advantage in the highly competitive hospitality and tourism industry (Hosany and Witham, 2010). Furthermore, Ismail (2011) also stated that around 65 per cent of satisfied customers did not show positive behavioural intentions. This questions if the role of service quality is only meant for converting satisfaction of customers into positive behavioural intentions. This void leaves managers and researchers alike with insufficient information to identify the factors that truly drive consumers' positive behavioural intentions and loyalty in the hospitality and tourism industry. Therefore, recent scholars have claimed that customer experience may be a

strong predictor of their positive behavioural intentions (Walls et al., 2011). In this regard, Ryu et al., (2012) stated that customers have become well-informed and they look for unique experience that can fulfil their multiple desires simultaneously (Ali et al., 2013), particularly an experience that develops positive emotions, perceptions and loyalty behaviours (Ali and Amin, 2014, Olsson et al 2012).

Hence, due to its significance, customer experiences have grabbed attention recently. However, most of the studies conducted are conceptual in nature; resulting in limited empirical studies in discussing its true meaning (Walls et al., 2011). A few conceptualisations related to antecedents and consequences of customer experience have been presented. For example, Grove et al., (1998) presented 'Services Theatre Model', which conceptualises customer's experience as a result of interrelationships between three dimensions of service performance, i.e., actors, audience, and setting. Similarly,

another conceptualisation was presented by Nelson (1970) in his 'Information Theory'. He theorised that customer experience is comprised of two main parts, i.e., indirect and direct experiences. Indirect experience is developed by external sources such as advertising, whereas direct experience is developed by the performance of service provider. Some of the recent work also used the S-O-R framework to consider customer experience as a stimulus that incites customers' emotions and behaviours (Ali and Amin, 2014). Despite these conceptualisations, a holistic view of customer experience in relation to its antecedents and consequences in the context of resort hotels in general, and specifically in China, is still missing. Klaus and Maklan (2012) and Walls et al. (2011) also pointed out this gap and called for further research to understand the antecedents and the consequences of customer experience. Against these thread of arguments, an inquiry arose: ***how to further shed light on the concept of customer experience in resort hotel setting within China?*** This is critical due to the drastic escalation of interest in services from academics and practitioners in today's global economy. To summarise, there had been a gap in understanding the dimensions of customer experience in the context of Chinese resort hotels, its antecedents, and its consequences. Therefore, the overall aim of this research was to investigate the antecedents and the consequences of customer experience in resort hotels. Considering the research aim, the specific research objectives were as follows;

- To examine the influence of advertising efforts on customer experiences.
- To examine the influence of service performance on customer experiences.
- To examine the effect of customer experiences on customers' perceived value, consumption emotions, customer satisfaction, and behavioural intentions.
- To examine the relationships between customer's emotions, perceived value, satisfaction, and behavioural intentions.

Methodology

To attain the research objectives of examining the relationships between main constructs of the model and to develop an instrument for measuring these constructs, this study adopted quantitative methods and a survey strategy. The instrument was developed using the existing scales and measures wherever possible. However, since measures did not exist for one construct i.e., service performance, a scale was developed and had been tested specifically for this study. Data were collected from 900 guests of eleven resort hotels across five cities in China during the designated main survey period. Due to the complexity of the research model with latent variables, formative construct, and due to the exploratory nature of the framework, partial least squares (PLS) path modelling were selected to test the research model and study hypotheses.

Results

Out of these 1570 distributed questionnaires, 900 were returned indicating a response rate of 57%. The data matrix used in the current study comprised of 900 cases and 47 indicators, which had approximately 0.03% missing values. The results derived from the analysis of missing values suggested that the data missed in the data matrix were randomly distributed and were insignificant. Moreover, since the proposed model for this study included formative and reflective constructs, the assessments of the measurement models for both types were conducted separately. The results obtained from measurement model analysis confirmed the reliability of all the constructs and their respective indicators. In addition, the results obtained from the analysis of the structural model demonstrated that all 11 hypotheses proposed in the current study were supported by the findings. The model developed in the current study showed a high level of goodness of fit (global GoF index=0.566). The findings also showed that R² values for all the endogenous constructs (customer experience = 0.525; perceived value = 0.534; consumption emotions = 0.533; customer satisfaction = 0.554; behavioural intentions = 0.555) satisfied the minimum requirement of the 0.10 cut off

value, which was the indication of a relatively parsimonious model. Lastly, the results from blindfolding (Q^2) also suggested that the proposed model had good predictive ability.

Theoretical Conclusions

Since the introduction of experience economy concept (Pine & Gilmore, 1999), many scholars in hospitality have turned their focus on conceptualisation of customer experience. Yet, many of the studies have used generic scales and ignored to validate specific scales that were developed in literature. This present study validated four significant dimensions of customer experience including recognition and escapism, peace of mind and relaxation, hedonics, and involvement as proposed by Xu and Chan (2010). In addition, the findings of this study consolidated the integration of theories (Services Theatre Model, Information Theory and S-O-R framework), identified the concept of consumer experience as an important consumer psychological construct in consumer behaviour research, and further confirmed the relationships between the constructs, including service performance, advertising efforts, customer experience, perceived value, consumption emotions, customer satisfaction, and behavioural intention. Lastly, this current study managed to develop and empirically test a 22-item scale representing the three theatrical components of the Services Theatre model. The scale demonstrated strong internal reliability and displayed validity.

Practical Application

In addition to theoretical contributions, the findings from this study also have several important managerial contributions. The main managerial implication of this study is the significance of developing positive behavioural intentions to achieve competitive advantage and success in the long-term. This study indicated four critical immediate predictors of developing positive behavioural intentions, including customer experience, perceived value, consumption emotions, and customer satisfaction. It is also important to consider customer experience in relation to its primary dimensions, including recognition and escapism, peace of mind and relaxation,

hedonics, and involvement. Each of these four primary dimensions have significant weightage on customer experience, which then significantly influences customers' perceived value, consumption emotions, satisfaction, and behavioural intentions. In other words, providing excellent resort hotel services is no longer sufficient to guarantee visitors' satisfaction; rather, both cognitive and psychological aspects of resort hotel visitation should be examined. "Recognition and escapism", "peace of mind and relaxation", "hedonics", and "involvement" were found to be four representative dimensions reflecting customer experience in the context of resort hotels. Thus, resort hotel management should put more effort in addressing the dominant motives of different groups of customers to enhance their overall experience by tapping into these dimensions. Moreover, the holistic model of customer experience also confirmed that breaking down the service performance into these three aspects, including physical environment (setting), interaction with staff (actors), and interaction with customers (audience), is critical in terms of manipulating the total customer experience. This study developed a questionnaire to measure these three aspects. This instrument could be administrated periodically by the managers to identify gaps and any discrepancies in the way the customers perceive their performance, which could ultimately shape customer experience. This is important because customers now demand an overall experience.

Content of the Dissertation

Abstract of Chapter One: Introduction

This chapter introduces the context of the research and covers issues, such as background, introduction, and problem statement of the research, its gaps and contributions, aims, and objectives in order to give an overview idea of this research.

Abstract of Chapter Two: Literature Review

The literature review chapter examines the main theories including Services Theatre Model, Information Theory and S-O-R framework and discusses various

perspectives on the main constructs in this study such as advertising efforts, service performance, customer experiences, customers' perceived value, consumption emotions, customer satisfaction, and behavioural intentions. This helped to formulate the conceptual framework of this research.

Abstract of Chapter Three: Research Framework and Hypotheses Development

The theoretical framework and hypotheses development chapter describes the conceptual framework developed in this research and explains the development of hypotheses.

Abstract of Chapter Four: Research Methodology

The research method chapter describes the research process, research design, pilot study, instrument development, and data collection procedures.

Abstract of Chapter Five: Findings and Analysis

This chapter details findings of the quantitative customer surveys. This chapter presents the response rate, respondents' profiles, validity and reliability tests, structural equation modelling procedures and hypotheses testing.

Abstract of Chapter Six: Discussion and Implications

This chapter contains the conclusions drawn from the entire study. The discussion related to the findings, contributions and limitations of this research are discussed as well as recommendations for future research. Moreover, a holistic model of customer experience and best practice guidelines for service performance dimensions to develop better customer experience are also discussed in this chapter.

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