UNITED STATES SPORTS ACADEMY

AN EXAMINATION OF THE RELATIONSHIP BETWEEN EXPERIENTIAL MARKETING STRATEGY AND GUESTS' LEISURE BEHAVIOR IN TAIWAN HOT-SPRING HOTELS

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by:

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABSTRACT

Lin, Kuo-Ming, for the Doctor of Sport Management degree at the United States Sports Academy, presented in June, 2006. Title: An Examination of The Relationship Between Experiential Marketing Strategy And Guests' Leisure Behavior In Taiwan Hot-Spring Hotels. Chairman: Dr. Ric Esposito.

While discussions and variables among experiential marketing, experiential value, satisfaction, and loyalty have been studied by researchers for many years, there is little attention and no consensus on how to conceptualize or operationalize a model of causal relationships among these variables. Therefore, the purpose of this study was to both synthesize and build on the efforts to conceptualize the effects of guests' perceptions of experiential marketing, experiential value, and satisfaction on guests' behavioral loyalty. Specifically, this study reported an empirical assessment of a model of causal relationships that simultaneously considered the direct and indirect effects of these variables on guest loyalty. Main issues regarding the reasons and benefits of understanding guest loyalty model were identified and discussed.

This study involved a survey, comprised of five sets of questionnaire concerning demographic data, guests' perceptions of experiential marketing, guests' perceived experiential value, guest satisfaction, and guest loyalty. Seven hundred questionnaires were distributed at sixteen hot-spring hotels of Taitung County in eastern Taiwan. Five hundred and twenty-seven valid questionnaires were collected after discarding incomplete questionnaires ninety-eight and its rate of returned responses was 75.28%. One pilot study was conducted to examine the content validity and reliability of the questionnaire. The content and translation (English to Chinese) of the questionnaire was also examined by the panel of experts, two American and two Taiwanese professors.

The quantitative analysis of the questionnaire was conducted through LISREL and SPSS statistical software for all analyses. In order to understand the general background of the sample, frequency and percentage of demographic data were calculated by using the Software Statistical Package for the Social Science (SPSSPC+) 12.0. For using structural equation modeling techniques, LISREL 8.52 was utilized to test validity and reliability of the each measurement constructs as well as to examine the causal relationships among them.

Results of the study indicated that while guests' perceptions of experiential marketing had a direct impact on loyalty behavior, the relationship between guests' perceptions of experiential marketing and loyalty behavior was strongly mediated by perceived experiential value and satisfaction. In conclusions, discussion, and recommendations of the findings for the future research were discussed in this study.

CHAPTER I

INTRODUCTION

In 2001, tourism revenue in Taiwan amounted to NT$504.84 billion. Of this total, spending in Taiwan by foreign visitors amounted to NT$155.78 billion, and spending on overseas travel by Taiwan citizens totaled NT$250.42 billion. The contribution of tourism to the GDP was 5.31%, compared to 4.39% in 1996 and 4.09% in 1999 (Taiwan Tourism Bureau, 2004). Accordingly, it indicates the growing importance of tourism to Taiwan and is making tourism industry as an important sector of the economy.

Tourism is known as a service industry, or the recreation industry or the industry of experience (Barlow & Maul, 2000). Hotels are main elements of the tourism industry and offer the hotel product, which consists of its location, clime, decoration, staff courtesy and several service for customers that make them feel like "guest" as well as have an enjoyable leisure experience. The experiential outcomes of leisure activities have been increasingly recognized as important for planning and managing leisure services as well as for understanding consumers' leisure behavior (Driver & Tocher, 1970; Mannell, 1999; Manning, 1986). In leisure and recreation behavior, similar to consumer behavior, individuals can become very habitual in site and product use, become very committed and loyal to certain sites and products, and be reluctant to use alternative sites and products, respectively (Havitz & Dimanche, 1997). For this purpose, this study intended to conceptualize a conceptual model in order to understand variables that were likely to drive guests' loyalty behavior.

Recently, there has been increasing interest in creating "experience" for customers and particularly for those in the service sector, and hotel industry is no exception. Along

these lines, a number of researchers argued that the service economy has been transformed into an attention economy (Davenport & Beck, 2002), entertainment economy (Wolf, 1999), a dream society (Jensen, 1999), emotion economy (Gobé & Zyman, 2001), or an experience economy (Pine & Gilmore, 1998, 1999; Schmitt, 1999).

With ever-increasing competition, service providers seek to develop loyalty by aggressively designing, continuously innovating, and managing their consumer experiences (Pullman & Gross, 2004). For this purpose, recent studies regarding experience are given much attention in the field of marketing as well as in the hospitality industry, and hotel industry is no exception. For example, Pine and Gilmore (1999) theorized that we have moved from a service economy to an experience economy. According to these analysts, the experience component of the economy is growing rapidly, outstripping the service sector, just as the service economy outgrew the industrial economy previously. The corollary of the experience economy is the need for experiential marketing and Schmitt (1999) just make this case. He argued that experiential marketing differs from traditional marketing that experiential marketing provides a set of value involving sensory, emotional, cognitive and relation, elicits customers to sense, feel, think, act, and relate instead of focusing on functional features-and-benefits (F&B) marketing.

In addition, a comprehensive review of studies concerned with experiential design has been given much attention by literature. Some experience designs authors argued that well-designed experience design build loyalty (Davenport & Beck, 2002; Gobé &Zyman, 2001; Pine & Gilmore, 1998, 1999; Reichheld, 1996; Schmitt, 1999).

Additionally, Holbrook and Hirschman (1982) argued that consumer value is an experience and that value resides not in the product purchased, not in the brand chosen, not in the object possessed, but rather in the consumption experience. In this sense, all marketing is service marketing and this places the role of experience at a central position

in the creation of consumer value (Holbrook, 1999). Perceived value has been characterized as the essential outcome of marketing activity (Holbrook, 1994; Babin, Darden & Griffin, 1994). Furthermore, an overall measure of satisfaction is important (Anderson & Fornell, 1994), and attention to tourist's experiences with accommodation is essential for determining guest satisfaction and the personal benefits that guests derive from their stay (Mclntosh & Siggs, 2005). Consequently, the researcher intends to understand guests' perceptions of experiential marketing for their leisure experience in hot-spring hotels, and in turn understand how guests' perception of experiential marketing directly influences guests' perceived experiential value and satisfaction as well as guest loyalty. For this purpose, these concerns were the primary motivation to this study.

Marketing strategies today are concentrated on securing and improving customer loyalty as well as intention to repurchase. Past research has shown that it is six times less expensive to plan marketing strategies for retaining customers, than it is to attract new customers (Rosenberg & Czepiel, 1983). From these perspectives, hotel industry competition are increasing for market share has made it vital for managers to examine the variables that have been shown to be related to purchase intentions and repeat purchase behavior are perceived value (Wakefield & Barnes, 1996; Zeithaml, 1988) and consumer satisfaction (Dube, Renaghan, & Miller, 1994; Williams, 1989). In the matter of the relationship between customer value and purchase intention, the construct of perceived value has been argued to be the most important indicator of repurchase intention (Parasuraman & Grewal, 2000). Additionally, in the study of Dodds, Monroe, & Grewal (1991), they indicated the perceived value directly influences willingness to buy.

With reference to the relationship between customer satisfaction and customer loyalty, a large number of researchers indicated that customer satisfaction leads to greater

customer loyalty (Anderson & Sullivan, 1993; Bearden & Teel, 1983; Bolton & Drew, 1991; Boulding et al., 1993; Fornell, 1992; LaBarbera & Mazurski, 1983; Oliver, 1980; Oliver & Swan, 1989; Yi, 1991). Through increasing satisfaction, customer loyalty secure future revenues (Bolton, 1998: Fornell, 1992; Rust et al., 1994; 1995), reduces the cost of future transactions (Reichheld & Sasser, 1990), decrease price elasticities (Anderson, 1996), spread positive word-of-mouth, exhibit brand loyalty or increased intentions to repurchase (Roger, Peyton & Berl, 1992; Grewal and Sharma, 1991).

Moreover, it has been shown that customer satisfaction has been conceptualized as a key linking variable between perceived value and customer loyalty (Oh, 1999; Anderson et al., 1994; Fornell, 1992; Johnson & Fornell, 1991; Fornell et al., 1996; National Quality Research Center, 1995; ECSI Technical Committee, 1998). For instance, the structural equation models of the ACSI (American Customer Satisfaction Index; Fornell et al., 1996) and the ECSI (European Customer Satisfaction Index; ECSI Technical Committee, 1998) indicated that there is casual relation among variables of perceived value, customer satisfaction and customer loyalty, and that perceived value is the antecedent of customer satisfaction and that customer loyalty is the consequence of customer satisfaction. Similarly, Oh (1997) also provided a review supporting a positive relationship among perceived value, satisfaction, and repurchase intention and word-of-mouth communication intention. For interrelationship stated above, this study attempted to understand whether guest's perceived experiential value can directly influence guest loyalty and guest satisfaction, and to understand if guests' perceived experience value can indirectly influence guest loyalty via guest satisfaction. For this purpose, these investigations were the second motivation of this study.

Owing to the complex relationships among various variables, limited efforts have been made toward investigating the relationships among experiential marketing,

perceived experiential value, satisfaction, and loyalty. As such, in order to understand the complex relationships among variables, structural equation modeling (SEM) can be used to test theoretical models using the scientific method of hypothesis testing to advance our understanding of the complex relationships among constructs (Schumacker & Lomax, 2004). The objective of this study was to conduct a hypothesized theoretical model that can be used to prove the validity to variables of experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty, as well as examine the causal relationships among variables.

Statement of the Problem

Experiential marketing plays an important role in the process of consumption experience (Pine & Gilmore, 1998, 1999; Schmitt, 1999). That is, it is vital for service providers to understand consumers' consumption reaction after receiving stimulations of experiential designs. Moreover, a great deal of efforts has been made on discussion of experiential marketing. What seem to be lacking, however, is only little attentions have so far been made at the examination of the relationships between the strategies of experiential marketing and consumers' leisure behavior.

The primary objective of this study was to propose an integrated approach to studying and understanding theories of and conceptual relationships among the constructs of experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty as well as to construct the structural relationship model. Namely, the objective was to develop an improved understanding of not only the constructs themselves, but also how they relate to each other and subsequently drive guest loyalty behavior. Theoretical justification for these links can be attributed to Bagozzi's (1992) model that suggested the initial service evaluation (i.e., appraisal) led to an emotional reaction that, in turn, drove behavior. For this purpose, a model integrating key variables from the studies of

experiential marketing, experiential value, guest satisfaction and guest loyalty were proposed and empirically tested in the guests of Taiwan hot-spring hotels.

In a conceptual model, the researcher identified guests' perceptions of experiential marketing as exogenous variable, and guests' perceived experiential value, guest satisfaction and guest loyalty as the endogenous variables of dimensions of guests' leisure behavior. Moreover, guests' perceived experiential value and guest satisfaction were identified as intervening variables, and guest loyalty was identified as outcome variable on the basis of causal relationship. Finally, this study also examined demographic variables of the survey samples.

Research Questions

According to review of present literature, the structural relations depicted in Figure 1.1 represented research hypothesized model.

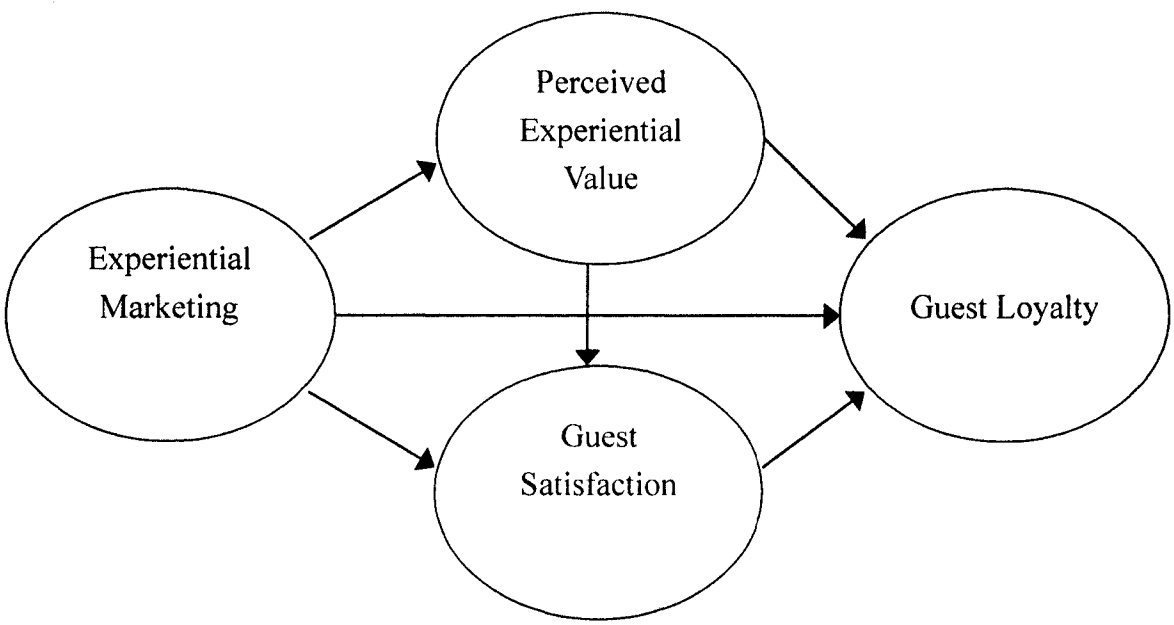

Figure 1.1 Research Hypothesized Model.

The recursive model begins with direct effects from experiential marketing to perceived experiential value and guest satisfaction as well as guest loyalty, and then perceived experiential value and guest satisfaction directly influence on guest loyalty. Moreover, perceived experiential value is indirectly related to guest loyalty through guest satisfaction as mediated variable. In present study, six research questions were presented in the following:

1. What were the information of demographic characteristics including gender, age, level of education, occupation, marital status and monthly household income of hot-spring hotel guests in this study?
2. Did the five-dimensional model (sense experience, feel experience, think experience, act experience, and relate experience) effectively measure perception of experiential marketing by guests? Was experiential marketing a valid latent construct?
3. Did the four-dimensional model (consumer return on investment, service excellence, aesthetics, and playfulness) effectively measure perceived experiential value by guests? Was perceived experiential value a valid latent construct?
4. Did attributes of overall satisfaction (physical facilities, staff services, products, and recreation experiences) truly reflect guest satisfaction? Was guest satisfaction a valid latent construct?
5. Did behavioral loyalty (willingness to revisit and intentions to recommend) truly reflect guest loyalty? Was guest loyalty a valid latent construct?
6. Were there any existed significant relationships among constructs of experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty?

A number of important directional hypotheses for this study were derived from the questions above. Figure 1.1 proposed a hypothesized model of the antecedents of guest loyalty behavior in hot-spring hotel's experience designs with corresponding hypotheses.

The first part of the model suggests that guest perceptions of key experience design elements (created and managed by the hotelier) will influence the level of type of emotions generated in a particular service setting. The second phase of the model suggests that the level and type of emotional connection will mediate guest loyalty behavior. That is, perception of the experience designs can directly and indirectly (through perceived experiential value and guest satisfaction) influence guest loyalty behaviors. Four important directional hypotheses were presented as follows.

Hypothesis I: Guests' perceptions of experiential marking directly influenced guest loyalty.

Hypothesis II: Guests' perceptions of experiential marketing directly influenced guests' perceived experiential value and indirectly influenced guest loyalty through guests' perceived experiential value.

Hypothesis III: Guests' perceptions of experiential marketing directly influenced guest satisfaction and indirectly influenced guest loyalty through guest satisfaction.

Hypothesis IV: Guests' perceptions of experiential marketing indirectly influenced guest loyalty through guests' perceived experiential value and guest satisfaction.

Definitions of Terms

For the purpose of this study, the following terms are defined operationally as follows:

Endogenous variable: is defined as any latent variable that is predicted by other latent variables in a structural equation model is known as a latent dependent variable. A latent dependent variable therefore must have at least one arrow leading into it from another latent variable, sometimes referred to as an endogenous latent variable (Schumacker &

Lomax, 2004).

Exogenous variable: is defined as any latent variable that does not have an arrow leading to it in a structural equation model is known as a latent independent variable, sometimes referred to as an exogenous latent variable (Schumacker & Lomax, 2004).

Experiential marketing: defined as any consumer experiences some stimulations result from direct observation and/or participation in events, in which generates motivation, cognitive consensus, and purchase behavior (Schmitt, 1999). In this study, the researcher employs Schmitt's (1999) concept of experiential marketing that consists of five measurement dimensions to measure guests' perception of experiential marketing. Five measurement dimensions are: sense experience, feel experience, think experience, act experience, and relate experience.

GDP: A country's gross domestic product, or GDP, is one of several measures of the size of its economy. The GDP is defined as the market value of all final goods and services produced within a country in a given period of time. Until the 1980s the term GNP or gross national product was used (WIKIPEDIA, 2006).

Guest: is defined as a customer of hotel or restaurant to whom hospitality is extended (WordNet, 2006). In this study, a guest is viewed as any individual who is a temporary visitor, staying overnight at the hot-spring hotel, and involving an exchange of money for services rendered.

Guests' Leisure Behavior: is defined as individuals can become very habitual in site and product use, become very committed and loyal to certain sites and products, and be reluctant to use alternative sites and products, respectively (Havitz & Dimanche, 1997). In this study, guests' leisure behavior is viewed as variables constitute guests' post-purchase behavior and those variables are guests' perceived experiential value, guest satisfaction, and guest loyalty.

Guest Loyalty: is defined as consumers generate a specific behavior after purchasing products or services. In the present study, guest loyalty is viewed as guests' post-purchase behavior is whether they are willing to revisit and recommend the hotel to others after their purchase.

Guest Satisfaction: defined as the extent to which a product/service's perceived performance meets or exceeds customer expectations (Oliver, 1980; Spreng, Mackenzie & Olshavsky, 1996). In this study, guest satisfaction is measured by overall satisfaction, and it is defined as an evaluation of overall guest satisfaction with hot-spring hotel's overall performance based on attributes (physical facilities, staff services, products, and recreation experiences).

Hot-spring Hotel: is defined as a hotel brings natural hot springs into hotel and builds up equipments of added-value hot spring for guests, and for who can pay for lodging and meals and other services.

Latent construct: is defined as latent variable that are not directly observable or measured, rather they are observed or measured indirectly, and hence they are inferred constructs based on what observed variables we select to define the latent variables (Schumacker & Lomax, 2004). In this study, latent constructs include experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty.

Likert scale: is a type of composite measure using standardized response categories in survey questionnaires. Typically a range of questions using response categories such as strongly agree, agree, disagree, and strongly disagree are utilized to construct a composite measure (Bureau of Justice Assistance, 2006). Five point likert scale was utilized in this study to measure guests' perception of experiential marketing, experiential value, satisfaction, and loyalty.

Mediating variable: is defined as a variable, the value of which is determined by one or

more independent variables and/or other mediating variables and that in turn affects the value of a dependent variable not directly affected by the independent variables (Colman, 2001). In this study, mediating variable, is viewed as intervening variable, include perceived experiential value and guest satisfaction.

NT dollar: is defined as Nation Taiwan dollar in this study.

Perception: is viewed as the acquisition and processing of sensory information in order to see, hear, taste, smell, or feel objects in the world; also guides an organism's actions with respect to those objects; moreover, perception may involve conscious awareness of objects and events; this awareness is termed a percept (Sekuler & Blake, 2002).

Perceived Experiential Value: is defined as perceptions based upon interactions involving either direct usage or distanced appreciation of goods and services; and these interactions provide the basis for the relativistic preferences held by the individuals involved (Holbrook & Corfman, 1985). In this study, the researcher utilizes Mathwick et al.'s (2001) proposed four dimensions of experiential value to measure guests' perceived experiential value. Four dimensions include service excellence, aesthetic appeal, consumer return on investment, and playfulness.

Repurchase behavior: is defined as consumers buy similar products repeatedly from similar sellers; in other words, consumers make another purchase of a product they have tried or purchase from a seller they have previously patronized (Peyrot & Doren, 1994).

Structural Equation Modeling (SEM): is defined as using various types of models to depict relationships among observed variables, with the same basic goal of providing a quantitative test of a theoretical model hypothesized by a researcher; more specifically, various theoretical models can be tested in SEM that hypothesize how sets of variables define constructs and how these constructs are related to each other (Schumacker & Lomax, 2004).

Scope of the Study

In this study, the researcher focused the research target population on the guests of hot-spring hotels in Taitung County in eastern Taiwan, in which Jhihben hot springs have the reputation of being the greatest scene locate in outer hot spring area and generally known by the public. A total of 19 hot-spring hotels approved for operation and guests were conveniently intercepted and solicited to complete survey questionnaires in each hot-spring hotel regarding Guest Perceived Experiential Marketing Survey (GPEMS), Guest Perceived Experiential Value Survey (PEVS), Guest Satisfaction Survey (GSS), and Guest Loyalty Survey (GLS). These surveys were distributed to each participant who at least stayed in hotel for one night and were conducted during weekends (Saturday and Sunday) and non-weekends (Monday to Friday) from March to April 2006 in Taiwan.

Delimitations

The proposed study was subject to the following delimitations:

1. Owing to difficulties for surveying all of guests of the hot-spring hotels in Taiwan, the researcher chose all guests of 19 hot-spring hotels in Taitung County in eastern Taiwan.
2. This study focused on the relationships among guests' perceptions of experiential marketing, experiential value, satisfaction and loyalty within hot-spring hotels guests.
3. Linear Structural Relationship (LISREL) was used to test the model fit.
4. Demographic data of the survey samples were collected for the descriptive purpose only.

Limitations

The following might limit this study:

1. The findings of the study may not be generalized to other industries or countries as well as cultures.

2. The sample drew from the particular hotels and areas may have limited ability of the researcher to generalize the results of the study.
3. Participants may not understand the importance of this study, and therefore may not contribute sufficient time or thought to their responses.
4. The use of a single questionnaire may produce data of limited utility.
5. The data may merely be reflected a temporary response by the subject, who may be affected by recent events or incidents.
6. The study was limited by the restrictions imposed by the predictive validity and the reliability values of the instruments.
7. In this study, the demographic report had no relationship with the latent constructs.

Assumptions

For this study, the researcher assumed that:

1. The instruments of guest perceived experiential marketing survey (GPEMS), guest perceived experiential value survey (GPEVS), guest satisfaction survey (GSS) and guest loyalty survey (GLS) were measured validly and reliably in this study.
2. The distributions of the conveniently selected guests were assumed to provide a valid and reliable representation of the study population.
3. Participants participated in the study voluntarily.
4. Participants answered the questions honestly.

Significance of the Study

Taiwan Tourism Bureau (2004) indicated that the proportions of tourism consumption in various tourism industry categories in Taiwan: accommodations 0.70, food and beverages 0.35, land transportation 0.22, air transportation 0.59, car rental services 0.93, travel agency 0.8, arts and entertainment 0.29, shopping 0.05, and other tourism industries 0.001. Taiwan Tourism Bureau also reported the overall number of

full-time jobs that could be created by all tourism industries was 235,166, with the greatest job creation being produced by the food and beverage, land transportation, retail, and hotel industries. Moreover, according to Taiwan Tourism Bureau, it reported hot springs and spa were the most popular leisure activities in 2001 when people traveled.

For all data stated above, hospitality industries have played an important role for influence of tourism on the economy in Taiwan, and hot-spring hotel is no exception. Nevertheless, given the increasing competitive phenomenon of the hot-spring hotel industry, there are more and more hot-spring hotels facing the operational challenges. Taking the hot-spring hotels in Taitung County, with considerable abundance of natural hot springs, hot-spring hotel is highly competitive business with the opening of more hotels.

This study attempted to utilize the concept of experiential marketing to better understand guests' repurchase decision-making intention for providing hot-spring hotel's managers with referable information regarding guest's leisure behavior. However, while variables among experiential marketing, value, satisfaction and loyalty have been studied by researchers for many years, there is little attention and no consensus on how to conceptualize or operationalize a model of causal relationships among these variables. In order to enrich this limited research, this study served to advance the understanding of relationships among variables of experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty. For this reason, this study examined the reliability of these multi-dimensional models by collecting data from hot-spring hotels in Taiwan Taitung County.

The important findings of this study could be relevant to its contributions both to tourism research and practitioners of hot-spring hotels in Taiwan. Viewed in this light, researchers could better understand the causal relationships among variables of

experiential marketing, perceived experiential value, satisfaction, and loyalty. Furthermore, in order to gain and sustain competitive edges, the findings of this study for hot-spring hotel managers or marketers could benefit from understanding guests' leisure behavior toward behavioral loyalty as well as developing viable marketing strategies and that would better meet consumers' needs and wants; last but not least, it was also important to understand how to satisfy guests' leisure experience in terms of selecting effective marketing tactics.

CHAPTER II

REVIEW OF LITERATURE

The purpose of this chapter is to define and describe the relevant literature of the conceptual frameworks of experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty, which serve as the theoretical foundation for the present study. This literature review provides a comprehensive overview of theories and relationships between each variable. Moreover, this chapter is divided into eleven sections: (a) Introduction to hot-spring hotels, (b) Experiential marketing, (c) Perceived experiential value, (d) Guest satisfaction, (e) Guest loyalty, (f) The relationship between experiential marketing and guest loyalty, (g) The relationship between experiential marketing and perceived experiential value, (h) The relationship between experiential marketing and guest satisfaction, (i) The relationship between perceived experiential value and gust loyalty, (j) The relationship between guest satisfaction and guest loyalty, and (k) The relationships among perceived experiential value, guest satisfaction, and guest loyalty.

Introduction to Hot-Spring Hotels

Hot-Spring

Taiwan, is ranked among the world's top 15 hot spring sites, harboring a great variety of springs, including hot springs, cold springs, mud springs, and seabed hot springs; and more than one hundred hot springs have been discovered in Taiwan, located in different geological areas including plains, mountains, valleys, and oceans (Taiwan Tourism Bureau, 2002). In Taiwan, with its peculiar crustal structure and location on the fault line where the Euro-Asian and Philippine continental plates meet in the

Circum-Pacific seismic zone, subterranean heat is spread across the island producing hot springs island-wide. With the exception of Changhua, Yunlin and Penghu counties, almost every city and county in Taiwan is equipped with hot springs, and so it is not strange that by some Taiwan is also called "the Hot Spring Kingdom" (Taiwan Tourism Bureau, 2002). Hot springs are formed by natural waters that emerge from the bowels of the earth and that possess therapeutic properties said to have a positive effect on disorders of the nervous and digestive systems, the circulation, and the organs. People have used hot springs to keep in good health for ages. Moreover, hot springs are said to improve conditions including arthritis, rheumatism, inflammation of the joints, circulatory complaints, nasal and respiratory problems and a number of skin problems. Waters can contain varying deposits of many different minerals such as sodium, potassium, arsenic, magnesium and silica, which all have specific restorative qualities (Gillmore, 2001).

Specific properties of hot springs vary depending on chemical composition, mineral concentration and water temperature. Taiwan has a great variety of springs, both cold and hot. Of course, each type of hot spring has its own specific medicinal properties (Taiwan Tourism Bureau, 2002). The following Table 2.1 is the introduction of type and therapeutic properties of hot springs in Taiwan.

Table 2.1

Type and Therapeutic Properties of Hot Springs

Type of Hot Springs	Therapeutic Properties
Sodium Carbonate Springs	Water from this type of springs has no color and has a clear appearance, and is known to help treat athlete's foot, arthritis, gastrointestinal disorders, skin disease, and neuralgia. It also helps lower the blood pressure and reduce stress of the heart.
Sulfur Springs	Water from these springs appears either yellow-brownish or milky and emits a strong smell of rotten eggs. The minerals in the water have positive therapeutic effects on skin disease,

Table 2.1

Continued

Type of Hot Springs	Therapeutic Properties
Sulfur Springs	women's diseases, asthma, neuralgia, arteriosclerosis, rheumatism and shoulder, neck and wrist pains; they also have a detoxifying and mucolytic effect.
Ferrous Springs	Water from these springs contain a high concentration of metallic elements, and its properties include hematopoiesis, which is why it can help treat anaemia, women's diseases, menopause problems, an underdeveloped uterus and chronic eczema. In addition to bathing, the ferrous water is also drinkable and can alleviate anaemia and treat fatigue.
Sodium Hydrogencarbonate Springs	Water from these springs accelerate tissue regeneration, and promote metabolism and blood circulation. It also has positive effects on gastrointestinal disorders, cholecystitis (inflammation of the gall bladder), neuralgia, arthritis, external injury, liver disease, allergies, chronic skin disease, measles, etc.
Mud Springs	Mud springs, spring water contains alkaline and iodine, is salty and has a light sulfuric smell. The water from these springs appears gray or even black, and helps treat skin disease, neuralgia, and gastrointestinal disorders.
Salt or Hydrogen Sulfide Springs	The water from these springs has positive effects on skin disease, women's diseases, and problems of intestines and stomach.

Source:Taiwan Tourism Bureau. (2002). *Hot springs*. Retrieved February 4, 2006, fromhttp://www.taiwan.net.tw/lan/Cht/travel_tour/subject_introduce.asp?subject_id=112B13.

Hot-Spring Hotels

A hotel is an establishment that provides paid lodging, usually on a short-term basis and especially for tourists. Hotels often provide a number of additional guest services such as a restaurant, a swimming pool or fitness room. Some hotels have conference services and encourage groups to hold conventions and meetings at their location (Wikipedia, 2005). The hotels are normally divided into three classes:

international tourist class, tourist class, and ordinary. Legally licensed hotels post certification to that effect, and travelers are advised to protect themselves by choosing only these hotels (Taiwan Tourism Bureau, 2002).

Hotel accommodation is convenient in Taiwan, in which international-class tourist hotels and ordinary hotels as well as leisure resort hotels have proliferated to meet the needs of growing numbers of tourists, and comfortable, well-equipped resorts as well as business hotels are available to meet the differing needs of different kinds of tourists. In recent years, hot spring and spa in Taiwan have become more popular. While in the past hot springs mainly had a recreational function, present development and usage of Taiwan's hot springs not only focuses on the traditional aspect of soaking, but also includes health benefits as a major drawing point of hot spring (Taiwan Tourism Bureau, 2002). Recently, many enterprises have invested in the construction or renovation of hot-spring hotels, and have even purchased modern scientific hot spring equipments, transformed the traditional concept of hot spring soaking into the added-value concept of hot spring hydrotherapy. To date, while enjoying the traditional comfort of soaking in a hot spring, guests can receive additional health benefits by taking advantage of the physical properties of water using hydro jets that splash columns of water onto the body, ultra-sonic massage equipment, and the water's natural buoyancy, made possible through the installation of modern equipment and the professional assistance of hot spring hydrotherapists.

However, hot-spring hotels have not well defined and enacted in terms of hotel's related-policy laws in Taiwan. On the other hand, the implicit definition of hot-spring hotel only can be related to the parts of leisure resort hotels, in which it integrates surrounding resources of environment into an integral of hotel service for the purpose of offering guests' leisure and entertainment. For this reason, this study defined hot-spring

hotels as hotels set up near area of natural hot springs and introduced spring water into the bath inside each hotel room as well as integrated modern applications of hot springs into hotel service to attract tourists, such as hydrotherapy, spring pools, spring saunas, spring massage pools, and health bathing.

Experiential Marketing

The Importance of Consumption Experience

Consumption experience cannot be considered as a new concept. Over the last two decades, marketing and consumer's researchers has realized the importance of hedonic consumption and consumer experience (Holbrook & Hirschman, 1982). Hedonism is defined as "the doctrine that pleasure is the highest good; the pursuit of pleasure; a life-style devoted to pleasure-seeking" (Chambers Online Reference, 2005). Hedonic experience is associated with pleasure, arousal (Campbell, 1987), fantasies, feelings, and fun (Hirschman and Holbrook, 1982).

Hirschman (1984) proposed that when consumers seek out new experiences they may be: (a) cognitive experience seekers, who value new experiences for their ability to stimulate though; (b) sensory experiences seekers, who seek experiences for sensory stimulation; or (c) novelty seekers, those who desire novel stimuli, whether cognitive or sensory. Although all three types of consumers are seeking new experiences, their underlying motives are different. Thus, one might suggest that leisure tourist are similarly motivated by the search for new thoughts, new sensory experience, or by a search for any novel stimulation.

Rossman (1995) claimed that facilitating leisure experience is the most important goal in providing and delivering leisure services. Hull et al. (1996) further reinforced the important role of leisure experience and noted experience is an important part of what recreationists say they want and what recreation resource managers try to provide. This

experiential approach in leisure has moved the emphasis of leisure services from the mere provision of recreation activities to the facilitation of the "leisure experience" (Hull, Michael, Walker, & Roggenbuck, 1996). In other words, properly executed experiences will encourage loyalty not only through a functional design but also by creating emotional connection through engaging, compelling, and consistent context (Pullman & Gross, 2004). For this reason, the shifted focus on leisure services and management requires an understanding of how people experience leisure in hospitality industry. In order to gain and sustain competitive edge, hotel marketers must understand what sorts of products or services fit into consumers' consumption situations and how these products and services can enhance consumers' consumption experience prior to consumption.

Definitions of Experience

Csikszentmihalyi (1993) argued that experience stands out from normal daily experience and is characterized by the following experiences: total absorption, lack of focus on self, feelings of freedom, enriched perception, increased sensitivity to feelings, increased intensity of emotions, and decreased awareness of time. Mannell, Zuzanek and Larson (1988) also operationalized leisure experience as flow, and found that freely chosen activities provided higher levels of positive feelings, potency, and concentration and lower levels of tension. Similarly, flow is about optimal experience and enjoyment in life; and flow is in the mind, it is about "the making of meaning"; the ultimate goal is "turning all life into a unified flow experience" (Csikszentmihalyi, 1993). Samdahl and Kleiber (1989) operationalized leisure experience as a loss of self-awareness or deeper psychological involvement.

Viewing in Marketing light, Schmitt (1999) defined that experiences are private events that occur in response to some stimulations and involve the entire living being; they often result from direct observation and/or participation in events – whether they are

real, dreamlike, or virtual. Pine and Gilmore (1999) identified offering of experiences occurs whenever a company intentionally uses services as the stage and goods as props to engage an individual; while commodities are fungible, goods tangible, and services intangible, experiences are memorable. They further stated that experiences actually occur within any individual who have been engaged on an emotional, physical, intellectual, or even spiritual level, and no two people can have the same experience-period; each experience derives from the interaction between the staged event and the individual's prior state of mind and being. Gupta and Vajic (1999) stated that an experience occurs when a customer has any sensation or knowledge acquisition resulting from some level of interaction with different elements of a context created by a service provider. Furthermore, Pine and Gilmore (1999) explain:

> When a person buys a service, he purchases a set of intangible activities carried out on his behalf. But when he buys an experience, he pays to spend time enjoying a series of memorable events that a company states – as in a theatrical play – to engage him in a personal way. (p. 2)

Concept of Experiential Marketing

Experience are inherently emotional and personal; many factors are beyond the control of management such as personal interpretation of a situation based on cultural background, prior experience, mood, sensation seeking personality traits, and many other factors (Belk, 1975; Gardner, 1985; Hirschman & Holbrook, 1982; Zuckerman, 1971). For this purpose, Pullman and Gross (2004) argued that within management's domain, the service designer can design for experience and operations managers can facilitate an environment for experience by manipulating key elements. As stated by many researchers in sport tourism, leisure and recreation studies, animation in tourism is the totality of

activities and performances a hotel operator can provide in order to satisfy a guest's needs for: action, creativity, social interaction, relaxation and return to the self, adventure and discovering new aspects of life (Finger & Gayler, 1993; Opaschowski, 1996; Costa, 2000; Glinia & Laloumis, 1999). It would seem to make intuitive sense that some of the activities with experiential designs which people become involved might provide conditions that promote more psychologically meaningful and involving experiential outcomes (Mannell, 1993; Stebbins, 2001).

According to Bitner (1990, 1992, 2000), context is the "servicescape" and dictates what the organization should consider in terms of environmental dimensions, participant mediating responses (cognitive, emotional, and physiological), and employee and customer behaviors including staying longer, expressing commitment and loyalty, spending money, and carry out the purpose of the organization. Particularly, memorable context allows for different levels of customer participation and connection with the event or performance both through rational and physical elements (Pine & Gilmore, 1998).

Garbone and Haeckel (1994) refer to physical context as "mechanics clues" for sights, smells, sound, and textures generated by things. They refer to relational context as "humanics clues" for those behavior emanated from people. Similarly, Pullman and Gross (2004) defined relational context refers to the interaction between the guest and service provider and between the guest and the other guests. They also argued that when a guest identifies with the service provider and other guests, the guest takes on the interests of the service provider and accepts those interests as his or her own, thus creating loyalty behavior. From perspectives of physical context and relational context, managing customer experience means orchestrating all the "clues" that people detect so that they collectively meet or exceed people's emotional needs and expectations in

addition to functional expectations (Berry, Carbone, & Haeckel, 2002). For this reason, it advocates the notion of experiential marketing that differs from traditional marketing in that experiential marketing provides a set of value involving sensory, emotional, cognitive and relation, elicit consumer to sense, feel, think, act, and relate instead of focusing on functional features-and-benefits (F&B) marketing (Schmitt, 1999).

Schmitt (1999) proposed the definition of experiential marketing: any consumer experiences some stimulations result from direct observation and/or participation in events, in which generates motivation, cognitive consensus, and purchase behavior. As stated above, he contended experience are usually not self-generated but induced; experiences are "of" or "about" something; they have reference and intentionality. And experience maybe be viewed as complex; in other words, no two experiences are exactly alike (Schmitt, 1999). Schmitt (1999) also indicated that experiential marketing can be used beneficially in many situations including: (a) to turn around a declining brand, (b) to differentiate a product from competition, (c) to create an image and identity for a corporation, (d) to promote innovations, and (e) to induce trial, purchase and, most important, loyal consumption.

The Distinction of Traditional Marketing and Experiential Marketing

Schmitt (1999) contended that traditional marketing is largely focused on functional features and benefits. He argued that consumers are viewed as rational decision makers who perceive a gap between an ideal state of need satisfaction and the current state, which motivates him or her to reduce the gap; the consumer searches for information, either externally by comparing alterative product in a store, evaluates the ultimate choice set by performing a computation that resembles a multi-attribute model, and purchases the best alternative and uses it; moreover, traditional marketing methodologies and tools are analytical, quantitative, and verbal. Furthermore, Schmitt

(1999) argued that experiential marketing differs from traditional marketing focusing on features and benefits in four major ways:

1. Focus on customer experiences

Experiential marketing focuses on customer experiences. Experiences occur as a result of encountering, undergoing, or living through situations. They are triggered stimulations to the senses, the heart, and the mind. In sum, experiences provide sensory, emotional, cognitive, behavioral, and relational values that replace functional values.

2. Examining the consumption situation

In contrast to focusing on narrowly defined product categories and competition, the customer does not evaluate each product as a stand-alone item, analyzing its features and benefits. Rather, the customer asks how each product fits into the overall consumption situation and the experiences provided by the consumption situation.

3. Customers are rational and emotional

For an experiential marketer, customers are emotionally as well as rationally driven. That is, while customers may frequently engage in rational choice, they are just as frequently driven by emotions because consumption experiences are often "directed toward the pursuit of fantasies, feelings, and fun." Moreover, it contains an important message for today's marketers: do not treat customers just as rational decision markers. Customers want to be entertained, stimulated, emotionally affected, and creatively challenged.

4. Methods and tools are eclectic

The methods and tools of an experiential marketer are diverse and multifaceted. In a word, experiential marketing is not bound to one methodological ideology; it is eclectic.

Strategic Experiential Modules and Experiential Providers

As discussed above, unlike traditional marketing is largely focused on functional features and benefits, which lacks a fundamental basis and insightful understanding of customers, experiential marketing is mainly focused on sensory, affective, experiences, actions, and relations. In other words, Schmitt (1999) argued that experiential marketing is grounded on psychological, yet practical, theory of the individual customer and his/her social behavior. Moreover, he proposed the tactical tools of experiential marketing, which the framework has two aspects: strategic experiential models (SEMs) and experience providers (ExPros).

Strategic Experiential Modules (SEMs)

Modularity of the mind provides a wonderful metaphor and practical lesson for experiential marketing (Schmitt, 1999). The following Table 2.2 is the description which shows the five types of customer experiences:

Table 2.2

Strategic Experiential Modules (SEMs)

Strategic Classific -action	Appeal Objects	Appeal Methods
Sense	To differentiate, to motivate, and to provide value to customers by focusing on the senses.	The S-P-C (stimuli, processes, and consequences) for achieving sense impact through sight, sound, scent, taste, and touch. And to provide aesthetic pleasure, excitement, beauty, and satisfaction through sensory stimulation.
Feel	To appeal customers' inner feelings and emotions.	To understand what stimuli can trigger certain emotions as well as the willingness of the consumer to engage in perspective taking and empathy. As we will see, most affect occurs during consumption.

Table 2.2
Continued

Strategic Classific -action	Appeal Objects	Appeal Methods
Think	To encourage customers to engage in elaborative and creative thinking that may result in a revaluation of the company and products.	To appeal the intellect with the objective of creating cognitive, problem-solving experience that engage customers creatively as well as appeal customers' convergent and divergent thinking through surprise, intrigue, and provocation.
Act	To affect bodily experiences, lifestyles, and interaction.	To enrich customers' lives by enhancing their physical experiences, showing them alternative ways of doing things, alterative lifestyles, and interactions.
Relate	To add individual experiences and relate the individual to his or her ideal self, other people, or cultures.	To appeal the individual's desire for self-improvement, to appeal the need to be perceived positively by individual others, and relate the person to a broader social system, thus establishing strong brand relations and brand communities.

Source: Modified from Schmitt, B. (1999). *Experiential marketing: How to get customer to sense, feel, think, act and relate to your company and brands*. New York: The Free Press.

Experiential Provider (ExPros)

Experiential Provider is tactical implementation components at the disposal of the marketer for creating a SENSE, FEEL, THINK, ACT or RELATE campaign (Schmitt, 1999). They include communications, visual and verbal identity, product presence, co-branding, spatial environments, electronic media, and people (see Table 2.3 and Figure 2.1; Schmitt, 1999).

Table 2.3

Experiential Provider (ExPros)

Provider	Form
Communications	Including advertising, external and internal company communications (such as magalogs, brochures and newsletters, annual reports, etc.) as well brand public relations campaigns.
Visual/Verbal Identity	Including names, logos, and signage.
Co-branding	Including event marketing and sponsorship, alliances and partnerships, licensing, product placement in movies, and co-op campaigns and other types of cooperative arrangements.
Spatial environment	Including building, offices, and factory spaces, retail and public spaces, and trade booths.
Web sites and Electronic media	Including web sites, banner ads, chat room, and auctioning artworks.
People	Including salespeople, company representatives, service providers, customer service providers, and anybody else who can be associated with a company or a brand.

Source: Modified from Schmitt, B. (1999). *Experiential marketing: How to get customer to sense, feel, think, act and relate to your company and brands.* New York:The Free Press.

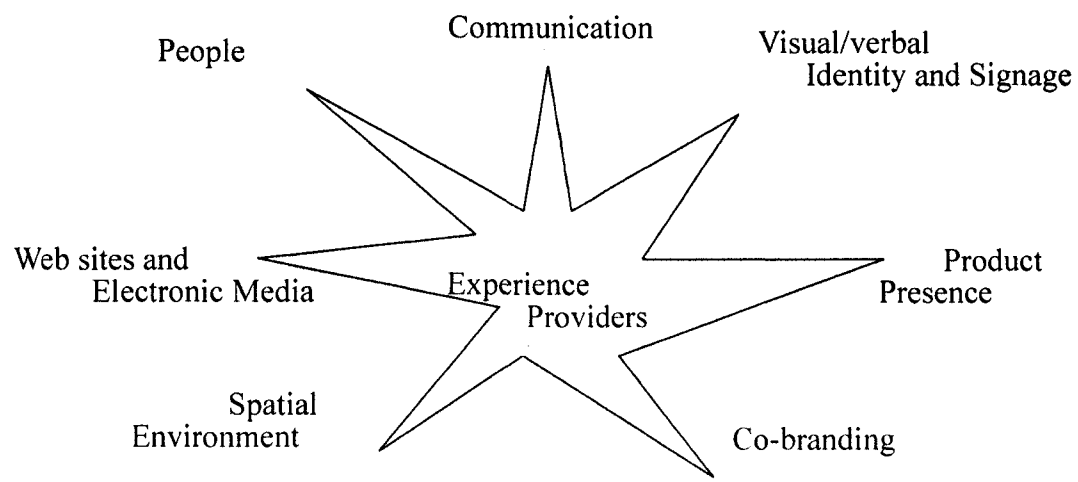

Figure 2.1 Experiential Provider (ExPros). Adapted from Schmitt (1999).

Related Research of Experiential Marketing

Early research by Dewey (1963) focused on the event qualities of an experience. According to this work, engaging in an experience involves progression over time, anticipation, emotional involvement, a uniqueness that makes it stand out from the ordinary, and it reaches some sort of completion. Pine & Gilmore (1998, 1999) argued that successful experiences are those that the customer finds unique, memorable and sustainable over time, would want to repeat and build upon, and enthusiastically promotes via word of mouth. Furthermore, according to McLellan (2000), the goal of experience design is to orchestrate experiences that are functional, purposeful, engaging, compelling, and memorable.

Experiential benefits are defined as a symbolic meaning or a pleasurable experience (Gladden and Funk, 2001). Taken in this light, Keller (1993) indicated that experiential benefits satisfy experiential needs such as sensory pleasure, variety, and cognitive stimulation. Schreyer and Beaulieu (1986) argued that as participant experience in an activity increases, it is assumed that the pattern of behavior is increasingly reinforced. Hence, the more experience one has in an activity, the more likely the person will enjoy the activity, which inevitably increases the likelihood of future participation (Petrick, 1999).

In the study of investigating atmospherics in a casino gaming setting by Johnson, Mayer, and Champaner (2004), they found that customers defined casino atmosphere in five key elements: theme, floor layout, ceiling height, employee uniforms, and noise level, and three of the five contributed positively to a player's satisfaction with the gaming experience as shown by the regression analysis. In their work, the findings reinforces previous indications of the need for casino management to create an inviting atmosphere that will maximize customer satisfaction, with specific attention to those aspects that

players appear to value most highly.

Pullman and Gross (2004) examined the relationship between different service elements designed to create enhanced experience and customer loyalty. Their study's model is proposed and tested with a VIP hospitality tent for an internationally renowned touring circus. Results of the study indicated that while a few experience design elements directly affect loyalty behavior, the relationship between most design elements and loyalty behavior is strongly mediated by eliciting certain types of emotional behavior.

Perceived Experiential Value

Importance of Consumers' Perceived Value

Value is much more important to consumers and managers than previously imagined. With rising consumer expectations and legal requirements for better quality, consumers are loyal only as long as the firm provides the best value (Holbrook, 1999). Lowenstein (1997) argued that the key success factor for many firms is maximizing consumer value and that quality is now a necessary but insufficient factor in gaining and retaining customers. He further stated that a strategy of providing the best net value provides the most sustainable long-term competitive advantage. Hence, it is vital for hotel providers to better understand the guests' perceived experiential value that will provides them with competitive edge.

Perceived Value

Prior to the discussion of perceived value, it is important to understand the definition of perception. In psychology and the cognitive sciences, perception is the process of acquiring, interpreting, selecting, and organizing sensory information; methods of studying perception range from essentially biological or physiological approaches, through psychological approaches to the often abstract thought-experiments of mental philosophy (Wikipedia, 2006). Perception is influenced by a variety of factors, including

the intensity and physical dimensions of the stimulus; such activities of the sense organs as effects of preceding stimulation; the subject's past experience; attention factors such as readiness to respond to a stimulus; and motivation and emotional state of the subject (The Columbia Encyclopedia, 2004).

Perceived value has been characterized as the essential outcome of marketing activity (Holbrook, 1994; Babin, Darden & Griffin, 1994) and as a primary motivation for entering into marketing relationship (Peterson, 1995). Zeithaml (1988) argued that perceived value has been defined as the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given. A number of researchers have investigated the role of consumer value in the consumption contexts. For example, Monroe (1979) has argued that consumers' perceived value represent a trade-off between the quality or benefits they perceive in the product relative to the sacrifice they perceive by pay the price; that is, perceived value is equal to perceived benefits divisible by perceived sacrifice. Moreover, perceived value conceptualized as a tradeoff between perceived quality and perceived psychological as well as monetary sacrifice (Dodds et al., 1991; Dodds & Monroe, 1985; Monroe & Chapman, 1987; Teas and Agarwal, 1997).

By the definition of perceived value, Zeithaml (1988) identified four diverse meanings of value: (a) value is low price, (b) value is whatever one wants in a product, (c) value is the quality that the consumer receives for the price paid, and (d) value is what the consumer gets for what they give. The majority of past research on perceived value has focused on the fourth definition (Bojanic, 1996; Zeithaml, 1985).

Measurements of Perceived Value

The construct of perceived value has been identified as one of the most important measures for gaining competitive edge (Parasuraman, 1997), and has been argued to be

the most important indicator of repurchase intentions (Parasuraman & Grewal, 2000). Perceived value is most commonly measured by using a self-reported, unidimensional measure asking respondents to rate the value they received for their purchase (Gale, 1994). The problem with a single item measure is that is assumes that consumers have a shared meaning of value (Petrick, 1999). Zeithaml (1988) stated that quality and value are not well differentiated from each other and from similar constructs such as perceived worth and utility. Thus, it has been argued that one-dimensional measures of perceived value lack validity (Woodruff & Gardial, 1996).

Due to Parasuraman, Zeithamal and Berry's (1988) SERVQUAL scale and Cronin and Taylor's (1992) SERVPERF scale, it is believed that a formal measurement tool for the perceived value of a service, would allow comparisons similar to comparisons of service quality. However, that current efforts to measure perceived value have shown it is difficult to quantify perceived value (Semon, 1998).

Kantamneni and Coulson (1996) focused on the development of a multi-dimensional measure of perceived value of a product. They utilized undergraduate business students to identify potential measurable dimensions of a product's perceived value. Results identified the distinct factors of societal value, experiential value, functional value and market value. Societal value was termed to be the product's benefit/value to society. Experiential value was related to the senses; if the product feels, smells and looks good, while functional value was related to whether or not the product is reliable and safe. Lastly, market value was the product worth regarding price for value.

Another multi-dimensional scale for the measurement of perceived value of a product was presented by Sweeney, Soutar and Johnson (1998), they utilized exploratory factor analysis of 29 items generated from a literature review and it indicated that the factors of quality, emotional response, price and social emerged as dimensions of

perceived value of a product. Quality referred to how well the product was made, and emotional response to how a product made the consumer feel; price was operationalized as whether or not the money paid for the product was reasonable, and social as the impression that the purchase of the product had no others (Sweeney et al., 1998).

With regard to the construct domain of consumer values, Sheth, Newman and Gross (1991) held that five values influence consumer behavior individually or in combination in terms of purchasing or not purchasing, and those are functional, social, emotional, epistemic, and conditional (see Table 2.4).

Table 2.4

Dimensions and Definitions of Value

Dimensions of Value	Definitions
Functional value	Functional based on economic utility theory and relate to a product's utilitarian or physical purposes. The functional performance might include important physical attributes such as price, quality, comfort, or economy.
Social value	Social reflects choices based on social image, norms, or group associations and is usually connected with the purchase of very visibly consumed products.
Emotional value	Emotional reflects a potential emotional reaction to the consumption of the product. The reactions might be positive or negative, aesthetic, anger, frustration, or guilt depending upon the individual.
Epistemic value	Epistemic consumer behavior driven by curiosity, novelty seeking, or knowledge seeking motivations.
Conditional value	Conditional is a situation faced by a consumer that strongly influences behavior, and these situations are normally temporary in nature.

Source: Sheth, Newman & Gross. (1991). Why we buy what we buy: A theory of consumption values. *Journal of Business Research*, 22, 159-170.

Parasuraman and Grewal (2000) conceptualized perceived value as a dynamic construct consisting of four value types: acquisition value, transaction value, in-use value and redemption value. They defined acquisition vale as the benefits received for the monetary price given, and transaction value as the pleasure the consumer receives for getting a good deal.

More recently, Woodruff (1997) laid out a customer value hierarchy model in which customer value was viewed as a hierarchically structured construct at levels of consumption goals, consequence, and attributes; moreover, he argued that customer value resides in every stage of customers' expectancy-disconfirmation process. Slater (1997) and Parasuraman (1997) provided support for the role of customer value in understanding consumer behavior.

While recent multidimensional scales have been created for measuring the perceived value of the tangible products (Kantamneni & Coulson, 1996; Sweeney, Soutar & Johnson, 1998), there is a little attention has been made on a multi-dimensional scale for the measurement of perceived value of intangible products (services). Also, past research (Jayanti & Ghosh, 1996; Petrick, 1999) has shown that scales developed for measuring a product's perceived value are difficult to use when measuring perceived value of a service. Further, the dimensions inherent in a service differ from those of a product. Lovelock (1983) argued that services differs form products in that they are intangible, perishable, variable and inseparable. For this purpose, there is need for a different scale to be developed for measuring the perceived value of a service.

Experiential Value

Experiential values of perception are based upon interactions involving either direct usage or distanced appreciation on goods and services; these interactions provide the basis for the relativistic preferences held by the individuals involved (Holbrook &

Corfman, 1985). Experiential value has been said to offer both extrinsic and intrinsic benefit (Babin & Darden, 1995; Batra & Ahtola, 1991; Crowley, Spangenberg & Hughes, 1992; Mano & Oliver, 1993). Thus, the consumption experience itself can also be rich in value.

Holbrook (1994) broadened the traditional extrinsic-intrinsic conceptualization of experiential value by including an activity dimension. He defined reactive or passive value derives from the consumer's comprehension of, appreciation for, or response to a consumption object of experience; and active or participative value, one the other hand, implies a heightened collaboration between the consumer and the marketing entity. Furthermore, Holbrook (1999) proposed a framework for typology of experiential value that designed to categorize or classify the various types of value in the consumption experience, which are efficiency, excellence, status, esteem, play, aesthetics, ethics, and spirituality according to three key dimensions of consumer value: (a) extrinsic versus intrinsic value, (b) self-oriented versus other-oriented value, and (c) active versus reactive value (see Table 2.5).

Table 2.5

The Typology of Consumer Value

Self/Other	Active/Reactive	Extrinsic	Intrinsic
Self-oriented	Active	Efficiency	Play
	Reactive	Excellence	Aesthetics
Other-oriented	Active	Status	Ethics
	Reactive	Esteem	Spirituality

Source: Holbrook, M. B. (1999). *Consumer value: A framework for analysis and research.* London: Routledge.

The typology of experiential value proposed by Holbrook (1994) suggests a value landscape divided into four quadrants framed by intrinsic/extrinsic sources of value on one axis and active/reactive value on the other. Similarly, Mathwick, Malhotra and Rigdon (2001) developed four dimensions of experiential value on the basis of prior research: (a) consumer return on investment; (b) service excellence, (c) playfulness, and (d) aesthetic appeal (see Figure 2.2).

Intrinsic Value	Playfulness	Aesthetics
Extrinsic Value	Consumer Return On Investment (CROI)	Service Excellence
	Active Value	Reactive Value

Figure 2.2 The Typology of Experiential Value.

1. Active sources of extrinsic value: consumer return on investment (CROI)

Consumer return on investment (CROI) comprises the active investment of financial, temporal, behavioral and psychological resources that potentially yield a return. The consumer may experience this return in terms of economic utility - the perception of affordable quality (Thaler, 1985; Grewal, Monroe & Krishnan, 1996; Yadav & Monroe, 1993) as well as utility derived from the efficiency of an exchange encounter (Holbrook, 1994; Zeithaml, 1988).

2. Reactive sources of extrinsic value: service excellence

Service excellence reflects an inherently reactive response in which the consumer comes to admire a marketing entity for its capacity to serve as a means to a self-oriented end (Holbrook & Corfman, 1985; Holbrook, 1994). Oliver (1999) characterized this

dimension of value as operating as an ideal, a standard against which quality judgments are ultimately formed. He characterized the relationship between perceived service excellence and service quality as moderated by performance outcomes. In other words, the value derived from perceived service excellence reflects the generalized consumer appreciation of a service provider to deliver on its promises through demonstrated expertise and task-related performance (Zeithaml, 1988).

3. Reactive sources of intrinsic value: aesthetics

An aesthetic response is a reaction to the symmetry, proportion and unity of a physical object, a work of poetry or a performance (Olson, 1981; Veryzer, 1993). In the retail context aesthetics is reflected in two key dimensions-the salient visual elements of the retail environment and the entertaining or dramatic aspects of the service performance itself (Bellenger, Steinberg & Stanton, 1976; Deighton & Grayson, 1995; Mano & Oliver, 1993). Visual appeal is driven by the design, physical attractiveness and beauty inherent in the retail setting (Holbrook, 1994). Entertainment value reflects an appreciation for the retail "spectacle." For those who shop for the sake of entertainment, this type of experience operates as a "pick-me-up," which in some instance, is consciously used to lift the spirit (Babin, Darden & Griffin, 1994). Both visual appeal and the entertainment dimension of the aesthetic response offer immediate pleasure for its own sake, irrespective of a retail environment's ability to facilitate the accomplishment of a specific shopping task (Deighton & Grayson, 1995; Driefus, 1997; Chain, 1996).

4. Active sources of intrinsic value: playfulness

Playful exchange behavior is reflected in the intrinsic enjoyment that comes from engaging in activities that are absorbing, to the point of offering an escape from the demands of the day-to-day world (Huizinga, 1995; Unger & Kernan, 1983). Playfulness exists to some degree in any activity that is freely engaged in. Playful acts have a

restorative capability and operate outside of immediate material interests (Day, 1981). The intrinsic enjoyment of playful exchange behavior serves as an end unto itself engaged in without concern for practical considerations (Babin, Darden & Griffin, 1994). Escapism is the aspect of playfulness that allows the customer to temporarily "get away from it all," often involving an element of "pretend" (Huizinga, 1995). Window shopping or other forms of vicarious consumption are examples of the pretend aspect of escapism in the retail shopping context (Mathwick, Malhotra and Rigdon, 2001).

Related Research of Perceived Value

Zeithaml (1988) developed a fundamental base for the conceptualization of perceived value. According to her research, she utilized focus groups and in-depth consumer interviews to explore the relationships between consumers' perceptions of price, quality and value. The focus group were utilized to determine the salient attributes and variables related to perceived value, while the interviews were utilized to reveal the causal links among product attributes, quality and value. Open ended questions were then used to examine the information needed to make judgments about quality and value.

Results indicated that perceived quality leads to perceived value, which leads to purchase intentions. Both intrinsic and extrinsic attributes were found to be positively related to perceived quality, while perceived monetary price was found to be negatively related to perceived quality. Moderating variables of perceived value included perceived sacrifice, extrinsic and intrinsic attributes, and high level abstractions. The full, means-end model is shown in Figure 2.3.

Bojanic (1996) adapted the Zeithaml (1988) model to examine perceived value in the hotel industry. Utilizing Consumer Reports data, it was found that there was a positive relationship between perceived price and the determinants of perceived quality (staff and condition) for the sample. Comparison of different markets found that the perceived value

rating increased from the budget category of hotels to the moderately priced and from the moderately priced to the high priced categories. However, this relationship was reversed from the high priced category to the luxury category. The author further suggests that at some point additional amenities do not make up for the additional price increase. Further, a strong relationship was found between perceived value and customer satisfaction across all markets.

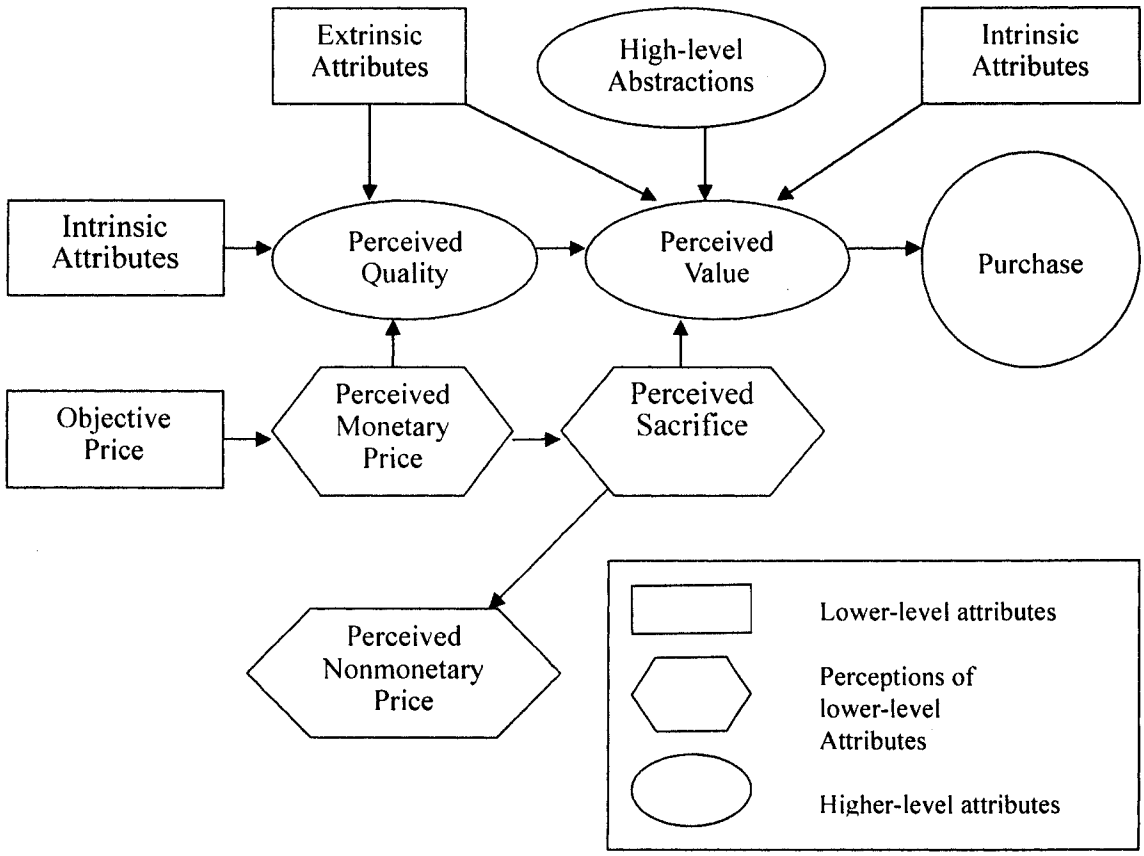

Figure 2.3 A Mean-End Model Relating Price, Quality and Value. Adapted from Zeithaml (1988).

Monroe and Krishnan (1985) utilized Monroe's (1979) conceptualization of perceived value, provided a model relating price, perceived quality, perceived sacrifice, perceived value, and willingness to buy (Figure 2.4). In that model, actual price is an objective external characteristic of a product that consumers perceive as a stimulus. Thus,

price has both objective external properties and subjective internal representations that are derived from the perceptions of price, thus resulting in some meaning to consumers (Jacoby & Olson, 1977). Results showed that perceived quality has a positive effect on perceived value, which in turn has positive effect on willingness to buy.

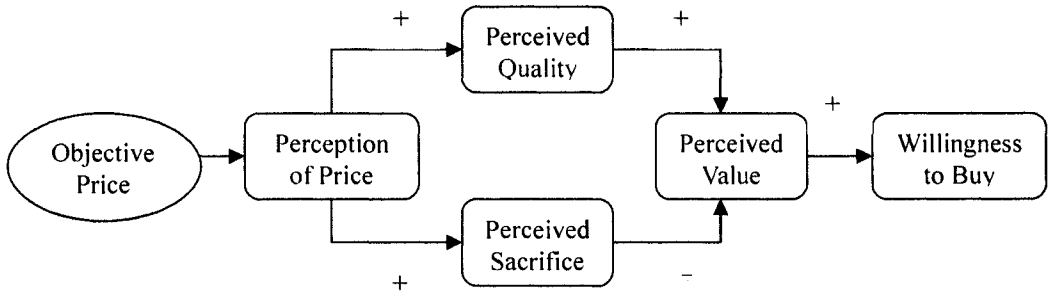

Figure 2.4 Conceptual Relationship of Price Effect. Adapted from Monroe and Krishnan (1985).

Wakefield and Barnes (1996) found that perceived quality of service influences perceived value of the service and that perceived value has a positive influence on repeat patronage intentions. That is, this suggests that improvement in the service environment and experience will increase consumers' perceptions of quality, which in turn should increase repeat patronage.

Al-Sabbahy et al. (2004) applied a two-dimensional value scale developed by Grewal, Monroe, and Krishnan (1996) to hospitality services, hotels, and restaurants. Perceived value is conceptualized as consisting of two dimensions: acquisition value and transaction value. The dimension of acquisition value was found to be valid, transaction value showed poor validity. The authors suggested that value for money not only influences customers' choice behavior at the prepurchase phase but also affects their intention to recommend and return behavior at the postpurchase phase.

In a study of the relationships among experiential marketing, experiential value, customer satisfaction, brand image, and behavioral intention by Huang (2004), the findings indicated experiential value had an indirect effect on behavior intention through customer satisfaction as a mediating variable.

Guest Satisfaction

The Importance of Consumer Satisfaction

Consumer satisfaction is generally defined as an evaluative response to the perceived outcome of a particular consumption experience (Cadotte, Woodruff & Jenkins, 1987; Day, 1984; Westbrook & Oliver, 1981; Yi, 1990). Consumer satisfaction is a post-purchase attitude formed through a mental comparison of the quality that a customer expected to receive from an exchange and the level of quality the customer perceives actually receiving from the exchange (Spreng, Mackenzie, & Olshavsky, 1996; Oliver & Swan, 1989; Oliver 1980). In the context of tourism, satisfaction relates to a visitor's experience which is perceived to be the end state of a psychological process (Oliver, 1997). Crompton and Love (1995) operationalized satisfaction by defining it as the quality of a visitor's experience, which is the psychological outcome arising from his or her participation in a recreation activity. Hence, Tomas et al. (2002) indicated that satisfaction refers to the emotional state of mind which results after a visitor's exposure to the attributes of a provider's service.

Customer satisfaction has been useful to marketers for identifying three types of customers (Jones & Sasser, 1995): (a) customers whose expectations are not met are dissatisfied customers, (b) customers whose expectations are met or exceeded slightly are merely satisfied customers, and (c) customers whose expectations are substantially exceeded are highly satisfied or delighted customers. They argued that dissatisfied customers are more likely to actively look for alternative suppliers and leave the

exchange relationship. Merely satisfied customers are likely to remain in the relationship but are not committed and will switch to a competitor when an alternative offering appears to provide superior value. Delighted customers are loyal to the relationship; thus, they are less sensitive to competitors' offers and are most likely to continue to repurchase (Jones & Sasser, 1995; Rust & Zahorik, 1993; Rust, Zahorik, & Keiningham, 1995). Consequently, identifying these three types of customer satisfaction as guest satisfaction for the present study is vital to hotels' marketers because repurchase motivation differ for each.

The centrality of consumer satisfaction is reflected by its inclusion in the marketing concept, which focuses on profit generation through determining the needs and wants of target markets and delivering desired satisfactions (Kotler, Ang, Leong., & Tan, 1996). There are two reasons to utilize consumer satisfaction to assess service performance. First, consumer satisfaction is experiential and unique to the consumer; that is, consumer satisfaction depends on the customer's subjective perception and evaluation of service performance rather than the organization's objective standards of quality (Oliver, 1993). In other words, it is important to focus on consumer satisfaction that addresses the importance of understanding the consumer when making marketing decisions. For this reason, the investigation of overall consumer satisfaction has important managerial implications.

Definitions of Overall Guest Satisfaction

Consumer satisfaction is defined as an overall assessment (Anderson & Fornell, 1994; Bitner & Hubbert, 1994; Taylor & Baker, 1994), it refers to the consumers' overall dis/satisfaction with the organization based on all encounters and experiences with that particular organization (Bitner & Hubbert, 1994). Some researchers argued that overall consumer satisfaction as cumulative consumer satisfaction is an overall evaluation based

on the total purchase and consumption experience with goods and services over time; namely, overall consumer satisfaction can be distinguished from transaction-specific customer satisfaction, which is an immediate post-purchase evaluative judgment or an affective reaction to the most recent transactional experience with the firm (Oliver, 1993; Anderson, Fornell, & Lehmann, 1994).

Measurements of Overall Guest Satisfaction

Researchers have developed models of how satisfaction/dissatisfaction into overall satisfaction evaluation (Oliver, 1993; Rust, Zahorik, & Keiningham, 1995; Spreng, MacKenzie, & Olshavsky, 1996; Mittal, Ross, & Baldasare, 1998). Overall consumer satisfaction is generally considered to be a multi-attribute model (Woodruff, Cadotte, & Jenkins, 1983). Components of overall satisfaction that have been examined include product satisfaction (Oliver, 1993; Homburg & Rudolph, 2001), interpersonal satisfaction (Lele & Sheth, 1988; Manning & Reece, 2001), satisfaction with the price of the offering (Anderson, 1996), and satisfaction with vender performance (Sheth, 1973). For these reasons, this study utilized overall satisfaction as measurement for guest satisfaction.

Czepiel *et al.* (1974) argued that overall satisfaction is a cumulative construct, summing satisfaction with specific products and services of the organization and satisfaction with various facets of the firm, such as the physical facilities, the people, and the products. Similarly, Westbrook (1981) demonstrated that satisfaction with a retail establishment is an accumulation of separate satisfaction evaluations with the salespersons, store environment, products, and other factors. Furthermore, Crosby and Stephens (1987) found that overall satisfaction with life insurance has separate components of satisfaction with the agent, core service, and organization.

According to the study of customer satisfaction by Burns, Graefe, and Absher (2003), they examined recreationist's importance and satisfaction ratings across a battery

of 19 attributes within four domains (facilities, service, information, and recreation experiences). Burns *et al.* (2003) suggested that future studies may achieve stronger prediction of overall satisfaction if they include a more sensitive satisfaction index. Similarly, previous studies have shown that multiple items are a better measure of overall satisfaction (Graefe & Fedler, 1986; Williams, 1989). Also, Halstead (1989) contended that satisfaction should be measured by a combination of attributes, ease of use and empirical support for a summative overall measure of satisfaction.

Related Models of Customer Satisfaction

In the Swiss Index of Customer Satisfaction model, the pilot of the SWICS was conducted in November and December 1997 in cooperation with two market research companies. In the pilot survey 20 industries within six sectors were covered, total of 7436 telephone interviews with about 3845 respondents living in the German-speaking part of Switzerland were conducted. Findings for the pilot of the SWICS showed that the construct of customer satisfaction is the most important construct (see Figure 2.5) and it has a positive effect on customer dialogue. Customer loyalty is the function of customer satisfaction and customer dialogue.

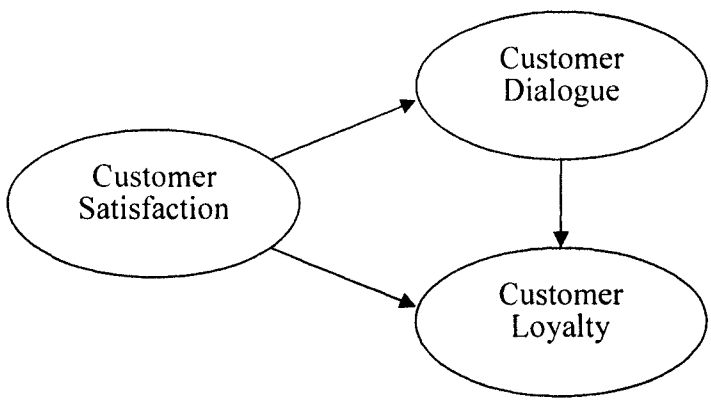

Figure 2.5 Model of the SWICS Pilot.

In the structural model of ACSI (American Index of Customer Satisfaction; 1994), it was developed following the Swedish model. The National Quality Research Center of the University of Michigan Business School is conducting the field work for the ACSI. The ACSI is a project partnership of the American Society for Quality, the University of Michigan Business School, the National Quality Research Center and Arthur Andersen (Fornell *et al.*, 1996; Johnson, 1995). The ACSI is based on a structural model which consists of six latent variables. The following Figure 2.6 shows the structural model of the ACSI with the variables and their relationships (ACSI, 1999; Fornell *et al.*, 1996; NQRC, 1994).

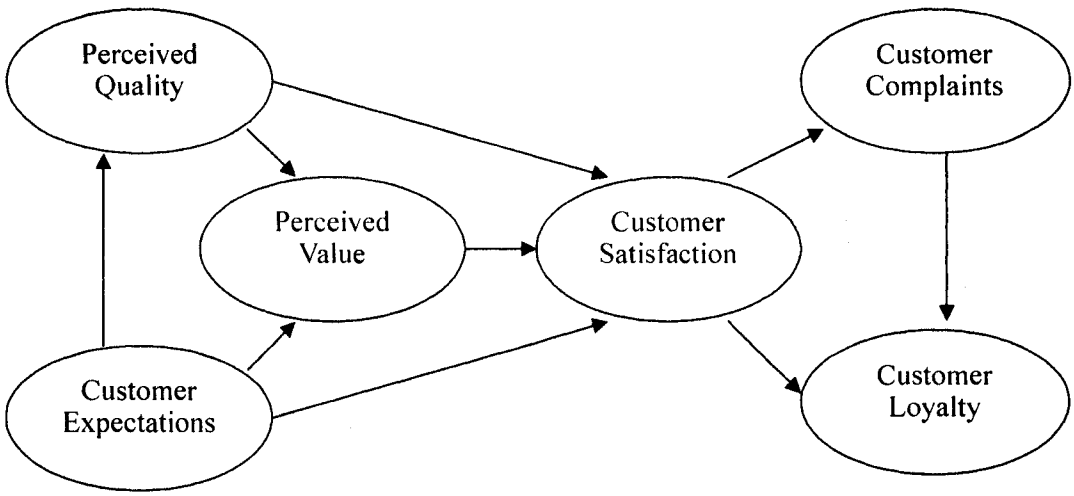

Figure 2.6 Structural Model of the ACSI.

The successful experiences of the Swedish and American Customer Satisfaction Indices (Anderson & Fornell, 2000; Fornell, 1992; Fornell *et al.*, 1996) have inspired the creation of the ECSI. In data collection, data processing and analysis are based on the results of a research work carried out by a Pan-European team in 1998 (ECSI Technical Committee, 1998), and a pilot study was conducted in 11 European countries during 1999. The basic ECSI model (see Figure 2.7) is a structural equation model with unobservable

latent variables. The model links customer satisfaction to its determinants, and in turn to its consequence, namely customer loyalty. The determinants of customer satisfaction are perceived company image, customer expectations, perceived quality and perceived value (value for money). Perceived quality is conceptually divided into two elements: perceived quality of "hard ware" and "human ware." Each of these seven latent variables is operationalized by a set of measurement variables, observed by questions to customers, and the entire system is estimated using a partial least squares (PLS) method (Fornell & Cha, 1994).

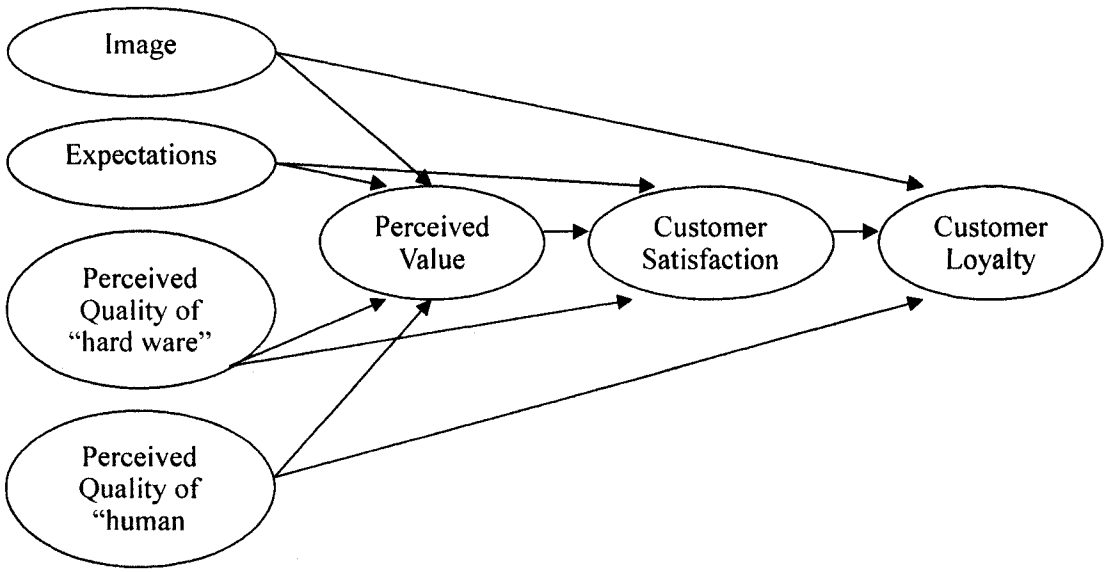

Figure 2.7 The Basic ECSI Model.

Guest Loyalty

The Importance of Consumer Loyalty

Loyal customers are the backbone of every company; rewarding that loyalty should be the focus of everyone's resources; that is, loyalty is equated with willingness to purchase the same brand or product again, and repeat business for a company (Sanders, 1995). Many definitions of consumer loyalty have been presented in the previous

research. Broadly speaking, customer loyalty is the feeling of attachment to or affection for a company's people, products, or services, and these feelings manifest themselves in many forms of customer behavior (Jones & Sasser, 1995). Oliver (1997) defined customers' loyalty as a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior. Sirgy and Samli (1985) argued that consumer loyalty is the repurchase disposition to a specific store. Stratigos (1999) held that the person's willingness to invest either their time or money is the ultimate sign of loyalty. Edvardsson *et al.* (2000) defined loyalty is a consumer's predisposition to repurchase from the same firm. They further argued that consumer costs tend to be 'front-loaded' or occur early in a firm's relationship with a customer, while profits tend to be 'back-loaded' or accrue only after a customer is loyal for some time. Following Reichheld (1996) and Johnson (1998), they contended that the elements to achieving higher revenues via consumer retention are:

1. Acquisition costs: The cost of customer acquisition include incentive programmes, awareness advertising, prospecting costs, and the creation of internal customer accounts and records, all of which occur early in a firm's relationship with a customer. Low acceptance of, or response rates to, tactics designed to sign up new customer create significant expense before customers generate any revenues.
2. Base revenues: Over each time period that a customer is satisfied and remains loyal, the firm receives base revenue from that customer. This base revenue is more frequent the purchase-consumption-repurchase cycle.
3. Revenue growth: As customers remain satisfied and loyal, opportunities arise to generate increased revenues.

4. Operating costs: While revenues should grow, operating costs related to the purchase-consumption-repurchase cycle should decrease.
5. Customer referrals or word-of-mouth: Firms that generate outstanding levels of satisfaction and loyalty generate customer referrals and positive word-of-mouth.
6. Price premiums: Existing customers tend to pay a price premium compared with new customers. Satisfied and loyal customers are more likely to be in a habitual or repeat purchase mode of behavior as opposed to a mercenary, problem-solving mode.

Surveys showed that it is up to six times as expensive to recruit new customers as it is to retain existing customers (Rosenberg & Czepiel, 1983). Additionally, loyal customers are assumed to be less price sensitive (Krishnamurthi & Raj, 1991) and the presence of loyal customers provides the firm with valuable time to respond to competitive actions (Aaker, 1991).

Studies of Guest Loyalty

Recent studies have examined the phenomenon in the context of services while primary research of consumer loyalty examined loyalty to products (Backman, 1988; Selin *et al.*, 1988; Veldkamp, 1993). During the past three decades, a considerable amount of research has focused on the phenomenon of consumer loyalty in the areas of marketing, consumer behavior, and recreation (Backman &Crompton, 1991; Baldinger & Rubinson, 1996; Day, 1969; Jacoby & Kyner, 1973).

In a review of loyalty research two decades ago, Jacoby and Chestnut (1978) identified 53 distinct measures of loyalty. These measures were categorized as behavioral, attitudinal or composite measures including both behavioral and attitudinal measures. Behavioral definitions generally describe data taken from consumers' overt behavior or

self-reported behaviors such as proportion of purchases devoted to a given brand, penetration, market share, purchase sequences, and probability of purchase (Cunningham, 1956; Tucker, 1964). Attitudinal definitions of brand loyalty refer to measures based upon brand preference or consumer intent (Jacoby & Chestnut, 1978; Jarvis & Wilcox, 1977). The composite approach integrates both the attitudinal and behavioral components into a loyalty index score for each individual (Day, 1969; Jacoby & Kyner, 1973).

Zeithaml, Berry, and Parasuraman (1990) argued that increasing customer retention, or lowering the rate of customer defection, is a major key to the ability of a service provider to generate profits. They suggested that favorable behavioral intentions are associated with a service provider's ability to get its customers to (a) say positive things about them, (b) recommend them to other consumers, (c) remain loyal to them (i.e., repurchase from them), (d) spend more with the company, and (e) pay price premiums.

Taylor (1998) proposed three indicators to the measure of loyalty (Customer Loyalty Indices: CLIs) in Marketing News, and two of the three indicators are behavioral measure, such as willingness to recommend others and willingness to repurchase. Lee *et al.* (2001) also utilized two items as behavioral measure in their study, including repeated purchase and recommend to relative. In addition, in the work of Putrevu and Lord (1994), they employed a three-item to measure the degree to which a consumer intends to buy a specified brand in the future. Three items were described as it is very likely that I will buy brand, I will purchase brand the next time I need a product, and I will definitely try brand. Furthermore, in the study of Pullman and Gross (2004), they indicated that loyalty behavior is measured by two indicators: repurchase and recommend.

Additionally, Bruhn and Grund (2000) discussed measurement for customer loyalty in the model of the SWICS (Swiss Index of Customer Satisfaction); they stated that customer loyalty was measured by three variables: the intention to recommend to

product or the service; the intention to buy again (repurchase); and the intention to switch the company or the provider. Similarly, Grønholdt *et al.* (2000) studied measurement of customer loyalty in the model of the ECSI (European Customer Satisfaction Index; ECSI Technical Committee, 1998); they discussed that customer loyalty is operationalized by four indicators: (a) the customer's intention to repurchase, (b) intention of cross-buying, (c) intention to switch to a competitor, and (d) intention to recommend the brand/company to other consumers. Moreover, in the study of customer satisfaction measurement at Post Denmark by Kristensen, Martensen, and Grønholdt (2000), they examined measurement of customer loyalty in the model of the ACSI (American Customer Satisfaction Index; Fornell *et al.*, 1996) by measuring three indicators: intention to buy again; intention to buy additional postal services; and intention to recommend. In the study of Jones and Sasser (1995), they have grouped the measure of consumer loyalty into three categories:

1. Intent to Repurchase: At any time in the customer relationship, it is possible to ask customers about their future intentions to repurchase a given product or service.
2. Primary Behavior: Depending on the industry, companies often have access to information on various transactions at the customer level and can measure five categories that show actual repurchasing behavior: frequency, amount, retention, and longevity:
3. Secondary Behavior: Customer referrals, endorsements, and spreading the word are extremely important forms of consumer behavior for a company.

Accordingly, the occasional purchase of one brand or a service into a repeat purchase and positive word-of-mouth are ultimate objectives of marketing; gaining loyal consumers are a prerequisite goal of competitive business, and hotel industry is no

exception. For the purpose of this study, the researcher focuses on measurement of behavioral loyalty as measurement for guest loyalty.

The Relationship between Experiential Marketing and Guest Loyalty

Successful experiences are those that the customer finds unique, memorable and sustainable over time, would want to repeat and build upon, and enthusiastically promotes via word of mouth (Pine & Gilmore, 1998, 1999). From the study of experience design, a great number of experience design authors argued that well-designed experiences built loyalty (Davenport & Beck, 2002; Gobé &Zyman, 2001; Pine & Gilmore, 1998, 1999; Reichheld, 1996; Schmitt, 1999). Pullman and Gross (2004) argued that properly executed experiences would encourage loyalty not only through a functional design but also by creating emotional connection through engaging, compelling, and consistent context.

In sum, marketers in the hotel industry must understand that guests are living human beings with experiential needs and want to be simulated, entertained, educated, and challenged (Schmitt, 1999). Moreover, having an enjoyable experience during leisure is often the ultimate goal of leisure participants; on the other hand, providing an enjoyable leisure experience is the ultimate goal of leisure resource managers (Lee & Shafer, 2002). Thus, it is important to understand the impact of experiential marketing strategy on guest loyalty in the hotel context.

The Relationship between Experiential Marketing and Perceived Experiential Value

A number of literatures on the discussion of experiential value, reflection on some of these literatures indicated characteristics of experiential value are that: (a) value is the interaction involving either direct usage or distanced appreciation on the goods and services (Holbrook & Corfman, 1985), (b) value offers both extrinsic and intrinsic benefit as well as utilitarian and hedonic performance (Babin & Darden, 1995; Batra &

Ahtola, 1991; Crowley, Spangenberg & Hughes, 1992; Mano & Oliver, 1993), (c) value involves personal preference perception toward products or services (Holbrook, 1999), and (d) value is the quality that the consumer receives for the price paid (Zeithaml, 1988).

Accordingly, this study defined perceived experiential value based on the literature reviews that consumers perceive goods or services that offer both utilitarian and hedonic benefit based upon their personal perception and preference on quality received for the price paid and in the interaction involving either direct usage or distanced appreciation. With regard to experiential marketing, Schmitt (1999) argued that experiential marketing focus on consumer's experiences, get consumers how to sense, feel, think, act, and relate; by contrast, traditional marketing largely focused on functional features and benefits. Moreover, Pine and Gilmore (1999) argued that more and more marketers are moving away from traditional "feature-and-benefits' marketing toward creating experience for their consumers. It is also argued that consumers are both rationally and emotionally driven (Schmitt, 1999). Furthermore, experiential marketing goes beyond goods and services as Pine and Gilmore (1999) explain:

> Experiences are distinct economic offerings, as distinct as services are from goods, that until now, went largely unrecognized. When someone buys a good, he/she receives a tangible thing. When he/she buy a service, he/she purchases a set of intangible activities carried out on his/her behalf. When he/she buys an experience, he/she pays to spend time enjoying memorable events that a company stages to engage him/her in a personal way; that is, moving beyond commodities, goods, and services. The business of staging experiences greatly increases the value rendered to consumers. (p. 6)

Huang (2004) examined the relationship of constructs among experiential marketing, brand image, experiential value, customer satisfaction, and behavioral intention. Survey analysis of customers at the Starbucks service setting found that experiential marketing has positive relationship on experiential value.

Hence, on these grounds this study has came to the conclusion that experiential marketing emphasize on providing a unique and unforgettable experience so as to boost consumer's experiential value. In other words, experiential value is derived from experiences; for this reason, good experiential marketing bring about experiential value.

The Relationship between Experiential Marketing and Guest Satisfaction

Experience design, an approach to create emotional connection with guests or customers through careful planning of tangible and intangible service elements, has gained popularity in many hospitality and retail business (Pullman & Gross, 2004). Typically, service operations management research has considered cognitive assessments of customer satisfaction as the key outcome measurement of service design (Johnson, 1995; Kellogg *et al.*, 1997). That is, measuring satisfaction as overall impressions or perceptions of service quality attributes (Cronin & Taylor, 1992; Westbrook, 1987). Recently, several researchers have stressed that satisfaction is not a simple cognitive measure and instead a complex, affective state (Oliver, 1996; Westbrook, 1987). Oliver (1989) suggested that there are five different modes of satisfaction: contentment, pleasure, relief, novelty, and surprise. In their study of extraordinary restaurant experiences, Hanefors and Mossberg (2003) found that those with memorable experiences generated strong feelings of excitement, curiosity, joy, and surprise. Similar to Oliver's (1989, 1996) assessment indicated that different positive emotions modes create a better representation of the complex idea of satisfaction.

In the retailing area, research has shown that the customers' interaction with retail stores' physical surroundings affected their overall satisfaction with the shopping experience (Kerin, Jain, &Howard, 1992) and that the tempo of background music influenced both traffic flow and gross receipts in supermarkets and restaurants (Milliman, 1982; Milliman, 1986). Other research in medical context found that the more a patient is

satisfied with the "healthscape" of a health care facility, the higher the level of overall satisfaction with the entire service encounter (Hutton and Richardson, 1995).

In the services context, in the study of experience design elements to elicit emotions and loyalty behaviors by Pullman and Gross (2004), they found that while a few design elements directly affect loyalty behavior, the relationship between most design elements and loyalty behavior is strongly mediated by eliciting certain types of emotional behavior. Moreover, a previous study by Mayer, Johnson, Hu, and Chen (1998) investigated the effects of environment and psychosocial factors on overall customer satisfaction with the gaming experience. In that study, which surveyed slot machine players, it was found that the variable "atmosphere" (therein termed experiential affect) had the most influence on player satisfaction. Furthermore, Bitner (1990, 1992) and others have proposed that atmospherics also is directly linked to customer satisfaction. Wakefield and Blodgett (1994, 1996, 1999) pointed out that when customers go for emotional, rather than functional reasons, satisfaction is likely to be determined partially on the basis of the perceived quality of the servicescape.

In sum, guests today require more than just a product or service; instead, they pursue a total experience to fully satisfy their sophisticated expectations. Hence, it is important for hotel marketers to understand the importance of experiential marketing as well as to understand how experience designs will have impact on guest satisfaction.

The Relationship between Perceived Experiential Value and Guest Loyalty

Hotel industry that is determined to increase revenues and profits as well as competitive advantage are shifting attention away from guest satisfaction per se and, instead focusing on increasing guest value. To put it briefly, satisfied customer does not necessarily will repurchase companies' products or services again. However, it is difficult and takes a lot more than customer satisfaction to make a customer loyal. As a result, the

key to this new loyalty-centered approach to customer relationship is developing and managing the "customer value package" – the combination of factors that creates what the customer perceives as a superior value in the relationship with the seller (Fredericks & Salter, 1995).

A number of researchers have investigated the role of customer value in the consumption contexts. The relationship between perceived value and consumer loyalty, Monroe and Dodds (1985) argued that perceived value were directly related to preferences or choices; that is, the larger consumer's perception of value, the more likely would the consumer express a willingness to buy or preference for the product. Similarly, Thaler (1985) proposed that consumers evaluate a purchase opportunity by first judging the value of the offer and then deciding whether to make the purchase.

Zeithaml (1988) provided evidence supporting an influential role of value in consumer's purchase decision making. Furthermore, according to the means-end model proposed by Zeithaml (1988), perceived value is a direct antecedent of a purchase decision and a direct consequence of perceived service quality. Also, Monroe and Chapman (1987) developed a model of the relationship among quality, value, and price utilizing the concept of perceived value. Their study indicated that willingness to buy is positively related to perceived value; that is, the greater the perception of value, the greater the likelihood the consumer will be interested in purchasing the product. Furthermore, in the study of cruise line passengers' perceived value by Petrick (2004), the research findings indicated that perceived value was the best predictor for repurchase intentions. Also, Oh (1999) examined the role of perceived value in customers' post-purchase decision-making process is evident. The results of Oh's (1999) study showed that perceived value is an immediate antecedent to customer satisfaction and repurchase intention; and perceived value also affected word-of-mouth directly and

indirectly through customer satisfaction and repurchase intention.

In summary, consumers' perceived value have played an important role of understanding consumer behavior as well as purchase decision-making. Hence, it should be concluded in this study, from what has been indicated based on a number of research reviews, that guests have positive value from hotels' service performance, and they are likely to be loyal guests and are willing to revisit.

The Relationships between Guest Satisfaction and Guest Loyalty

There are several studies (Anderson et al., 1994; Casais, 1995; Fornell, 1992; Rust et al., 1994) that brought to evidence the benefits, in terms of business results, that derive from a high level of customer satisfaction, namely through increases of consumer satisfaction, reduction of price elasticity (Reicheld, 1996), decrease of failure-related costs (Crosby, 1987), easier acquisition of new customers (Fornell, 1992), increase of the products portfolio supplied to customers, brand's and enterprise's prestige in the market (Anderson & Weitz, 1989). Accordingly, highly satisfied customers spread positive word-of-mouth, demonstrate readier acceptance of other products in the product line, and exhibit brand loyalty or increased intentions to repurchase (Roger, Peyton, & Berl, 1992; Grewal & Sharma, 1991).

The positive effect of customer satisfaction on loyalty-related behavior is empirically supported by several studies (Anderson, Fornell, & Lehmann, 1994; Anderson & Sullivan, 1993; Fornell, 1992). Patterson, Johnson, and Spreng (1997) found a strong link between consumer satisfaction and repurchase intention and that indicated consumer satisfaction explained 78% of the variance in repurchase intention. Consumer satisfaction has been found to influence consumer retention (Tornow &Wiley, 1991), purchase intentions (Anderson & Sullivan, 1993; Cronin & Taylor, 1992; Innis & LaLonde, 1994; Oliver, 1980), willingness to engage in repeat business (Boulding, Kalra,

Staelin, & Zeithaml, 1993), and willingness to refer other customers (Rust, Zahorik, & Keiningham, 1995; Heskett, Sasser, & Schlesinger, 1997; Howat, Murray, & Crilley, 1999). Satisfied customers tend to be loyal while dissatisfied customers are more likely to exit than are satisfied customers (Fornell, 1992; McDougal & Levesque, 2000).

In the hotel context, in the study of service quality, customer satisfaction, and customer value in the luxury segment of the hotel industry by Oh (1999). He found that there is positive relationship between guest satisfaction and repurchase intention as well as word-of-mouth. Similar to the study of customer satisfaction and image in gaining customer loyalty in the hotel industry by Kandampully and Suhartanto (2003), research findings indicated that the factors of image and customer satisfaction that are positively correlated to customer loyalty.

In summary, a number of literature reviews have shown there is positive relationship between satisfaction and loyalty. For this reason, on these grounds this study have come to the conclusion that satisfied guests are likely to be loyal guest and are willing to revisit as well as are likely to spread positive word-of-mouth for hotel.

The Relationships among Experiential Value, Guest Satisfaction and Guest Loyalty

Meeting the demand for customer satisfaction is an important task for managers in the growing competitive environment of the hotel industry today. Research in the services marketing literature has shown that customer satisfaction is closely related with positive behavioral intentions and customer loyalty (Backman & Veldkamp, 1995; Baker & Crompton, 2000; Bloemer, Ruyter, & Wetzels, 1999; Zeithaml, Berry & Parasuraman, 1990; Oh and Parks, 1997), as well as that customers' perceived value is the most important indicator of repurchase intentions as customer loyalty (Monroe & Dodds, 1985; Zeithaml, 1988; Petrick, 2004; Monroe & Chapman, 1987; Parasuraman & Grewal, 2000).

In addition, With regard to the relationship of customer satisfaction with perceived value, Woodruff (1997) stated that if consumer satisfaction measurement is not backed up with in-depth learning about customer value and related problems that underlie their evaluations, it may not provide enough of the customer's voice to guide managers where to respond. Moreover, Fornell *et al.* (1996) also supported a positive influence of perceived value on customer satisfaction. Similarly, Bojanic (1996) found a strong positive association between customer value and satisfaction in four lodging markets segmented by price.

In the numerous literature reviews, extant evidence has been indicated that there is a positive relationship among consumers' perceived value, satisfaction, and loyalty. According to a study conducted by Oh (1999), he proposed and tested an integrate model of service quality, customer value, and customer satisfaction toward repurchase intention and word-of-mouth. Using samples from the luxury segment of the hotel industry, the research findings found that there is positive relationship among service quality, customer value, customer satisfaction, and customer loyalty (repurchase intention and word-of-mouth). Moreover, Oh (1999) also indicated that perceived customer value directly influence on repurchase intention and word-of-mouth, and indirectly influence on them through customer satisfaction. In the study of the structural relationships among experiential marketing, experiential value, customer satisfaction, brand image and behavioral intention by Huang (2004), the results of the finding indicated experiential value indirectly influences on behavioral intention through customer satisfaction.

According to structural model of the ACSI (American Customer Satisfaction Index; Fornell *et al.*, 1996) and the ECSI (European Customer Satisfaction Index; ECSI Technical Committee, 1998), both models have shown that customer satisfaction has closely related with its antecedent and consequence: perceived value and customer loyalty.

Namely, perceived value indirectly influences on customer loyalty through customer satisfaction.

In summary, a number of research indicated customer satisfaction as key linking variable between perceived value and customer loyalty. Hence, there is a need for developing a deeper understanding of the linkage between the antecedents and consequences of customer satisfaction, as well as systematic differences in these relations across hotel context.

Summary

In today's competitive hotel industry, the pursuit of guest loyalty (willingness to revisit and word-of-mouth) by creating joyful, creative, memorable and unique, and emotional experience is now considered as competitive edge. In recent, more and more marketers are moving away from traditional "features-and-benefits" marketing toward creating experiences by utilizing experiential marketing for their customers. Pine and Gilmore (1999) indicated that many traditional service industries, now competing for the same dollar with these new experiences, are becoming more experiential themselves.

It is suggested that hotel industry needs to better understand guests' leisure behavior so as to carry out marketing concept for gaining and sustaining the competitive edge – loyal guests. For this reason, hotel marketers must understand vital determinants of guest's revisit decision-making. Previous research has indicated considerable evidence that perceived value and consumer satisfaction are most important indicators of loyalty behavior (Dodds &Monroe, 1985; Dodds *et al.*, 1991; Monroe & Chapman, 1987; Fornell et al., 1996; Teas & Agarwal, 1997).

Understanding important determinants of consumers' loyalty behavior (guest loyalty) as well as interrelationship among variables of experiential marketing, consumer value (perceived experiential value), consumer satisfaction (guest satisfaction), and

consumer loyalty (guest loyalty) are considered as significant contributions for both researchers and hotel practitioners. However, the majority of previous studies merely emphasized on one of the four constructs, few studies have focused on the multidimensional model as well as none of the research investigated all of the constructs together.

In this section of literature review, based on the review of the literature, the relationships and magnitude among the research variables were conceptualized as following:

1. Guests' perceptions of experiential marking directly influenced guest loyalty.
2. Guests' perceptions of experiential marketing directly influenced guests' perceived experiential value and indirectly influenced guest loyalty through guests' perceived experiential value.
3. Guests' perceptions of experiential marketing directly influenced guest satisfaction and indirectly influenced guest loyalty through guest satisfaction.
4. Guests' perceptions of experiential marketing indirectly influenced guest loyalty through guests' perceived experiential value and guest satisfaction.

CHAPTER III

METHODOLOGY

The purpose of this chapter was to depict the methodological procedures utilized to test research hypotheses and research model. This chapter also described the research design used to examine causal relationships among constructs in Taiwan hot-spring hotels, such as experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty. Moreover, in this chapter, the study procedure concerning selection of subjects and data obtainment, the content and formulation of the survey instrument, and various statistical methods for data analysis were discussed. Furthermore, readers should be able to understand and replicate the research steps which were used in this study.

Selection of Subjects

The target sample included those guests who stayed at the hot-spring hotels in Taitung County in eastern Taiwan. The data were collected in two phases, pilot study and final survey test, from the list of 19 hot-spring hotels approved for operation that were obtained from the Taiwan Tourism Bureau (2002) and the Hot Spring Tourism Association Taiwan (2002). A total of 3 randomly selected hot-spring hotels from 19 hot-spring hotels were surveyed with 90 conveniently invited guests for the pilot study, and that 75 questionnaires were returned. After discarding incomplete questionnaires 11, the final samples were 64 valid respondents and this represented a response rate of 71.11%. For the final survey test, 16 hot-spring hotels were conveniently surveyed with 700 guests and they were conveniently invited to fill out the questionnaires during weekends (Saturday and Sunday) and non-weekends (Monday to Friday) from March to April 2006. A total of 700 questionnaires were sent to respondents in final survey test,

625 questionnaires were returned. After discarding incomplete questionnaires 98, the final samples were 527 valid respondents and this represented a response rate of 75.28%.

Owing to employing the structural equation modeling, this study required a considerably large sample size in order to maintain the accuracy of estimates and to ensure a representative sample. In addition, this study also required a set of data that did not have any missing values.

Instrumentation

The survey developed was to gather the necessary information for this study, which comprised two main parts. In the first part of the survey, guest demographic information such as gender, age, level of education, occupation, monthly household income and status of marriage were obtained to report the characteristics of the subjects. In the second part of the survey, four instruments were used to gather information on guests' perceptions of experiential marketing, experiential value, satisfaction and loyalty, such as: (a) Guest Perceived Experiential Marketing Survey (GPEMS), (b) Guest Perceived Experiential Value Survey (GPEVS), (c) Guest Satisfaction Survey (GSS), and (d) Guest Loyalty Survey (GLS). The subjects were asked to indicate the level of agreement with those questions in survey on 5-point Likert scale for all questions, except those related to guest demographic information. For the four surveys, guests were asked to rate their response to each question from "1 strongly disagree" to "5 strongly agree." The use of five-level Likert scales with a neutral midpoint (neither disagree nor agree) was recommended so that respondents were not forced to give an opinion if they did not have one (Steiber & Krowinski, 1990).

Instrument for Measuring Experiential Marketing

Schmitt (1999) proposed experiential marketing as any consumer experience some stimulation result from direct observation and/or participation in events, in which

generates motivation, cognitive consensus, and purchase behavior as well as superior value. Moreover, he argued that experiential marketing consists of five measurement dimensions: sense experience, feel experience, think experience, act experience, and relate experience.

In the Huang's (2004) study of experiential marketing, she developed experiential marketing scale on the basis of Schmitt's (1999) five measurement dimensions of experiential marketing. The experiential marketing scale comprises 12 questions that are measured by a five-point Likert scale ranging from (1) "Strong Disagree" to (5) "Strong Agree.

In the present study, experiential marketing was measured by the survey instrument modified from Schmitt's (1999) assessment tools of experiential marketing and Huang's (2004) study of experiential marketing scale. The new instrument for measuring guests' perception of experiential marketing was named the Guest Perceived Experiential Marketing Survey (GPEMS), and a 5-point scale was used to directly measure survey (1 = strongly disagree to 5 = strongly agree). Operationalized definitions for each measured dimension were illustrated in Table 3.1 and Table 3.2.

Table 3.1

Dimensions and Definitions for Guest Perceived Experiential Marketing Survey (GPEMS)

Dimensions	Operationalized Definitions	References
Sense Experience	To differentiate, to motivate, and to provide value to customers by focusing on the senses.	Schmitt (1999) Huang (2004)
Feel Experience	To appeal customers' inner feelings and emotions.	Schmitt (1999) Huang (2004)
Think Experience	To encourage customers to engage in creative thinking that may result in a revaluation of the company and products.	Schmitt (1999) Huang (2004)

Table 3.1

Continued

Dimensions	Operationalized Definitions	References
Act Experience	To affect bodily experiences, lifestyles, and interaction.	Schmitt (1999) Huang (2004)
Relate Experience	To add individual experiences and relate the individual to his or her ideal self, other people, or cultures.	Schmitt (1999) Huang (2004)

The latent constructs and measurement variables had to be defined in terms of a structural equation modeling techniques. For this instrument, the latent construct was experiential marketing and its five measurement dimensions included sense experience, feel experience, think experience, act experience, and relate experience. They were defined by mean scores of the items that were assigned to their own dimension.

Table 3.2

Items for Each Dimension of Guest Perceived Experiential Marketing Survey (GPEMS)

Dimensions	Items
Experiential Marketing	
Sense Experience	Part II: 1, 2, 3, 4, 5
Feel Experience	Part II: 6, 7, 8, 9, 10
Think Experience	Part II: 11, 12, 13, 14
Act Experience	Part II: 15, 16, 17, 18, 19
Relate Experience	Part II: 20, 21, 22, 23, 24

Instrument for Measuring Perceived Experiential Value

Holbrook (1999) proposed a framework for typology of experiential value that designed to categorize or classify the various types of value in the consumption experience, which are efficiency, excellence, status, esteem, play, aesthetics, ethics, and spirituality according to three key dimensions of consumer value: (a) extrinsic versus

intrinsic value, (b) self-oriented versus other-oriented value, and (c) active versus reactive value.

In the study of Mathwick, Malhotra and Rigdon's (2001) experiential value, they developed four dimensions of experiential value scale on the basis of prior research: (a) consumer return on investment, (b) service excellence, (c) playfulness, and (d) aesthetic appeal.

In the present study, perceived experiential value was measured by employing Mathwick, Malhotra, and Rigdon's (2001) four dimensions of experiential value scale. The new instrument was named Guest Perceived Experiential Value Survey (GPEVS), and a 5-point scale was used directly measure survey (1 = strongly disagree to 5 = strongly agree). Operationalized definitions for each measured dimension were illustrated in Table 3.3 and Table 3.4.

Table 3.3

Dimensions and Definitions for Guest Perceived Experiential Value Survey (GPEVS)

Dimensions	Operationalized Definitions	References
Service Excellence	The value derived from perceived service excellence reflects the generalized consumer appreciation of a service provider to deliver on its promises through demonstrated expertise.	Mathwick, Malhotra, and Rigdon (2001)
Aesthetic Appeal	Aesthetics is reflected in two key dimensions - the salient visual elements of the company environment and the entertaining or dramatic aspects of the service performance itself through consumers' perception of hearing, taste, and vision.	Mathwick, Malhotra, and Rigdon (2001)
Consumer Return on Investment	The perception of affordable quality and utility derived from the efficiency of an exchange encounter.	Mathwick, Malhotra, and Rigdon (2001)

Table 3.3
Continued

Dimensions	Operationalized Definitions	References
Playfulness	Playfulness is reflected in the intrinsic enjoyment that comes from engaging in activities that are absorbing, to the point of offering an escape from the demands of the day-to-day world.	Mathwick, Malhotra, and Rigdon (2001)

For this instrument, the latent construct was perceived experiential value and its measurement dimensions included: service excellence, aesthetic appeal, consumer return on investment, and playfulness. They were defined by mean scores of the items that were assigned to their own dimension.

Table 3.4
Items for Each Dimension of Guest Perceived Experiential Value Survey (GPEVS)

Dimensions	Items
Perceived Experiential Value	
Service Excellence	Part III: 1, 2, 3, 4, 5
Aesthetic Appeal	Part III: 6, 7, 8, 9, 10, 11
Consumer Return on Investment	Part III: 12, 13, 14, 15
Playfulness	Part III: 16, 17, 18, 19, 20

Instrument for Guest Satisfaction

In the present study, guest satisfaction instrument was a self-developed survey based on Czepiel, Rosenberg, & Akerele's (1974) concept of overall satisfaction. Czepiel et al.'s (1974) study suggested facets of physical facilities, people (staff), and products can be used to measure consumer's overall satisfaction in the organization.

For this study, the researcher adopted Czepiel, Rosenberg, & Akerele's (1974) three measurement factors (physical facilities, staff services, and products) as

measurement variables to measure overall guest satisfaction. The researcher also added recreation experiences as a measurement variable in an attempt to understand how guest's overall satisfaction of recreation experiences during their staying in hotels. The role of the recreation experiences has been outlined by several authors as a fundamental concept of recreation satisfaction (Crompton & MacKay, 1989; LaPage, 1983). Thus, two measurement variables were presented for the dimension of recreation satisfaction. In sum, five measurement items were surveyed to measure overall perceptions of guest satisfaction.

To measure these variables, guests were asked to respond to a 5-point scale (1 = strongly disagree to 5 = strongly agree) with their level of agreement to statements such as, "overall", I feel very satisfied with hotel's facilities" or "I feel very satisfied with my recreation experience in hotel." The new instrument was named Guest Satisfaction Survey (GSS), and operationalized definitions for measured questions were illustrated in Table 3.5 and Table 3.6.

Table 3.5
Definitions for Guest Satisfaction Survey (GSS)

Operationalized Definitions	References
Consumer satisfaction is a post-purchase attitude formed through a mental comparison of the quality that a customer expected to receive from an exchange and the level of quality the customer perceives actually receiving from the exchange (Spreng, Mackenzie, & Olshavsky, 1996; Oliver & Swan, 1989; Oliver 1980). In the present study, overall guest satisfaction was defined as an evaluation of overall guest satisfaction with hotels' overall performance based on attributes (physical facilities, staff services, products and recreation experiences).	Czepiel, Rosenberg, & Akerele (1974)

For this instrument, the latent construct was guest satisfaction and its measurement variables were categorized into the dimension of physical facilities, staff services, products, and recreation experiences.

Table 3.6
Items for Guest Satisfaction Survey (GSS)

Dimension	Items
Guest Satisfaction	Part IV: 1, 2, 3, 4, 5

Instrument for Guest Loyalty

In the Pullman and Gross's (2004) study of loyalty behaviors, they utilized two items to measure the construct of the future behavioral intention. Two items were intention to repurchase and intention to recommend. Respondents were asked to express their level of agreement on a 5-point scale (1 = strongly disagree to 5 = strong agree) the statements of repurchase intent and recommend to others.

In the present study, the researcher adopted Pullman and Gross's (2004) two measurement dimensions (intention to repurchase and intention to recommend) of customer loyalty scale to measure guest loyalty. Also, the researcher modified the term from "intention to repurchase" to "willingness to revisit" in order to fit the hotel setting. Three measurement variables were presented for the dimension of willingness to revisit, and two measurement variables were presented for the dimension of intention to recommend. In sum, five measurement items were surveyed to measure overall perceptions of guest loyalty.

The new instrument was named Guest Loyalty Survey (GLS), and a 5-point scale was used directly measure survey (1 = strongly disagree to 5 = strongly agree). Operationalized definitions for guest behavioral loyalty were illustrated in Table 3.7 and Table 3.8.

Table 3.7

Dimensions and Definitions for Guest Loyalty Survey (GLS)

Operationalized Definitions	References
Consumers generate a specific behavior after purchase products or services. In the present study, guests' post-purchase behavior was whether or not guests are willing to revisit and recommend the hotel to others after their purchase.	Pullman and Gross(2004)

For this instrument, the latent construct was guest loyalty and its measurement variables were categorized into the dimension of willingness to revisit and intention to recommend. The following Table 3.8 illustrated questionnaire's items for guest loyalty survey.

Table 3.8

Items for Guest Loyalty Survey (GLS)

Dimensions	Items
Guest Loyalty	Part V: 1, 2, 3, 4, 5

The Process for the Construction of Measurement Instruments

The methodology for the construction of measurement instruments in social sciences (Churchill, 1979; DeVellis, 1991) suggested a process structured over four main stages: (a) literary definition of the concept, (b) specification of dimensions, (c) selection of observed indicators, and (d) synthesis of indicators or drawing up of indices (Lazarsfeld, 1958). In this study, in order to develop reliable and valid measurement instruments, procedure for developing the measurement showed in Figure 3.1.

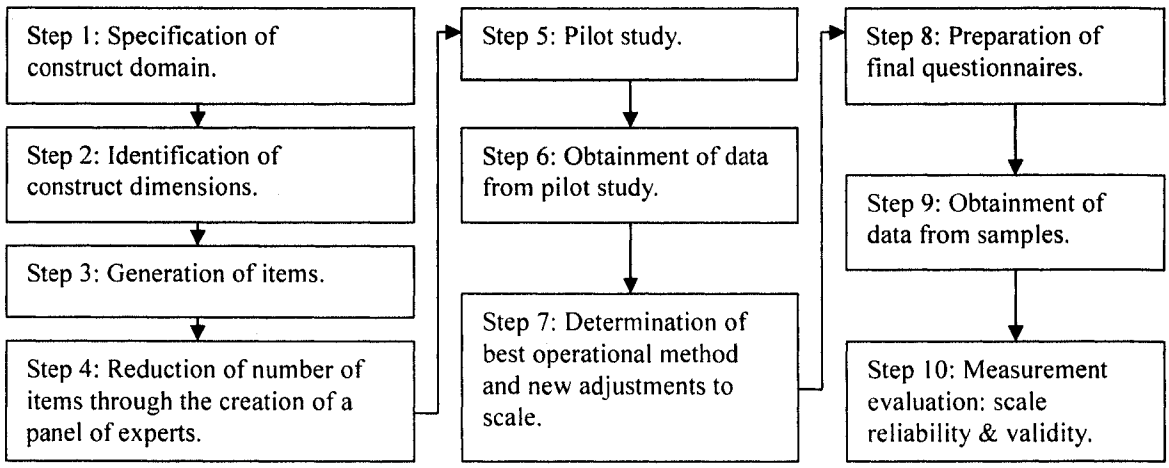

Figure 3.1 Procedure for Developing the Measurement. Adapted from Bou-Llusar et al. (2001).

Analysis of the Pilot Study

1. Item analysis

The purpose of item analysis was to measure critical ratio (CR) for each item. If critical ratio (CR) of items reached the significance ($\alpha < 0.05$), it indicated that items could discriminate different subjects' reaction. On the contrary, items should be deleted if critical ratio (CR) did not reach significance ($\alpha < 0.05$).

The procedure of analysis of critical ratio for items was to primarily calculate the total score of scales, and then find out 27% of the high-low boundary which divided into high-score group (73% - 100%) and low-score group (0 – 27%). Moreover, independent t-test was utilized to examine the difference of each item in high-low group. And according to results of independent t-test as shown in Tables (3.9, 3.10, 3.11, and 3.12), only the Q12 of guest perceived experiential value survey (GPEVS) did not reach the level of significance ($\alpha < 0.05$) and the rest of items in all surveys reached the level of significance.

2. Factor analysis

In the principal component analysis the original variables were transformed into a smaller set of linear combinations, with all of the variances in the variables being used. Owing to all items located in the same scale, items were used to measure the same attribution; thus, high correlations should be existed and it can be measured by factor analysis. The results of four Tables (see 3.9, 3.10, 3.11, and 3.12) revealed that all of the items passed the 0.3 of threshold except for the Q12 of guest perceived experiential value survey (GPEVS).

3. Reliability analysis

SPSS 12.0 was used to investigate items correlations within each of the four constructs. The Cronbach Alphas in this study was used to measure the internal consistency of the four scales in order to understand reliability and validity of questionnaire. Nunaly (1978) argued that Cronbach Alphas 0.7 is a low and acceptable standard for scale reliability. According to Tables (3.9, 3.10, 3.11, and 3.12), it indicated Cronbach Alphas value for the four scales were between 0.847 and 0.942, and that showed reliability of the four scales were reliable. For this reason, all of the items passed the criteria of assessment except for the Q12 of guest perceived experiential value survey (GPEVS).

Table 3.9

The Abstract Table for Critical Value, Principal Component, and Reliability of Guest Perceived Experiential Marketing Survey (GPEMS)

Items	Significance (Two-tailed)	Principle component	Reliability Cronbach'αvalue
		1	
Q1	0.000	0.745	
Q2	0.000	0.731	0.942
Q3	0.000	0.651	

Table 3.9
Continued

Items	Significance (Two-tailed)	Principle component	Reliability Cronbach'αvalue
		1	
Q4	0.002	0.562	
Q5	0.004	0.575	
Q6	0.000	0.722	
Q7	0.000	0.744	
Q8	0.000	0.729	
Q9	0.000	0.752	
Q10	0.000	0.759	
Q11	0.000	0.660	
Q12	0.000	0.738	
Q13	0.000	0.723	0.942
Q14	0.001	0.621	
Q15	0.003	0.616	
Q16	0.000	0.766	
Q17	0.000	0.651	
Q18	0.000	0.533	
Q19	0.000	0.473	
Q20	0.000	0.665	
Q21	0.000	0.615	
Q22	0.000	0.552	
Q23	0.000	0.604	
Q24	0.000	0.542	

The following results of independent t-test as shown in Tables 3.10, it indicated that Q12 of guest perceived experiential value survey (GPEVS) did not reach the level of significance ($\alpha < 0.05$). Also, Q12 of guest perceived experiential value survey (GPEVS) did not pass the 0.3 of threshold in factor analysis.

Table 3.10

The Abstract Table for Critical Value, Principal Component, and Reliability of Guest Perceived Experiential Value Survey (GPEVS)

Items	Significance (Two-tailed)	Principle component	Reliability Cronbach'αvalue
		1	
Q1	0.000	0.609	
Q2	0.002	0.499	
Q3	0.001	0.574	
Q4	0.002	0.577	
Q5	0.004	0.662	
Q6	0.000	0.574	
Q7	0.000	0.701	
Q8	0.000	0.701	
Q9	0.001	0.544	0.880
Q10	0.000	0.502	
Q11	0.010	0.349	
Q12	0.701	-0.056	
Q13	0.000	0.498	
Q14	0.000	0.498	
Q15	0.000	0.653	
Q16	0.000	0.637	
Q17	0.000	.0.610	
Q18	0.000	0.582	
Q19	0.000	0.557	
Q20	0.001	0.530	
Q21	0.000	0.649	

The following Table 3.11 indicated that all items' critical ratio (CR) reached the level of significance ($\alpha < 0.05$), and all items passed the 0.3 of threshold in factor analysis. Moreover, Tables 3.11 indicated that Cronbach Alphas value of 0.847 for scale of guest satisfaction was reliable.

Table 3.11

The Abstract Table for Critical Value, Principal Component, and Reliability of Guest Satisfaction Survey (GSS)

Items	Significance (Two-tailed)	Principle component	Reliability Cronbach'αvalue
		1	
Q1	0.000	0.797	
Q2	0.000	0.799	
Q3	0.000	0.777	0.847
Q4	0.000	0.781	
Q5	0.000	0.795	

Table 3.11 indicated that all items' critical ratio (CR) reached the level of significance ($\alpha < 0.05$), and all items passed the 0.3 of threshold in factor analysis. Moreover, Tables 3.11 indicated that scale of guest loyalty was reliable.

Table 3.12

The Abstract Table for Critical Value, Principal Component, and Reliability of Guest Loyalty Survey (GLS)

Items	Significance (Two-tailed)	Principle component	Reliability Cronbach'αvalue
		1	
Q1	0.000	0.909	
Q2	0.000	0.866	
Q3	0.000	0.833	0.916
Q4	0.000	0.858	
Q5	0.000	0.873	

Procedures

In order to enhance the validity and reliability of the questionnaire, a pilot study was conducted before the actual survey was to be administrated. A total of 3 randomly selected hot-spring hotels approved for operation from the list information of 19

hot-spring hotels in Taitung County in eastern Taiwan were obtained from the Taiwan Tourism Bureau and the Hot Spring Tourism Association Taiwan. A total of 90 guests of hot-spring hotels for 3 randomly selected hot-spring hotels approved for operation were conveniently invited to fill out questionnaire and chosen as the subjects for the pilot study. With the help of the researcher's friend, Manager Mr. Shen in Jhihpen Tong Mao Hot Spring Hotel, questionnaires for pilot study were sent out in the first week of March 2006.

In addition to 3 randomly selected hot-spring hotels from 19 hot-spring hotels for pilot study, the remaining 16 hot-spring hotels approved for operation were chosen as the scope of the final survey. According to the analysis of the pilot study, all of the questionnaires' items passed the criteria of assessment except for the Q12 of guest perceived experiential value survey (GPEVS). Thus, Q12 was deleted from guest perceived experiential value survey (GPEVS), and all of the remaining questionnaires' items were reserved for the use of final survey. After the final version of the questionnaire was completed and finalized, it was carried out to 16 selected hot-spring hotels. Moreover, a phone call was made to each selected hot-spring hotel to insure that they were still in operation prior to actual survey, as well as to obtain consents for distribution of the questionnaires one month in advance.

With the introduction and assistance of researcher's friend, Manager Mr. Shen in Jhihpen Tong Mao Hot Spring Hotel, each hot-spring hotel manager was visited as well as each hot-spring hotel staff was recruited to help researcher in processing the distribution and collection of questionnaires. The purpose of paying a personal visit was to explain the research objectives and designs directly to each recruited hot-spring hotel staff, so that staff would fully understand the procedure for distribution and collection of questionnaires.

The survey procedure was carried out by recruited hotels staff delivered the questionnaires when every guest finished the check in counter of the hot-spring hotel. The hotels front desk management assisted in avoiding potential "double deliveries" and assured that the subjects had stayed at the hotel at least one night before they received the questionnaire. Furthermore, recruited hotels staff explained the objectives of the study and the instruction of the questionnaires to the subjects. Most importantly, the subjects were assured of confidentiality in the survey. Subjects returned their completed survey to the hotel main lobby reception desk when they finished survey. All subjects were offered a small souvenir when they returned the questionnaires. The souvenir was to encourage the respondents to complete the questionnaires and to reduce the rate of rejected questionnaires with incomplete information.

A total of 700 guests were conveniently invited to fill out questionnaires in 16 hot-spring hotels during weekends (Saturday and Sunday) and non-weekends (Monday to Friday) from March to April 2006. The researcher decided to complete the process of data collection at the end of April 2006. A returned rate of 75.28% was achieved through the above efforts. Please refer to appendix A for a copy of the questionnaire in English and Chinese.

Model Specification

The conceptual mode (Figure 1.1) of this study illustrated that guests' perceptions of experiential marketing directly and indirectly influenced guest loyalty through guests' perceived experiential value and guest satisfaction. In addition, this model included four latent variables, such as experiential marketing, perceived experiential value, guest satisfaction and guest loyalty which were measured based on several observable variables and its descriptions were presented as follows.

The Explanation of Variables

1. Exogenous variables

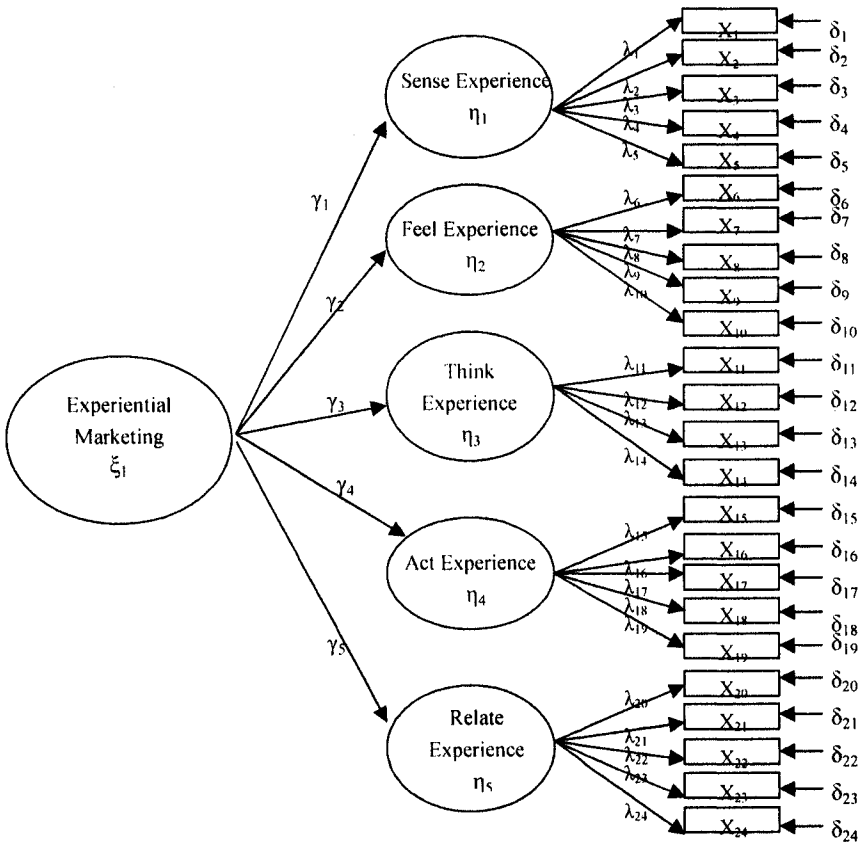

Figure 3.2 The Measurement Model of Experiential Marketing.

a. Exogenous latent variable: Experiential marketing was a second-order latent variable which fully explained the covariation among the five first-order variables. Experiential marketing was only exogenous latent variable which was reflected by sense experience, feel experience, think experience, act experience, and relate experience. The measurement model of experiential marketing was presented in Figure 3.2 above.

b. Exogenous observed variable: This study consisted of five latent variables which are: (a) sense experience, (b) feel experience, (c) think experience, (d) act experience, and (e) relate experience. The detailed descriptions of observed variables were explained in the

following: First latent variable, sense experience consisted of five observed variables which were: X_1, X_2, X_3, X_4, and X_5. Second latent variable, feel experience consisted of five variables which were: X_6, X_7, X_8, X_9, and X_{10}. Third latent variable, think experience consisted of four observed variables which were: X_{11}, X_{12}, X_{13}, and X_{14}. Fourth latent variable, act experience consisted of five observed variables which were: X_{15}, X_{16}, X_{17}, X_{18}, and X_{19}. Fifth latent variable, relate experience consisted of five observed variables which were: X_{20}, X_{21}, X_{22}, X_{23}, and X_{24}.

2. Endogenous variables

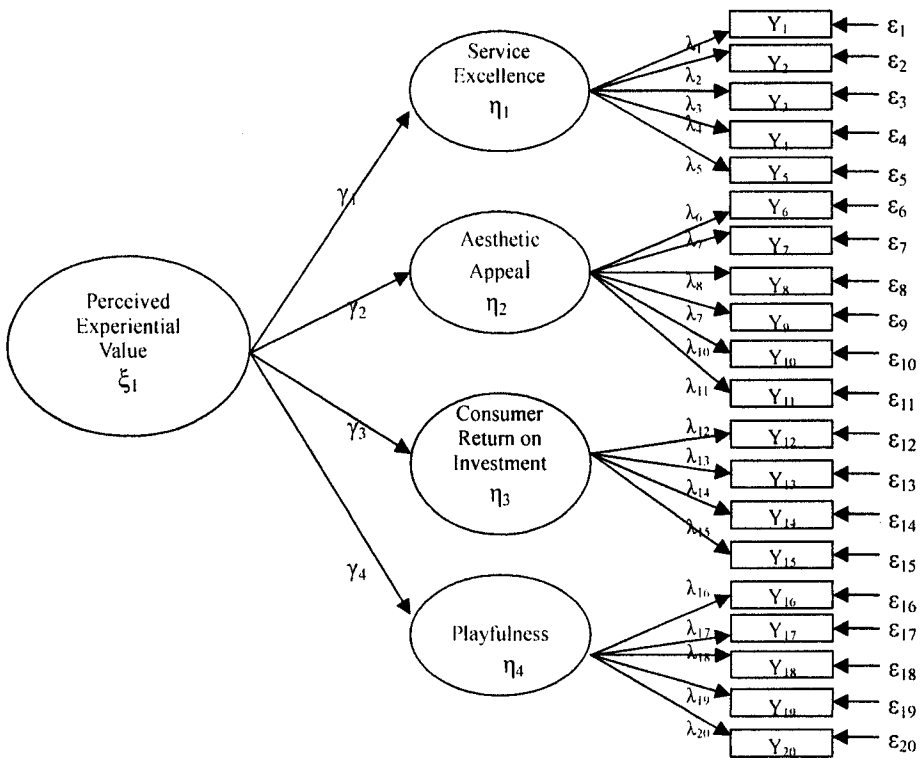

Figure 3.3 The Measurement Model of Perceived Experiential Value.

According to causal relationship, endogenous variables in this study were divided into two categories: intervening variable and outcome variable. Intervening variables included perceived experiential value and guest satisfaction. Outcome variable was guest

loyalty as main effect variable that was intended to be explored in this study. Additionally, all variables have discussed above were viewed as endogenous latent variables, which were constructed by endogenous observed variables and its descriptions were presented as above. The measurement model of perceived experiential value was presented in Figure 3.3 above.

a. Intervening variables: Perceived experiential value was a second-order latent variable which fully explained the four first-order latent variables and the four latent variables were: (a) service excellence, (b) aesthetic appeal, (c) consumer return on investment, and (d) playfulness. First latent variable, service excellence consisted of five observed variables which were: Y_1, Y_2, Y_3, Y_4, and Y_5. Second latent variable, aesthetic appeal consisted of six observed variables which were: Y_6, Y_7, Y_8, Y_9, Y_{10}, and Y_{11}. Third latent variable, consumer return on investment consisted of four observed variables which were: Y_{12}, Y_{13}, Y_{14}, and Y_{15}. Fourth latent variable, playfulness consisted of five observed variables which were: Y_{16}, Y_{17}, Y_{18}, Y_{19}, and Y_{20}.

As for guest satisfaction as a latent variable, it consisted of five observed variables which were: Y_1, Y_2, Y_3, Y_4, and Y_5. The measurement model of guest satisfaction was presented in Figure 3.4.

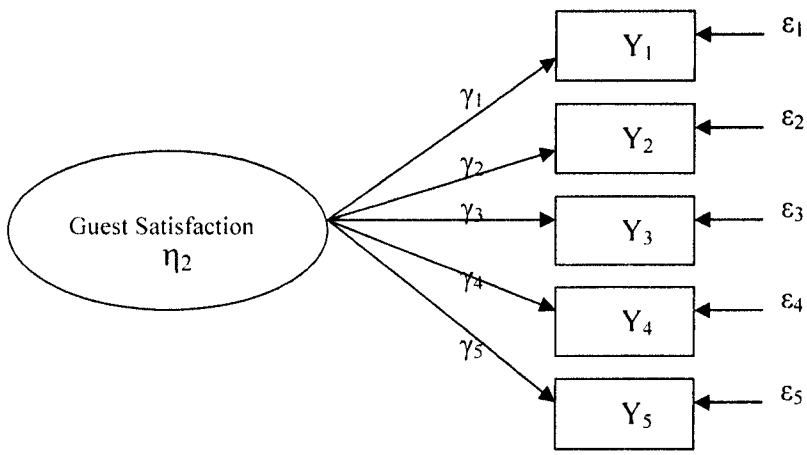

Figure 3.4 The Measurement Model of Guest Satisfaction.

b. Outcome variable: guest loyalty was defined as outcome variable in this study and it consisted of five observed variables, which are: Y_1, Y_2, Y_3, Y_4, and Y_5. The measurement model of guest satisfaction was presented in Figure 3.5.

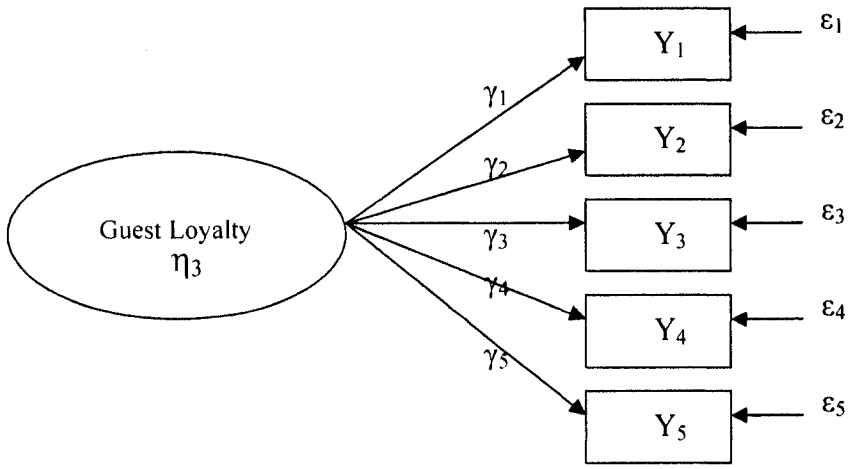

Figure 3.5 The Measurement Model of Guest Loyalty.

The conceptual mode (Figure 1.1) of this study included four latent variables, such as experiential marketing, perceived experiential value, guest satisfaction and guest loyalty, which were measured based on several observable variables. The following Table 3.13 illustrated latent variables' symbols and explanations for experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty.

Table 3.13

Variables' Symbols and Explanations for Experiential Marketing, Perceived Experiential Value, Guest Satisfaction, and Guest Loyalty

Second-order latent variable	First-order latent variable	Observed Variables	Measure-ment errors
Experiential marketing ξ_1	Sense experience η_1	I felt that the landscape design of hot spring hotel was very beautiful (X_1)	δ_1
		The decoration design of the guest room was very attractive (X_2)	δ_2
		I felt that the view of spring pools was nice (X_3)	δ_3

Table 3.13

Continued

Second-order latent variable	First-order latent variable	Observed Variables	Measure-ment errors
Experiential marketing ξ_1	Feel experience η_2	I paid attention to music played by the hotel (X_4)	δ_4
		I felt that the food in the restaurant were fresh and delicious (X_5)	δ_5
		The landscape of the spring pools made me feel pleasurable (X_6)	δ_6
		The whole atmosphere of the spring pools made me comfortable (X_7)	δ_7
		The atmosphere of the spring pools enabled me to escape everyday pressures (X_8)	δ_8
		The whole atmosphere of inside the hotel made me joyful (X_9)	δ_9
		The comfort of the guest room made me comfortable (X_{10})	δ_{10}
	Think experience η_3	The landscape of the spring pools inspired me to think (X_{11})	δ_{11}
		The hotel's inside environment inspired my curiosity (X_{12})	δ_{12}
		The spring experience led me to think of my life-style (X_{13})	δ_{13}
		The decoration of the guest room inspired my curiosity (X_{14})	δ_{14}
	Act experience η_4	I will be willing to share hot spring experience with relatives and friends (X_{15})	δ_{15}
		Activities provided by hotel do attract me to join (X_{16})	δ_{16}
		I would like to further explore this hotel's other activities (X_{17})	δ_{17}
		The hot spring experience makes me want to change my life-style (X_{18})	δ_{18}
		Coming here will improve my social life with friends (X_{19})	δ_{19}
	Relate experience η_5	The hotel landscape will make me want to take pictures for memory (X_{20})	δ_{20}
		Participating in the hot spring bath represents my enthusiasm toward the hot spring activity (X_{21})	δ_{21}
		Participating in the hot spring bath enables me to exchange experiences with those who have common interest as mine (X_{22})	δ_{22}
		The choices of hot spring location can show my sense of taste (X_{23})	δ_{23}
		The hot spring experience brings family and friends closer together (X_{24})	δ_{24}

Table 3.13

Continued

Second-order latent variable	First-order latent variable	Observed Variables	Measure-ment errors
Perceived experiential value ξ_1	Service experience η_1	I experienced the high quality service (Y_1)	ε_1
		I am very satisfied with the service attitude of the hotel staff (Y_2)	ε_2
		My needs have valued by the hotel staff (Y_3)	ε_3
		The hotel staff was very professional in explaining facilities and operation (Y_4)	ε_4
		I am very satisfied with the hotel staff's appearance (Y_5)	ε_5
	Aesthetic appeal η_2	The whole design of landscape was pretty (Y_6)	ε_6
		The food was very attractive to me here (Y_7)	ε_7
		The decoration of the dressing rooms and bathrooms were very special (Y_8)	ε_8
		The whole environment was nice (Y_9)	ε_9
		I liked the design style of guest room (Y_{10})	ε_{10}
		I was very satisfied with refreshing design of the spring pool (Y_{11})	ε_{11}
	Consumer return on investment η_3	I feel that it was worth of spending money here (Y_{12})	ε_{12}
		I feel that pricing was reasonable here (Y_{13})	ε_{13}
		I am very satisfied with the consumption pricing (Y_{14})	ε_{14}
		I feel that consumption was cost-effective (Y_{15})	ε_{15}
	Playfulness η_4	I can relax my mood here (Y_{16})	ε_{16}
		I did not need to worry and felt relaxed here (Y_{17})	ε_{17}
		I can feel a sense of entertainment and interest here (Y_{18})	ε_{18}
		In addition to enjoy the hot spring, it also brought me happiness (Y_{19})	ε_{19}
		The facilities of the hot spring pools were very interesting (Y_{20})	ε_{20}
First-order latent variable		Observed Variables	Measure-ment errors
Guest satisfaction η_2		I was satisfied with hotel amenities and facilities (Y_1)	ε_1
		I was satisfied with overall service quality of hotel staff (Y_2)	ε_2
		I was satisfied with overall food and hot spring quality provided by hotel (Y_3)	ε_3

Table 3.13

Continued

First-order latent variable	Observed Variables	Measure-ment errors
Guest satisfaction η_2	I was satisfied with overall recreation experience provided by hotel (Y_4)	ε_4
	Overall, my recreation experience in hotel was beyond what I expected (Y_5)	ε_5
Guest loyalty η_3	I am willing to revisit this hot spring hotel (Y_1)	ε_1
	There is a high possibility that I may revisit this hot spring hotel (Y_2)	ε_2
	I would like to further obtain the information of latest activities with this hotel spring hotel (Y_3)	ε_3
	I am willing to recommend this hot spring hotel to relatives and friends or others (Y_4)	ε_4
	I will encourage this hot spring hotel to my family and friends (Y_5)	ε_5

Statistical Design and Analysis

The purpose of this study was to conduct the causal relationships and to examine the validity of the constructs among experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty concerning the further understanding of related constructs. The data were analyzed based on the same methodology as that of the American Customer Satisfaction Index (ACSI; Fornell et al., 1996) and the European Customer Satisfaction Index (ECSI; ECSI Technical Committee, 1998) by using structural equation modeling (SEM) approach. Structural equation modeling was employed to perform a simultaneous test of various aspects of the model. Raykov and Marcoulides (2000) suggested that once constructs have been assessed, structural equation modeling can be used to test the plausibility of hypothetical assertions about potential interrelationships among the constructs as well as their relationships to the indicators or measures assessing them. The advantages of using the structural equation modeling method for full latent variables modeling have been explained recently

elsewhere (Anderson & Fornell, 2000). Hence, structural equation modeling was employed for testing the associations and causal relationships specified in the present study's proposed conceptual model.

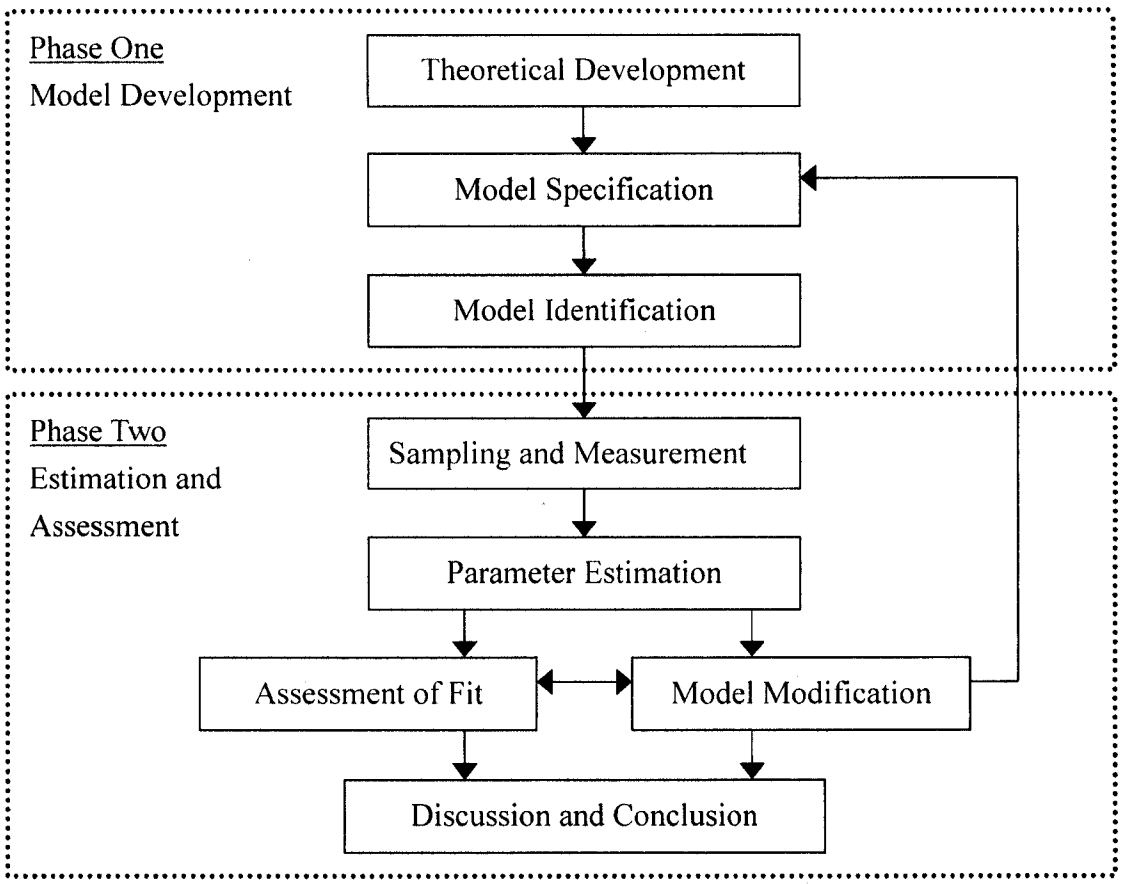

Figure 3.6 Diagram of conventional approach to structural equation modeling.

Source: Chiou, H. J. (2003). *Principles and practice structural equation modeling with LISREL*. Taipei: Yeh Yeh Book Gallery, 1.21.

With reference to the utilization of structural equation modeling, Figure 3.6 shows the conventional approach to structural equation modeling (Chiou, 2003). For this approach, the procedure of structural equation modeling divides into two phases: (a) model development, and (b) estimation and assessment. In the phase of model development, the first step is theoretical development that presented a sound review of literature, clarification of concept, and research hypotheses for constructing a

hypothesized theoretical model. Next, the hypothesized conceptual model derives from sound theory or literature inference is transformed to model specification that always forms a path diagram. Once a model had been specified the next step is to determine whether the model is identified. After identifying the model, it can be used to obtain estimates of the free parameters from a set of observed data.

With reference to phase of estimation and assessment, the first step is sampling and measurement, and next is parameter estimation. That is to estimate the parameters in the hypothesized structural model. Some researchers recommend a two-stage approach in which the measurement model is estimated firstly and then follows by the structural model (Fassinger, 1987). Others recommend that the full model should be estimated all at once (Bollen, 1989; Hoyle & Smith, 1994; Jöreskog & Sörbom, 1989; Moore, 1995). Once parameter estimation is done, assessment of fit is the next crucial step in interpreting our results for the hypothesized structural model.

When the model fit indices are acceptable the hypothesized structural model has been supported by the sample variance-covariance data. When the model fit indices are not acceptable we usually attempted to re-specify the model by adding or deleting paths to achieve a better model-to-data fit (Schumacker & Lomax, 2004). This is to say, a model is said to fit the observed data to the extent that the covariance matrix it implies is equivalent to the observed covariance matrix (Hoyle, 1995).

The final step in structural equation modeling is to consider model modification to achieve a better data-to-model fit. Schumacker and Lomax (2004) argued that if the hypothesized structural model has model fit indices that are less than satisfactory, a researcher typically performs a specification search to find a better fitting model to the sample variance-covariance matrix. Namely, if the hypothesized structural model fit does not meet the standard, the researcher could try to modify the model in terms of sound

theory. It is suggested that there are two ways to modify a model, which one is to free parameters and the other is to fix parameters. As a result, if the model fits the requirements, the consequences then are explained.

The conclusions reached here are that the structural equation modeling should be appropriate approach to test these complex and complicated causal relationships. With regard to statistical software for analyzing structural equation modeling, *LI*near *S*tructure *REL*lationships (LISREL: Jöreskog & Sörbom, 1993) was employed to examine the casual-linked relationships among the tested variables by computing LISREL 8.52 Windows Version. Confirmatory factor analysis (CFA) is part of sub-model multivariate statistics in the structural equation modeling (SEM). LISREL 8.52 statistical software was used to administer confirmatory factor analysis statistics in the structural equation modeling. For this reason, confirmatory factor analysis can be used to examine each scale's validity and reliability by utilizing assessment indicators of construct validity and construct reliability. Also, confirmatory factor analysis can be used to confirm specific hypotheses or theories concerning the structure underlying a set of variables (Pallant, 2003).

Furthermore, in order to analyze the demographic data, SPSS version of 12.0 for Windows was utilized for the descriptive statistics including means, standard deviations, frequencies, and percentages.

For assessment of fit to the research proposed model, this study adopted several researchers' suggestions that the proposed model can be evaluated from overall model fit as well as fit of internal structure (Bagozzi & Yi, 1988; Bollen, 1989; Brown & Cudeck, 1993; Byrne, 1998; Chou & Bentler, 1995; Jöreskog & Sörbom, 1993; Hair et al., 1998).

Overall Fit Measures

1. Absolute fit measures

(1) Chi-square(x^2) -- The value of chi-square should not be significant. That is $p \geqq 0.1$.

(2) Goodness of Fit Index (GFI) -- The value of GFI should be larger than 0.9.

(3) Standardized Root Mean Square Residual (SRMR) -- SRMR values less than 0.05 indicate a good fit.

(4) Root Mean Square Error of Approximation (RMSEA) -- RMSEA values less than 0.5 indicates good fit. RMSEA values ranging from 0.05 to 0.08 indicates fair fit. The values ranging from 0.08 to 0.10 are indicative of mediocre fit. The values larger than 0.10 are indicative of a poor fit.

(5) Expected Cross-Validation Index (ECVI) -- The values of ECVI for the theoretical model less than that of independent model and saturated model are indicative of an acceptance of the model.

2. Incremental fit measures

(1) Adjusted Goodness of Fit Index (AGFI) -- The values of AGFI should be larger than 0.9.

(2) Non-Normed Fit Index (NNFI) -- The values of NNFI should be larger than 0.9.

(3) Normed Fit Index (NFI) -- The values of NFI should be larger than 0.9.

(4) Comparative Fit Index (CFI) -- The values of CFI should be larger than 0.9.

(5) Incremental Fit Index (IFI) -- The values of AGFI should be larger than 0.9.

(6) Relative Fit Index (RFI) -- The values of AGFI should be larger than 0.9.

3. Parsimonious fit measures

(1) Parsimonious Normed Fit Index (PNFI) -- The values of PNFI should be larger than 0.5.

(2) Parsimonious Goodness-of-Fit index (PGFI) -- The values of PGFI should be larger than 0.5.

(3) Akaike Informaiton Criterion (AIC) -- The values of AIC for the theoretical model less than that of independent model and saturated model are indicative of an acceptance of the model.

(4) Hoelter's Critical N (CN) -- The values larger than 200 are indicative of an acceptance of the model.

(5) Normed chi-square -- The values ranging from 1.0 to 5.0 are indicative of an acceptance of the model.

Fit of Internal Structure

For fit of internal structure, the following standards were used.

1. For the measurement model, the test of parameter estimates of observed variables should be significant. If they are significant, this means that they can effectively reflect latent variable.
2. Construct reliability was used to test the reliability of latent variable. Its value should be larger than 0.6. Average variances extracted were used to understand how much variance was not contributed to by the measurement error. Generally, the values should be larger than 0.5. The formula of construct reliability is the following:

$$\rho c = \frac{(\Sigma \lambda)^2}{[(\Sigma \lambda)^2 + \Sigma(\theta)]}$$

ρc = Construct reliability

λ = Standardized coefficients of observed variables that loads on the latent variable

θ = The measurement errors for the observed variables

The formula of average variance extracted is the following:

$$\rho_v = \frac{(\Sigma \lambda^2)}{[\Sigma \lambda^2 + \Sigma(\theta)]}$$

3. The test of the structural model included direction, magnitude, and R^2 of parameters. Parameter estimates should be significant. The direction must be corrective, and R^2 must have enough magnitude of explanation.

CHAPTER IV

RESULTS

In order to accomplish the main objectives of this study, the purpose of this chapter was to present the results of the statistical analysis that were conducted and divided into five sections: (a) descriptive statistics, (b) estimation method, (c) evaluation of confirmatory factor measurement sub-models, and (d) evaluation of the full SEM model.

With regard to the analysis of structural model, Anderson and Gerbing (1998) suggested two stage procedures to analyze the measurement and structural parameters. First of all, a confirmatory factor analysis was utilized to assess all latent constructs (experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty) in the model; the purpose of this procedure was to confirm that measured variables could best reflect the latent constructs in the model. Next, a full model, including the measurement sub-models and structural relationships, was estimated to assess the fit of the full model and the effects of parameters. In sum, two stage procedures is vital for examining the relationships of structural model; that is, any evaluation of the structural relationships would be problematic unless the measured variables that were used can truly reflect latent constructs and were trustworthy.

Descriptions of Subjects

A total of 527 valid questionnaires were collected to analyze the results of participants' demographic characteristics, which include: gender, age, level of education, occupation, marital status, and monthly income. The results of descriptive statistics accounted for participants' demographic characteristics were calculated and summarized

in Table (4.1, 4.2, 4.3, 4.4, 4.5, and 4.6).

1. Gender Description

The total number in the sample was composed of 527 respondents, males and females were accounted for 50.5% (n=266) and 49.5% (n=261) of total participants respectively. Table 4.1 illustrated the detailed information for the frequency and percentage distribution of the participants' gender.

Table 4.1

Frequency and Percentage Distribution of the Participants' Gender

Demographic	Frequency	Percentage
Gender (N=527)		
1) Male	266	50.5%
2) Female	261	49.5%

2. Age Description

Six different age groups were categorized in this study. 4.0% (n=21) of the participants' age were under 20 years old. The age group of 31-40 accounted for 34.7% (n=183) as the largest group. The second largest group 33.4% (n=176) was between 21-30 years old. The third large group of 41-50 years old accounted for 18.6% (n=98). Nearly, 7.0% (n=37) of the participants' age were 51-60 years old. The smallest group 2.3% (n=12) was 60 years old or above. Table 4.2 illustrated the detailed information for the frequency and percentage distribution of the participants among different age groups.

Table 4.2

Frequency and Percentage Distribution of the Participants' Age

Demographic	Frequency	Percentage
Age (N=527)		
1) Under 20	21	4.0%

Table 4.2

Continued

Demographic	Frequency	Percentage
2) 21-30	176	33.4%
3) 31-40	183	34.7%
4) 41-50	98	18.6%
5) 51-60	37	7.0%
6) 60 or above	12	2.3%

3. Education Level Description

In terms of participants' education level, 56.0% (n=295) of the participants had obtained a degree of university (college) education level and 27.9% (n=147) of the participants had a degree of senior high school. There were 11.0% (n=58) of the participants had a degree of graduate school or higher. The rest of the participants had received at least their diplomas from elementary school and junior high school. Table 4.3 illustrated the detailed information for the frequency and percentage distribution of the participants' education level.

Table 4.3

Frequency and Percentage Distribution of the Participants' Education Level

Demographic	Frequency	Percentage
Education Level (N=527)		
1) Elementary School	6	1.1%
2) Junior High School	21	4.0%
3) Senior High School	147	27.9%
4) University (Junior College)	295	56.0%
5) Graduate School or above	58	11.0%

4. Occupation Description

Of those 527 participants, the majority of their occupation (n=156, 29.6%) were service industry. 17.5% (n=92) of the participants worked at military or education. Nearly 12.7% (n=67) of the participants were student and about 11.2% (n=59) of the participants worked at free industry. 11.0% (n=58) of the participants worked at business service. 6.5% (n=34) of the participants were housekeeper while 5.9% (n=31) of the participants worked at Agriculture and Fishery. And 3.6% (n=19) of the participants were retiree or unemployment. Table 4.4 illustrated the detailed information for the frequency and percentage distribution of the participants' occupation.

Table 4.4

Frequency and Percentage Distribution of the Participants' Occupation

Demographic	Frequency	Percentage
Occupation (N=527)		
1) Student	67	12.7%
2) Business Service	58	11.0%
3) Service Industry	156	29.6%
4) Military/Education	92	17.5%
5) Agriculture/Fishery	31	5.9%
6) Housekeeper	34	6.5%
7) Free Industry	59	11.2%
8) Retiree/Unemployment	19	3.6%
9) Other	11	2.1%

5. Marital Status Description

Based on the findings of the study, 58.8% (n=310) of the participants were married while 41.2% (n=217) of the participant were single. Table 4.5 illustrated the detailed information for the participants' marital status.

Table 4.5

Frequency and Percentage Distribution of the Participants' Marital Status

Demographic	Frequency	Percentage
Marital Status (N=527)		
1) Married	310	58.8%
2) Single	217	41.2%

6. Monthly Income Description

Of 527 participants surveyed, nearly 8.9% (n=47) of the participants had no income. 32.1% (n=169) of the participants had income NTD 30,001-50,000 while 22.4% (n=118) of the participants had income NTD 10,001-30,000. About 21.3% (n=112) of the participants had income NTD 50,001-70,000. In addition, nearly 6.1% (n=32) of the participants had income NTD 70,001-90,000. Moreover, about 5.1% (n=27) of the participants had income NTD 10,000 or less. The remaining 4.2% (n=22) of the participants had income NTD 90,001 or above. Table 4.6 illustrated the detailed information for the participants' monthly income.

Table 4.6

Frequency and Percentage Distribution of the Participants' Monthly Income

Demographic	Frequency	Percentage
Monthly Household Income (N=527)		
1) No Income	47	8.9%
2) NTD 10,000 or less	27	5.1%
3) NTD 10,001-30,000	118	22.4%
4) NTD 30,001-50,000	169	32.1%
5) NTD 50,001-70,000	112	21.3%
6) NTD 70,001-90,000	32	6.1%
7) NTD 90,001 or above	22	4.2%

Note. 1 U. S. dollar = 31 NT dollars

Estimation Method

Screening of Raw Data for Experiential Marketing, Perceived Experiential Value, Guest Satisfaction, and Guest Loyalty

The examination of variables' skewness and kurtosis for experiential marketing, perceived experiential value, guest satisfaction and guest loyalty were performed to choose estimation method. The researcher must fully understand data characteristics prior to using LISREL statistical analysis; namely, it was important to confirm data if it conformed to the SEM (structural equation modeling) assumptions in order to avoid influencing model's estimation and examination.

LISREL 8.52 statistical software was utilized to perform scales' confirmatory procedure due to the use of SEM (structural equation modeling) techniques. Generally speaking, if absolute value of skewness in variables distribution is larger than 3, it is regarded as extreme biased skewness; similarly, if absolute value of kurtosis is larger than 10, it is regarded as problematic. And if absolute vale of kurtosis is larger than 20, it is extreme kurtosis (Kline, 1998). Table 4.7 indicated the value of skewness for experiential marketing model was between -1.11 and -0.47, and the value of kurtosis was between 0.58 and 2.24.

Table 4.7

The Overview Table of Skewness and kurtosis for Experiential Marketing Variable

Observed variables	Skewness	Kurtosis
Q1	-0.66	0.58
Q2	-0.97	1.11
Q3	-0.92	1.36
Q4	-1.07	1.65
Q5	-0.95	1.59
Q6	-0.91	1.31
Q7	-0.95	1.45

Table 4.7

Continued

Observed variables	Skewness	Kurtosis
Q8	-0.94	1.50
Q9	-0.93	1.98
Q10	-0.77	1.26
Q11	-0.93	1.26
Q12	-0.92	1.31
Q13	-1.02	1.74
Q14	-1.06	1.49
Q15	-0.98	1.80
Q16	-0.90	1.36
Q17	-0.75	1.05
Q18	-0.98	1.81
Q19	-0.72	1.27
Q20	-1.11	2.24
Q21	-0.63	0.94
Q22	-0.62	0.78
Q23	-0.55	0.73
Q24	-0.47	0.76

The following Table 4.8 indicated the value of skewness for perceived experiential value model was between -1.06 and -0.46, and the value of kurtosis was between 0.33 and 2.08.

Table 4.8

The Overview Table of Skewness and Kurtosis for Perceived Experiential Value Variable

Observed variable	Skewness	Kurtosis
Q1	-0.70	1.15
Q2	-0.78	1.51
Q3	-0.95	2.08
Q4	-0.95	1.59
Q5	-0.73	1.23
Q6	-0.72	1.17

Table 4.8

Continued

Observed variable	Skewness	Kurtosis
Q7	-0.88	1.34
Q8	-1.06	1.51
Q9	-0.93	1.85
Q10	-0.74	0.92
Q11	-0.57	0.33
Q12	-0.94	1.33
Q13	-0.77	1.01
Q14	-0.77	1.08
Q15	-0.92	1.44
Q16	-0.46	0.48
Q17	-0.53	0.69
Q18	-0.49	0.58
Q19	-0.59	0.81
Q20	-0.54	0.74

The following Table 4.9 indicated the value of skewness for guest satisfaction variable was between -1.24 and -0.85, and the value of kurtosis was between 1.53 and 2.39.

Table 4.9

The Overview Table of Skewness and Kurtosis for Guest Satisfaction Variable

Observed variable	Skewness	Kurtosis
Q1	-1.24	2.39
Q2	-0.91	1.81
Q3	-0.85	1.62
Q4	-0.90	1.70
Q5	-0.97	1.53

The following Table 4.10 indicated the value of skewness for guest loyalty variable was between -1.06 and -0.89, and the value of kurtosis was between and 1.57 and 2.31.

Table 4.10

The Overview Table of Skewness and Kurtosis for Guest Loyalty Variable

Observed variable	Skewness	Kurtosis
Q1	-0.90	1.68
Q2	-1.06	2.31
Q3	-0.89	1.62
Q4	-0.89	1.57
Q5	-0.99	1.84

Evaluation of Confirmatory Factor Measurement Sub-models

The confirmatory factor measurement sub-models were tested for the first stage in order to ensure and improve the validation of the measures. Four confirmatory factor measurement sub-models were: (a) second-order confirmatory factor analysis for the measurement model of experiential marketing, (b) second-order confirmatory factor analysis for the measurement model of perceived experiential value, (c) first-order confirmatory factor analysis for the measurement model of guest satisfaction, and (d) first-order confirmatory factor analysis for the measurement model of guest loyalty.

Three kinds of evaluations should be dealt with in order to verify validity of the measurement. The first evaluation involved screening of offending estimates. If there were any estimates that exceeded the theoretically limited values, it meant that estimation problems existed. In other words, the model estimation would be invalid. Thus, the other two evaluations should also be invalid. Once there were no offending estimates for the model estimation, the next step was to evaluate the overall fit of the model. Generally speaking, if the model passed the requirements of overall model fit, the model had overall validity and then the researcher could continue to assess the internal quality of the model. The detail discussion for the four confirmatory factor measurement model was presented as follows.

Evaluation of Confirmatory Factor Measurement Model for Experiential Marketing

Screening of Offending Estimates for Experiential Marketing

According to Hair, et al.'s viewpoint (1998), the most common examples of offending estimates were (a) negative error variance or non-significant error variances for any construct, (b) standardized coefficients exceeding or very close to 1.0, or (c) very large standard errors associated with any estimated coefficient.

Table 4.11 and Table 4.12 contained the LISREL estimates of the measurement model for experiential marketing. From Table 4.11 and Table 4.12, it can be seen that the standardized coefficient were between 0.33 and 0.95; these coefficients do not exceed the standard level of 0.95, which meant they were not very close to 1.0.

Table 4.11

Parameter Estimates of the Measurement Model for Experiential Marketing

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
λ_1	0.64	----	-----	0.79
λ_2	0.62	0.03	18.59*	0.77
λ_3	0.56	0.03	17.28*	0.73
λ_4	0.49	0.03	14.17*	0.61
λ_5	0.56	0.03	17.39*	0.73
λ_6	0.61	----	----	0.80
λ_7	0.62	0.03	20.82*	0.82
λ_8	0.64	0.03	20.93*	0.82
λ_9	0.55	0.03	19.10*	0.77
λ_{10}	0.47	0.03	15.90*	0.66
λ_{11}	0.52	----	----	0.70
λ_{12}	0.61	0.04	16.14*	0.77
λ_{13}	0.55	0.03	16.00*	0.76
λ_{14}	0.54	0.04	14.55*	0.69
λ_{15}	0.54	----	---	0.73
λ_{16}	0.52	0.03	15.76*	0.71
λ_{17}	0.54	0.03	16.28*	0.73
λ_{18}	0.54	0.04	15.46*	0.70
λ_{19}	0.53	0.03	16.24*	0.73

Table 4.11

Continued

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
λ_{20}	0.54	----	----	0.70
λ_{21}	0.60	0.04	16.90*	0.81
λ_{22}	0.63	0.04	16.61*	0.79
λ_{23}	0.58	0.03	16.71*	0.80
λ_{24}	0.54	0.03	15.97*	0.76
γ_1	0.90	0.05	18.53*	0.90
γ_2	0.89	0.05	18.93*	0.89
γ_3	0.92	0.06	16.40*	0.92
γ_4	0.95	0.05	17.83*	0.95
γ_5	0.80	0.05	14.79*	0.80

*p<.05

--- : Unlisted standard error is reference indicator

From the Table 4.11 and Table 4.12, it can be seen that the values of standard errors of the measured variables were between 0.01 and 0.06, which meant that the standard errors were not very large as well as had no negative variance errors. These results indicated that there were no offending estimates, and hence the researcher could move forward to the evaluation of the overall model fit.

Table 4.12

Error Estimates of the Measurement Model for Experiential Marketing

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
ε_1	0.25	0.02	13.02*	0.38
ε_2	0.26	0.02	13.36*	0.40
ε_3	0.28	0.02	14.07*	0.47
ε_4	0.41	0.03	15.08*	0.63
ε_5	0.27	0.02	14.02*	0.47
ε_6	0.21	0.02	13.44*	0.36
ε_7	0.19	0.01	13.04*	0.33
ε_8	0.20	0.02	12.97*	0.33
ε_9	0.22	0.02	14.02*	0.41
ε_{10}	0.29	0.02	15.02*	0.56
ε_{11}	0.28	0.02	14.16*	0.51
ε_{12}	0.25	0.02	13.03*	0.41

Table 4.12

Continued

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
ε_{13}	0.22	0.02	13.19*	0.42
ε_{14}	0.32	0.02	14.29*	0.52
ε_{15}	0.26	0.02	14.23*	0.47
ε_{16}	0.26	0.02	14.43*	0.49
ε_{17}	0.25	0.02	14.17*	0.46
ε_{18}	0.31	0.02	14.56*	0.51
ε_{19}	0.25	0.02	14.19*	0.46
ε_{20}	0.32	0.02	14.52*	0.52
ε_{21}	0.19	0.01	12.76*	0.35
ε_{22}	0.23	0.02	13.12*	0.37
ε_{23}	0.19	0.01	13.01*	0.36
ε_{24}	0.21	0.02	13.73*	0.42

*$p<.05$

Assessment of the Overall Fit for Experiential Marketing

LISREL 8.52 was used for the estimation of the measurement model for experiential marketing. The overall fit measures were presented in Table 4.13 and a path diagram with standardized parameter estimates was presented in Figure 4.1.

For the absolute fit measures, Table 4.13 showed the chi-square (χ^2 = 923.58, P=0.00) was statistical significance, which was indication of an unacceptable fit for this model. In other words, chi-square reached statistical significance due to influence of large sample size. Thus, it was important to refer to other indicators. The GFI value was 0.87, which was less than the recommended level of 0.90, which was indication of an unacceptable fit for this model. The SRMR value was 0.049, which was less than the recommended value of 0.05, which was indication of an acceptable fit for this model. The RMSEA value was 0.074 which was indication of a fair fit for this model.

For the incremental fit measures, the AGFI value was 0.84, which was less than the recommended level of 0.90, was indication of an unacceptable for this model. The NNFI value was 0.98, which was larger than the recommended level of 0.90, which was

indication of a good fit for this model. The CFI value was 0.98, which was larger than the recommended level of 0.90, which was indication of a good fit for this model.

For the parsimonious fit measures, the PNFI value was 0.87, which was larger than the recommended level of 0.50. The PGFI value was 0.72, which was larger than the recommended level of 0.50. The CN value was 172.78, which was less than the recommended value of 200 as well as was indication of a bad fit for this model.

Table 4.13
Overall Fit Measures of the Measurement Model for Experiential Marketing

Fit Indices of the Measurement Model	Statistic
Absolute fit measures	
(1) Chi-Square (χ^2)	923.58 (P=0.00)
(2) Goodness of Fit Index (GFI)	0.87
(3) Standardized Root Mean Square Residual (SRMR)	0.049
(4) Root Mean Square Error of Approximation (RMSEA)	0.074
Incremental fit measures	
(1) Adjusted Goodness of Fit Index (AGFI)	0.84
(2) Non-Normed Fit Index (NNFI)	0.98
(3) Comparative Fit Index (CFI)	0.98
Parsimonious fit measures	
(1) Parsimony Normed Fit Index (PNFI)	0.87
(2) Parsimony Goodness of Fit Index (PGFI)	0.72
(3) Critical N (CN)	172.78

From Table 4.13 overall fit measures, it indicated that majority of overall fit indices were not satisfactory and this model had to be modified. LISREL 8.52 was used for the estimation of the measurement model for experiential marketing. The following Figure 4.1 illustrated a path diagram with standardized parameter estimates.

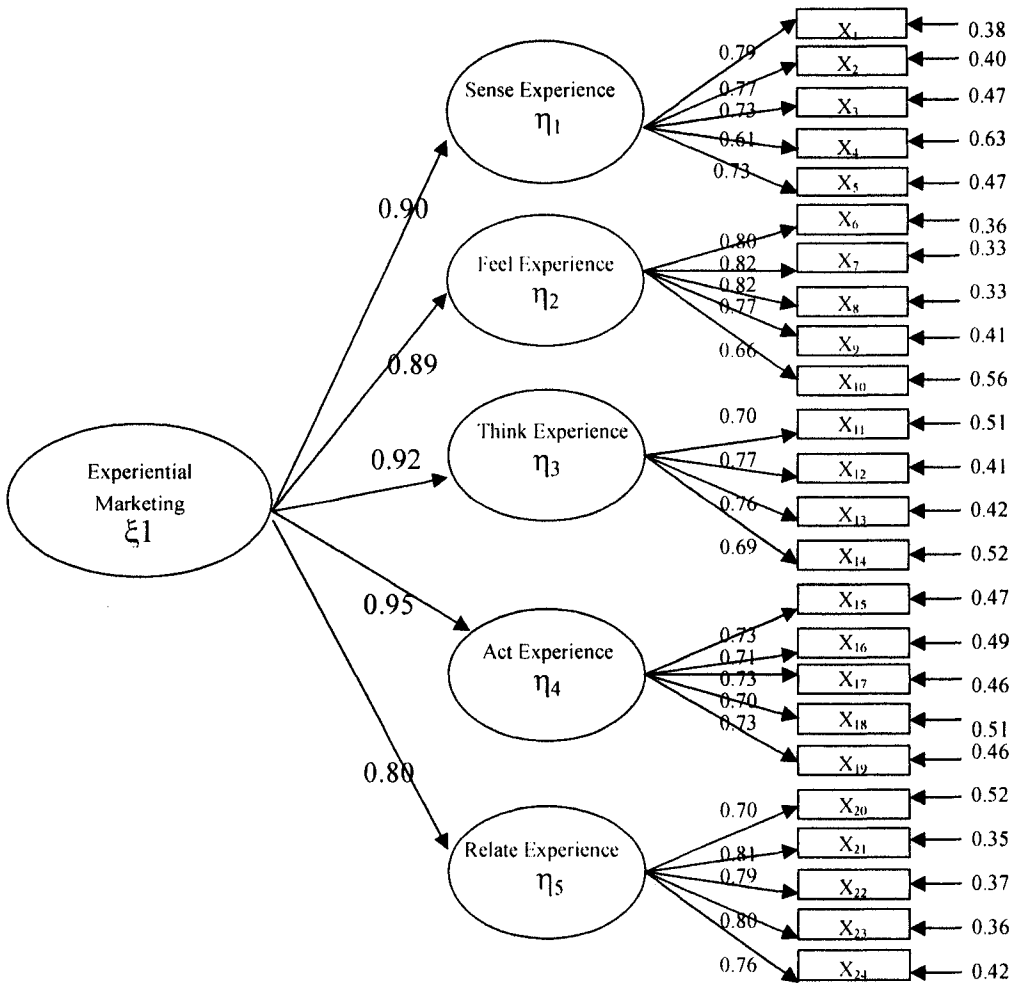

Figure 4.1 Standardized parameters of the measurement model for experiential marketing.

Model Modification for Experiential Marketing

According to Kenny's (1979) principle of observed variables for structural equation modeling (SEM), he indicated that two indicators were fair, three indicators were good, four indicators were better, and more were unnecessary. Thus, the method of variable deletion was utilized to enhance the validity for hypothesized model in this study. Some of the scholars suggested that a latent variable should not be reflected by more than six observed variables (Chiou, 2003; Marsh, 1998; Kline, 1998); for this reason, researcher decided to keep three to five observed variables in each dimension.

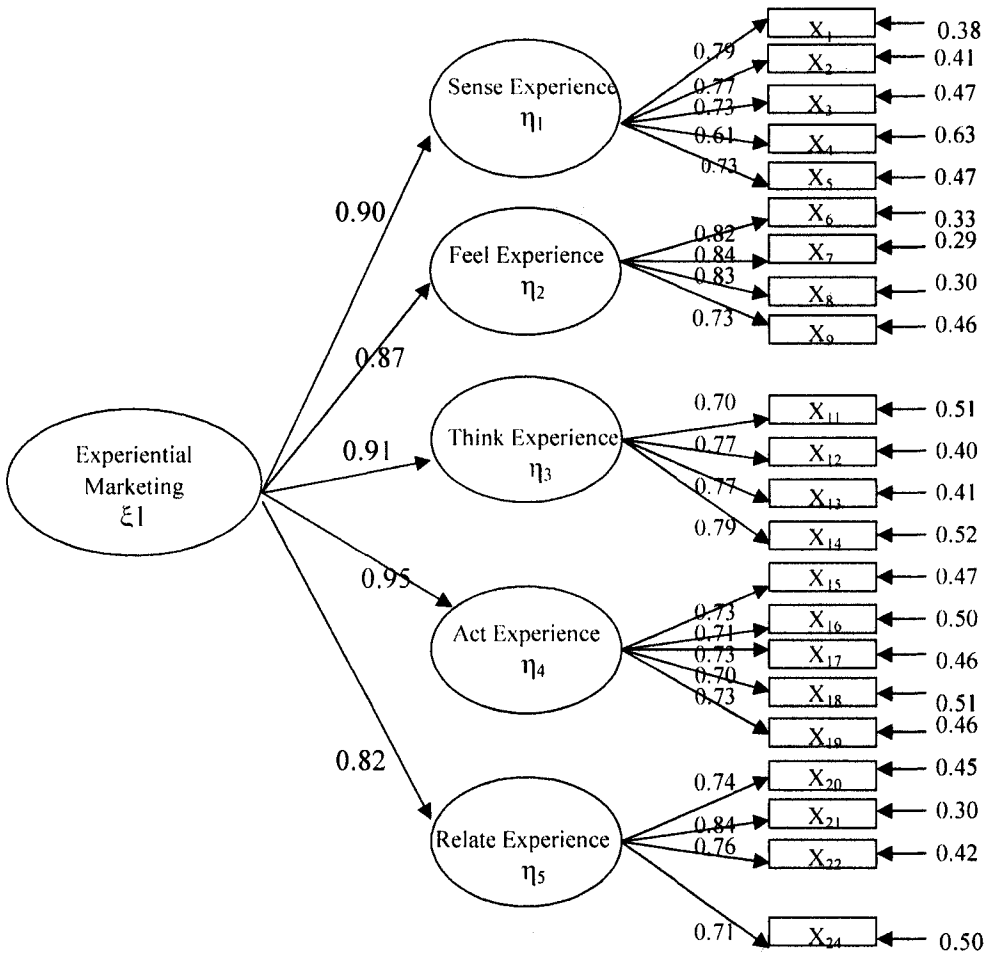

Figure 4.2 Standardized parameters of the measurement model modification for experiential marketing.

According to deletion principle by Bentler & Wu (1993) and Jöreskog & Sörbom (1993), they suggested that variables can be deleted while factor loading is less than 0.45. However, factor loading of hypothesized model in this study were larger than 0.45 and therefore can be deleted by modification index (MI). Items were least contribution for goodness of fit can be deleted if between-items modification index were very large in the same construct.

As structural equation modeling was a technique for overall information estimate, deleting each scale's items may result in other items change. Hence, the process of item deletion was to delete one item at a time and then delete next item based on the change of

overall condition. For this reason, researcher decided to delete items with the principle of modification index (MI). First, the value of 64.01 for modification index of the measurement errors between Q9 and Q10 was found from LISREL program, and hence researcher deleted Q10 for indicator improvement. After deleting Q10, researcher re-operated LISREL program and found the measurement errors' MI between Q23 and Q24 was the value of 56.94, and decided to delete Q23 after evaluation. Overall fit measures of the measurement model and standardized parameters of the measurement model were presented in Table 4.14 and Figure 4.2 after operating LISREL software analysis.

Table 4.14

Overall Fit Measures of the Measurement Model Modification for Experiential Marketing

Fit Indices of the Measurement Model	Statistic
Absolute fit measures	
(1) Chi-Square (χ^2)	629.27 (P=0.00)
(2) Goodness of Fit Index (GFI)	0.90
(3) Standardized Root Mean Square Residual (SRMR)	0.043
(4) Root Mean Square Error of Approximation (RMSEA)	0.062
Incremental fit measures	
(1) Adjusted Goodness of Fit Index (AGFI)	0.88
(2) Non-Normed Fit Index (NNFI)	0.98
(3) Comparative Fit Index (CFI)	0.98
Parsimonious fit measures	
(1) Parsimony Normed Fit Index (PNFI)	0.86
(2) Parsimony Goodness of Fit Index (PGFI)	0.73
(3) Critical N (CN)	213.24

For the absolute fit measures, after model modification, Table 4.14 showed the chi-square (χ^2 = 629.27, P=0.00) was statistical significance, which was indication of an unacceptable fit for this model. The GFI value was 0.90, which reached recommended

level of 0.90, which was indication of an acceptable fit for this model. The SRMR value was 0.043, which was less than the recommended value of 0.05, which was indication of an acceptable fit for this model. The RMSEA value was 0.062 which was indication of a fair fit for this model.

For the incremental fit measures, the NNFI value was 0.98, which was larger than the recommended level of 0.90, which was indication of a good fit for this model. The CFI value was 0.98, which was larger than the recommended level of 0.90, which was indication of a good fit for this model.

For the parsimonious fit measures, the PNFI value was 0.86, which was larger than the recommended level of 0.50. The PGFI value was 0.73, which was larger than the recommended level of 0.50. The CN value was 213.24, which was larger than the recommended value of 200 as well as was indication of a good fit for this model.

In summary, most of the overall fit measures indicated a good fit for this modified model, and thus the measurement model of experiential marketing was acceptable and had overall validity.

Assessment of Internal Overall Fit for Experiential Marketing

When model passed the examination of external quality, study could move forward to internal overall fit measures, including reliability, convergent validity, and discriminant validity.

Reliability

The following Table 4.15 showed construct reliability and average variance extracted for individual measured variables and latent variables for sense experience, feel experience, think experience, act experience, and relate experience. The values of R^2 for twenty-two indicators ranged from 0.37 to 0.71, and all values of R^2 were larger than the recommended level of 0.20 (Bentler & Wu, 1993; Jöreskog & Sörbom, 1989). For sense

experience, feel experience, think experience, act experience, and relate experience, all constructs reliability ranged from 0.82 to 0.89, and that all values were larger than the recommended level of 0.6. Moreover, the value of 0.95 for the construct reliability of experiential marketing was also reached the recommended level of 0.6. In sum, these five constructs had a considerable reliability.

Table 4.15

Construct reliability and average variance extracted for Individual Measured Variables and Constructs of Experiential Marketing

Variables	R^2	First-order construct reliability	Second-order construct reliability	First-order average variance extracted	Second-order average variance extracted
Experiential marketing			0.95		0.87
Sense experience		0.85		0.53	
Q1	0.62				
Q2	0.59				
Q3	0.53				
Q4	0.37				
Q5	0.53				
Feel experience		0.89		0.66	
Q6	0.67				
Q7	0.71				
Q8	0.70				
Q9	0.54				
Think experience		0.82		0.54	
Q11	0.49				
Q12	0.60				
Q13	0.59				
Q14	0.48				
Act experience		0.84		0.52	
Q15	0.53				
Q16	0.50				
Q17	0.54				
Q18	0.49				
Q19	0.54				
Relate experience		0.83		0.58	
Q20	0.55				
Q21	0.70				
Q22	0.58				
Q24	0.50				

Convergent validity

From the following Table 4.16, it indicated that the validity of individual measured variables was assessed to ensure that they could truly reflect the latent constructs. Table 4.16 showed that the loadings of all indicators were between 0.61 and 0.95, which meant all observed variables were significant (at $p<0.05$) and reached the recommended threshold of 0.45 (Bentler & Wu, 1993; Jöreskog & Sörbom, 1989). In other words, most of the observed variables were capable of reflecting the indicators of all constructs. This provided valid evidence in favor of these twenty-two indicators used to represent the constructs of sense experience, feel experience, think experience, act experience, and relate experience; namely, all indicators could validly reflect five constructs. From Table 4.15, it indicated that the value of first-order average variance extracted for these five constructs ranged from 0.52 to 0.66, and that all values reached the recommended threshold of 0.5. And the value of second-order average variance extracted for the latent variable of experiential marketing was 0.87, which was larger than the recommended threshold of 0.5.

Table 4.16

Parameter Estimates of the Measurement Model Modification for Experiential Marketing

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
λ_1	0.64	---	---	0.79
λ_2	0.62	0.03	18.55*	0.77
λ_3	0.56	0.03	17.30*	0.73
λ_4	0.49	0.03	14.15*	0.61
λ_5	0.56	0.03	17.37*	0.73
λ_6	0.62	---	---	0.82
λ_7	0.64	0.03	22.19*	0.84
λ_8	0.65	0.03	21.85*	0.83
λ_9	0.53	0.03	18.37*	0.73
λ_{11}	0.52	---	---	0.70
λ_{12}	0.61	0.04	16.05*	0.77

Table 4.16

Continued

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
λ_{13}	0.56	0.03	15.92*	0.77
λ_{14}	0.54	0.04	14.48*	0.79
λ_{15}	0.54	---	---	0.73
λ_{16}	0.52	0.03	15.71*	0.71
λ_{17}	0.54	0.03	16.27*	0.73
λ_{18}	0.54	0.03	15.47*	0.70
λ_{19}	0.53	0.03	16.31*	0.73
λ_{20}	0.58	---	---	0.74
λ_{21}	0.62	0.03	18.45*	0.84
λ_{22}	0.60	0.04	16.89*	0.76
λ_{24}	0.50	0.03	15.60*	0.71
γ_1	0.90	0.05	18.48*	0.90
γ_2	0.87	0.05	18.75*	0.87
γ_3	0.91	0.06	16.26*	0.91
γ_4	0.95	0.05	17.84*	0.95
γ_5	0.82	0.05	15.75*	0.82

*$p<.05$

--- : Unlisted standard error is reference indicator

Discriminant validity

This model was second-order one-way factorial model and had only one factor in terms of second-order. And therefore there was no problem with discriminant validity.

Evaluation of Confirmatory Factor Measurement Model for Perceived Experiential Value

Screening of Offending Estimates for Perceived Experiential Value

Table 4.17 and Table 4.18 contained the LISREL estimates of the measurement model for perceived experiential value. From Table 4.17 and Table 18, it can be seen that the standardized coefficient were between 0.21 and 0.89; these coefficients do not exceed the standard level of 0.95, which meant they were not very close to 1.0.

Table 4.17

Parameter Estimates of the Measurement Model for Perceived Experiential Value

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
λ_1	0.60	----	----	0.81
λ_2	0.58	0.03	19.83*	0.79
λ_3	0.58	0.03	20.40*	0.80
λ_4	0.57	0.03	18.04*	0.73
λ_5	0.54	0.03	18.18*	0.74
λ_6	0.51	----	----	0.68
λ_7	0.60	0.04	15.35*	0.75
λ_8	0.58	0.04	15.23*	0.74
λ_9	0.55	0.03	15.90*	0.78
λ_{10}	0.57	0.04	15.23*	0.74
λ_{11}	0.45	0.04	12.97*	0.62
λ_{12}	0.63	----	----	0.81
λ_{13}	0.65	0.03	20.41*	0.80
λ_{14}	0.73	0.03	23.76*	0.89
λ_{15}	0.69	0.03	22.77*	0.86
λ_{16}	0.55	----	----	0.76
λ_{17}	0.55	0.03	17.58*	0.76
λ_{18}	0.60	0.03	18.76*	0.81
λ_{19}	0.55	0.03	18.01*	0.78
λ_{20}	0.57	0.03	17.65*	0.77
γ_1	0.81	0.05	16.64*	0.81
γ_2	0.88	0.06	14.97*	0.88
γ_3	0.72	0.05	14.68*	0.72
γ_4	0.75	0.05	14.46*	0.75

*$p<.05$

--- : Unlisted standard error is reference indicator

From the Table 4.17 and Table 4.18, it can be seen that the values of standard errors of the measured variables were between 0.01 and 0.06, which meant that the standard errors were not very large as well as had no negative variance errors. These results indicated that there were no offending estimates, and hence the researcher could move forward to the evaluation of the overall model fit.

Table 4.18

Error Estimates of the Measurement Model for Perceived Experiential Value

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
ε_1	0.18	0.01	12.56*	0.34
ε_2	0.21	0.02	13.18*	0.38
ε_3	0.18	0.01	12.78*	0.35
ε_4	0.28	0.02	14.08*	0.47
ε_5	0.25	0.02	14.03*	0.46
ε_6	0.29	0.02	14.49*	0.53
ε_7	0.28	0.02	13.66*	0.44
ε_8	0.27	0.02	13.77*	0.45
ε_9	0.20	0.01	13.10*	0.39
ε_{10}	0.26	0.02	13.77*	0.45
ε_{11}	0.33	0.02	14.97*	0.61
ε_{12}	0.21	0.02	13.42*	0.35
ε_{13}	0.24	0.02	13.62*	0.36
ε_{14}	0.13	0.01	10.20*	0.21
ε_{15}	0.16	0.01	11.72*	0.26
ε_{16}	0.22	0.02	13.54*	0.42
ε_{17}	0.22	0.02	13.50*	0.42
ε_{18}	0.19	0.02	12.49*	0.34
ε_{19}	0.20	0.01	13.18*	0.39
ε_{20}	0.23	0.02	13.45*	0.41

*p<.05

Assessment of the Overall Fit for Perceived Experiential Value

LISREL 8.52 was used for the estimation of the measurement model for perceived experiential value. The overall fit measures were presented in Table 4.19 and a path diagram with standardized parameter estimates was presented in Fig. 4.3.

Table 4.19

Overall Fit Measures of the Measurement Model for Perceived Experiential Value

Fit Indices of the Measurement Model	Statistic
Absolute fit measures	
(1) Chi-Square (χ^2)	975.42 (P=0.00)
(2) Goodness of Fit Index (GFI)	0.84
(3) Standardized Root Mean Square Residual (SRMR)	0.049

Table 4.19

Continued

Fit Indices of the Measurement Model	Statistic
(4) Root Mean Square Error of Approximation (RMSEA)	0.097
Incremental fit measures	
(1) Adjusted Goodness of Fit Index (AGFI)	0.80
(2) Non-Normed Fit Index (NNFI)	0.95
(3) Comparative Fit Index (CFI)	0.96
Parsimonious fit measures	
(1) Parsimony Normed Fit Index (PNFI)	0.83
(2) Parsimony Goodness of Fit Index (PGFI)	0.67
(3) Critical N (CN)	114.95

For the absolute fit measures, Table 4.19 showed the chi-square (χ^2 = 975.42, P=0.00) was statistical significance, which was indication of an unacceptable fit for this model. The GFI value was 0.84, which was less than the recommended level of 0.90, which was indication of an unacceptable fit for this model. The SRMR value was 0.049, which was less than the recommended value of 0.05, which was indication of an acceptable fit for this model. The RMSEA value was 0.097 which was indication of a fair fit for this model.

For the incremental fit measures, the AGFI value was 0.80, which was less than the recommended level of 0.90, was indication of an unacceptable for this model. The NNFI value was 0.95, which was larger than the recommended level of 0.90, which was indication of a good fit for this model. The CFI value was 0.96, which was larger than the recommended level of 0.90, which was indication of a good fit for this model.

For the parsimonious fit measures, the PNFI value was 0.83, which was larger than the recommended level of 0.50. The PGFI value was 0.67, which was larger than the recommended level of 0.50. The CN value was 114.95, which was less than the recommended value of 200 as well as was indication of a bad fit for this model.

From Table 4.19 overall fit measures, it indicated that this model had to be modified

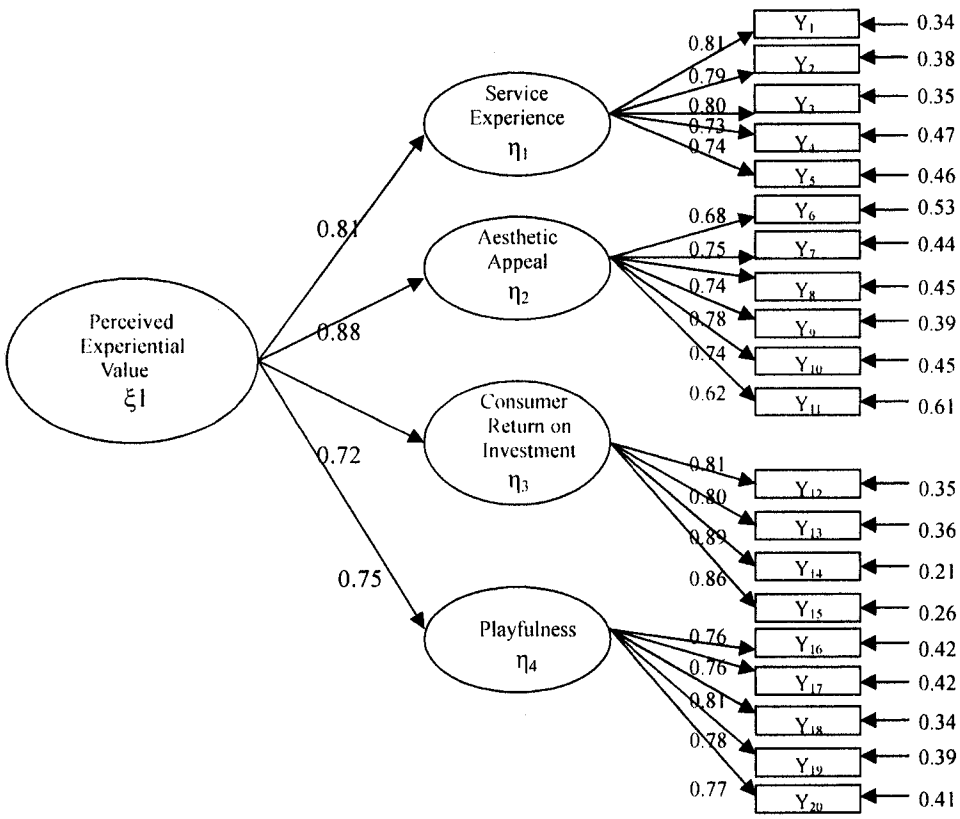

Figure 4.3 Standardized parameters of the measurement model for perceived experiential value.

Model Modification for Perceived Experiential Value

According to deletion principle by Bentler & Wu (1993) and Jöreskog & Sörbom (1993), they suggested that variables can be deleted while factor loading is less than 0.45. However, factor loading of hypothesized model in this study were larger than 0.45 and therefore can be deleted by modification index (MI). Items were least contribution for goodness of fit can be deleted if between-items modification index were very large in the same construct.

As structural equation modeling was a technique for overall information estimate, deleting each scale's items may result in other items change. Hence, the process of item

deletion was to delete one item at a time and then delete next item based on the condition of overall change. For this reason, researcher decided to delete items with the principle of modification index (MI). After deleting Q1, Q6, Q12 and Q16, researcher reoperated LISREL program and obtained Table 4.20 and Figure 4.4 for overall fit measures of the measurement model and standardized parameters of the measurement model.

Table 4.20

Overall Fit Measures of the Measurement Model Modification for Perceived Experiential Value

Fit Indices of the Measurement Model	Statistic
Absolute fit measures	
(1) Chi-Square (χ^2)	311.24 (P=0.00)
(2) Goodness of Fit Index (GFI)	0.93
(3) Standardized Root Mean Square Residual (SRMR)	0.045
(4) Root Mean Square Error of Approximation (RMSEA)	0.063
Incremental fit measures	
(1) Adjusted Goodness of Fit Index (AGFI)	0.91
(2) Non-Normed Fit Index (NNFI)	0.98
(3) Comparative Fit Index (CFI)	0.98
Parsimonious fit measures	
(1) Parsimony Normed Fit Index (PNFI)	0.81
(2) Parsimony Goodness of Fit Index (PGFI)	0.68
(3) Critical N (CN)	224.64

For the absolute fit measures, after model modification, Table 4.20 showed the chi-square (χ^2 = 311.24, P=0.00) was statistical significance, which was an indication of unacceptable fit for this model. The GFI value was 0.93, which reached recommended level of 0.90, which was indication of an acceptable fit for this model. The SRMR value was 0.045, which was less than the recommended value of 0.05, which was indication of an acceptable fit for this model. The RMSEA value was 0.063 which was indication of a

fair fit for this model.

For the incremental fit measures, the NNFI value was 0.98, which was larger than the recommended level of 0.90, which was indication of a good fit for this model. The CFI value was 0.98, which was larger than the recommended level of 0.90, which was indication of a good fit for this model.

For the parsimonious fit measures, the PNFI value was 0.81, which was larger than the recommended level of 0.50. The PGFI value was 0.68, which was larger than the recommended level of 0.50. The CN value was 224.64, which was larger than the recommended value of 200 as well as was indication of a good fit for this model.

In summary, most of the overall fit measures indicated a good fit for this modified model, and thus the measurement model of perceived experiential value was acceptable and had overall validity.

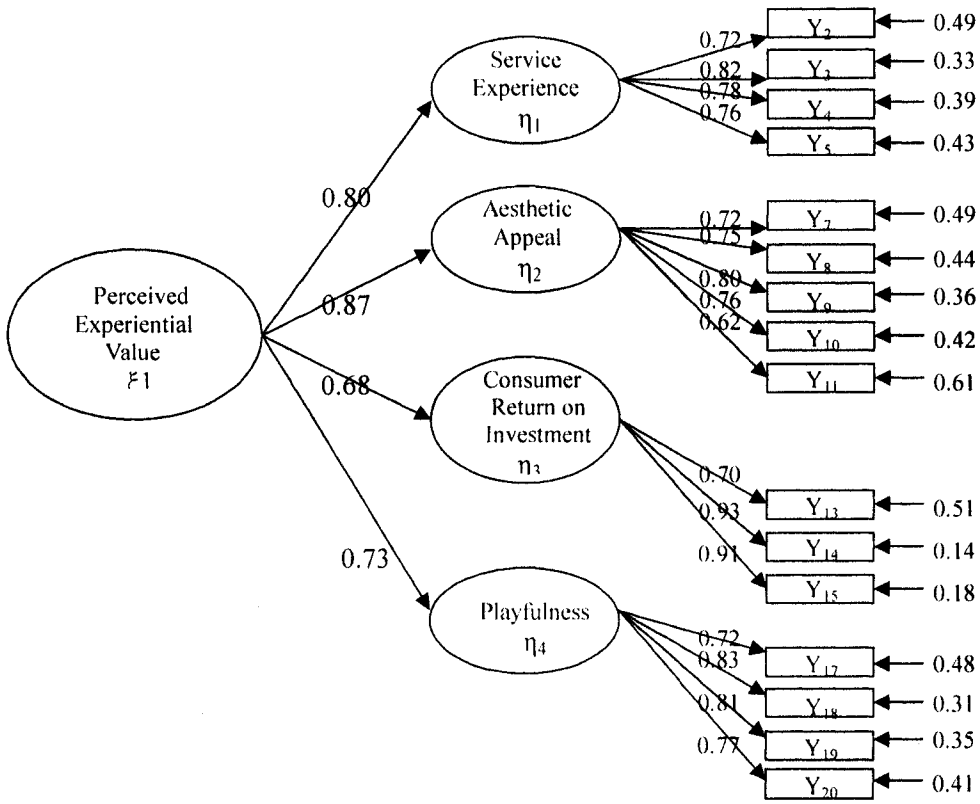

Figure 4.4 Standardized parameters of the measurement mode modification for perceived experiential value

Assessment of Internal Overall Fit for Perceived Experiential Value

When model passed the examination of external quality, study could move forward to internal overall fit measures, including reliability, convergent validity, and discriminant validity.

Reliability

From Table 4.21, it showed construct reliability and average variance extracted for individual measured variables and latent variables for service experience, aesthetic appeal, consumer return on investment, and playfulness. The values of R^2 for sixteen indicators ranged from 0.39 to 0.86, and all values of R^2 were larger than the recommended level of 0.20 (Bentler & Wu, 1993; Jöreskog & Sörbom, 1989). For service experience, aesthetic appeal, consumer return on investment, and playfulness, all constructs reliability ranged from 0.85 to 0.92, and that all values were larger than the recommended level of 0.6. Moreover, the value of 0.86 for the construct reliability of perceived experiential value was also reached the recommended level of 0.6. In sum, these four constructs had a considerable reliability.

Table 4.21

Construct reliability and average variance extracted for Individual Measured Variables and Constructs of Perceived Experiential Value

Variables	R^2	First-order construct reliability	Second-order construct reliability	First-order average variance extracted	Second-order average variance extracted
Perceived experiential value			0.86		0.88
Service experience		0.85		0.59	
Q2	0.51				
Q3	0.67				
Q4	0.61				
Q5	0.57				

Table 4.21

Continued

Variables	R^2	First-order construct reliability	Second-order construct reliability	First-order average variance extracted	Second-order average variance extracted
Aesthetic appeal		0.85		0.54	
Q7	0.51				
Q8	0.56				
Q9	0.64				
Q10	0.58				
Q11	0.39				
Consumer return on investment		0.89		0.72	
Q13	0.49				
Q14	0.86				
Q15	0.82				
Playfulness		0.92		0.61	
Q17	0.52				
Q18	0.69				
Q19	0.65				
Q20	0.59				

Convergent validity

From the following Table 4.22, it indicated that the validity of individual measured variables was assessed to ensure that they could truly reflect the latent constructs. Table 4.22 showed that the loadings of all indicators were between 0.62 and 0.93, which meant all observed variables were significant (at $p<0.05$) and reached the recommended threshold of 0.45 (Bentler & Wu, 1993; Jöreskog & Sörbom, 1989). In other words, most of the observed variables were capable of reflecting the indicators of all constructs. This provided valid evidence in favor of these sixteen indicators used to represent the constructs of service experience, aesthetic appeal, consumer return on investment, and playfulness; namely, all indicators could validly reflect four constructs. From Table 4.21, it indicated that the values of first-order average variance extracted for these four constructs ranged from 0.54 to 0.72, and that all values reached the

recommended threshold of 0.5. And the value of second-order average variance extracted for the latent variable of perceived experiential value was 0.88, which was larger than the recommended threshold of 0.5. In sum, this model had convergent validity.

Table 4.22

Parameter Estimates of the Measurement Model Modification for Perceived Experiential Value

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
λ_2	0.53		---	0.72
λ_3	0.59	0.03	17.13*	0.82
λ_4	0.61	0.04	16.46*	0.78
λ_5	0.55	0.03	15.95*	0.76
λ_7	0.57		---	0.72
λ_8	0.59	0.04	15.95*	0.75
λ_9	0.57	0.03	16.91*	0.80
λ_{10}	0.58	0.04	16.21*	0.76
λ_{11}	0.46	0.03	13.33*	0.62
λ_{13}	0.57		---	0.70
λ_{14}	0.75	0.04	19.49*	0.93
λ_{15}	0.72	0.04	19.31*	0.91
λ_{17}	0.52		---	0.72
λ_{18}	0.62	0.04	17.56*	0.83
λ_{19}	0.57	0.03	17.16*	0.81
λ_{20}	0.57	0.03	16.48*	0.77
γ_1	0.80	0.06	14.28*	0.80
γ_2	0.87	0.06	15.32*	0.87
γ_3	0.68	0.05	12.69*	0.68
γ_4	0.73	0.05	13.38*	0.73

*$p<.05$

--- : Unlisted standard error is reference indicator

Discriminant validity

This model was second-order one-way factorial model and had only one factor in terms of second-order. And therefore there was no problem with discriminant validity.

Evaluation of Confirmatory Factor Measurement Model for Guest Satisfaction

Screening of Offending Estimates for Guest Satisfaction

Table 4.23 and Table 4.24 contained the LISREL estimates of the measurement model for guest satisfaction. From Table 4.23 and Table 4.24, it can be seen that the standardized coefficient were between 0.36 and 0.80; these coefficients do not exceed the standard level of 0.95, which meant they were not very close to 1.0.

Table 4.23

Parameter Estimates of the Measurement Model for Guest Satisfaction

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
λ_1	0.56	0.03	21.08*	0.80
λ_2	0.55	0.03	20.22*	0.78
λ_3	0.54	0.03	18.73*	0.73
λ_4	0.54	0.03	20.71*	0.79
λ_5	0.60	0.03	20.42*	0.78

*$p<.05$

From Table 4.23 and Table 4.24, it can be seen that the values of standard errors of the measured variables were between 0.01 and 0.03, which meant that the standard errors were not very large as well as had no negative variance errors. These results indicated that there were no offending estimates, and hence the researcher could move forward to the evaluation of the overall model fit.

Table 4.24

Error Estimates of the Measurement Model for Guest Satisfaction

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
ε_1	0.17	0.01	12.38*	0.36
ε_2	0.20	0.02	12.93*	0.40
ε_3	0.25	0.02	13.68*	0.46
ε_4	0.18	0.01	12.63*	0.38
ε_5	0.23	0.02	12.81*	0.39

*$p<.05$

Assessment of the Overall Fit for Guest Satisfaction

LISREL 8.52 was used for the estimation of the measurement model for perceived experiential value. The overall fit measures were presented in Table 4.25 and a path diagram with standardized parameter estimates was presented in Figure 4.5.

Table 4.25

Overall Fit Measures of the Measurement Model for Guest Satisfaction

Fit Indices of the Measurement Model	Statistic
Absolute fit measures	
(1) Chi-Square (χ^2)	66.89 (P=0.00)
(2) Goodness of Fit Index (GFI)	0.95
(3) Standardized Root Mean Square Residual (SRMR)	0.037
(4) Root Mean Square Error of Approximation (RMSEA)	0.015
Incremental fit measures	
(1) Adjusted Goodness of Fit Index (AGFI)	0.86
(2) Non-Normed Fit Index (NNFI)	0.94
(3) Comparative Fit Index (CFI)	0.97
Parsimonious fit measures	
(1) Parsimony Normed Fit Index (PNFI)	0.68
(2) Parsimony Goodness of Fit Index (PGFI)	0.52
(3) Critical N (CN)	219.65

For the absolute fit measures, Table 4.25 showed the chi-square (χ^2 = 66.89, P=0.00) was statistical significance, which was an indication of unacceptable fit for this model. The GFI value was 0.95, which was larger than the recommended level of 0.90, which was indication of an acceptable fit for this model. The SRMR value was 0.037, which was less than the recommended value of 0.05, which was indication of an acceptable fit for this model. The RMSEA value was 0.015 which was indication of a good fit for this model.

For the incremental fit measures, the NNFI value was 0.94, which was larger than the recommended level of 0.90, which was indication of a good fit for this model. The CFI value was 0.97, which was larger than the recommended level of 0.90, which was

indication of a good fit for this model.

For the parsimonious fit measures, the PNFI value was 0.68, which was larger than the recommended level of 0.50. The PGFI value was 0.52, which was larger than the recommended level of 0.50. The CN value was 219.65, which was larger than the recommended value of 200 as well as was indication of a good fit for this model.

In summary, most of the overall fit measures indicated a good fit for this model, and thus the measurement model of guest satisfaction was acceptable and had overall validity.

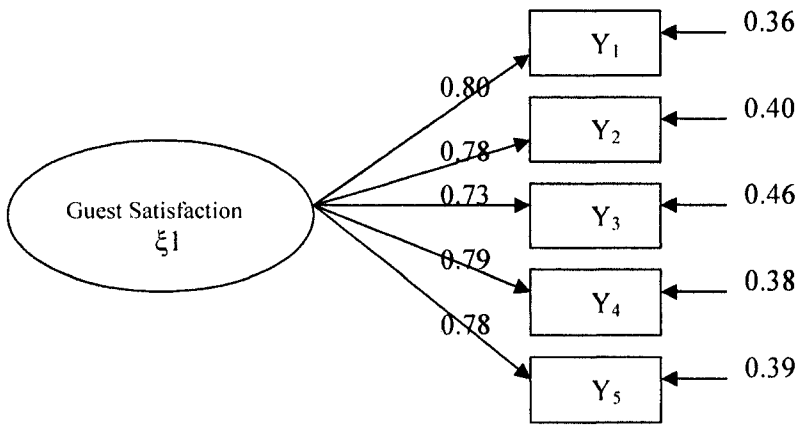

Figure 4.5 Standardized parameters of the measurement mode for guest satisfaction.

Assessment of Internal Overall Fit for Guest Satisfaction

When model passed the examination of external quality, study could move forward to internal overall fit measures, including reliability, convergent validity, and discriminant validity.

Reliability

Table 4.26 showed construct reliability and average variance extracted for individual measured variables and latent variables for guest satisfaction. The values of R^2 for five indicators ranged from 0.54 to 0.64, and all values of R^2 were larger than the

recommended level of 0.20 (Bentler & Wu, 1993; Jöreskog & Sörbom, 1989). The value of 0.88 for the first-order construct reliability of guest satisfaction was also reached the recommended level of 0.6. In sum, this constructs had a considerable reliability.

Table 4.26

Construct Reliability and Average Variance Extracted for Individual Measured Variables and Construct of Guest Satisfaction

Variables	R^2	First-order construct reliability	First-order average variance extracted
Guest satisfaction		0.88	0.60
Q1	0.64		
Q2	0.60		
Q3	0.54		
Q4	0.62		
Q5	0.61		

Convergent validity

From Table 4.23, it indicated that the validity of individual measured variables was assessed to ensure that they could truly reflect the latent constructs. Table 4.23 showed that the loadings of all indicators were between 0.73 and 0.80, which meant all observed variables were significant (at $p<0.05$) and reached the recommended threshold of 0.45 (Bentler & Wu, 1993; Jöreskog & Sörbom, 1989). This provided valid evidence in favor of these five indicators used to represent the latent variable of guest satisfaction. From Table 4.26, it indicated that the value of first-order average variance extracted for the latent variable of guest satisfaction was 0.60, and that the value reached the recommended threshold of 0.5. In sum, this model had convergent validity.

Discriminant validity

This model was first-order one-way factorial model. Therefore there was no problem with discriminant validity.

Evaluation of Confirmatory Factor Measurement Model for Guest Loyalty

Screening of Offending Estimates for Guest Loyalty

Table 4.27 and Table 4.28 contained the LISREL estimates of the measurement model for guest satisfaction. From Table 4.27 and Table 4.28, it can be seen that the standardized coefficient were between 0.27 and 0.85; these coefficients do not exceed the standard level of 0.95, which meant they were not very close to 1.0.

Table 4.27

Parameter Estimates of the Measurement Model for Guest Loyalty

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
λ_1	0.64	0.03	23.20*	0.84
λ_2	0.63	0.03	23.84*	0.85
λ_3	0.59	0.03	21.04*	0.79
λ_4	0.64	0.03	22.55*	0.82
λ_5	0.67	0.03	23.58*	0.85

*$p<.05$

From the following Table 4.27 and Table 4.28, it can be seen that the values of standard errors of the measured variables were between 0.01 and 0.03, which meant that the standard errors were not very large as well as had no negative variance errors. These results indicated that there were no offending estimates, and hence the researcher could move forward to the evaluation of the overall model fit.

Table 4.28

Error Estimates of the Measurement Model for Guest Loyalty

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
ε_1	0.17	0.01	12.72*	0.30
ε_2	0.15	0.01	12.26*	0.27
ε_3	0.22	0.02	13.85*	0.38
ε_4	0.19	0.01	13.12*	0.32
ε_5	0.18	0.01	12.46*	0.28

*$p<.05$

Assessment of the Overall Fit for Guest Loyalty

LISREL 8.52 was used for the estimation of the measurement model for perceived experiential value. The overall fit measures were presented in Table 4.29 and a path diagram with standardized parameter estimates was presented in Figure 4.6.

Table 4.29

Overall Fit Measures of the Measurement Model for Guest Loyalty

Fit Indices of the Measurement Model	Statistic
Absolute fit measures	
(1) Chi-Square (χ^2)	56.18 (P=0.00)
(2) Goodness of Fit Index (GFI)	0.96
(3) Standardized Root Mean Square Residual (SRMR)	0.026
(4) Root Mean Square Error of Approximation (RMSEA)	0.015
Incremental fit measures	
(1) Adjusted Goodness of Fit Index (AGFI)	0.87
(2) Non-Normed Fit Index (NNFI)	0.96
(3) Comparative Fit Index (CFI)	0.98
Parsimonious fit measures	
(1) Parsimony Normed Fit Index (PNFI)	0.67
(2) Parsimony Goodness of Fit Index (PGFI)	0.55
(3) Critical N (CN)	242.27

For the absolute fit measures, Table 4.29 showed the chi-square (χ^2 = 56.18, P=0.00) was statistical significance, which was an indication of unacceptable fit for this model. The GFI value was 0.96, which was larger than the recommended level of 0.90, which was indication of an acceptable fit for this model. The SRMR value was 0.026, which was less than the recommended value of 0.05, which was indication of an acceptable fit for this model. The RMSEA value was 0.015 which was indication of a good fit for this model.

For the incremental fit measures, the NNFI value was 0.96, which was larger than

the recommended level of 0.90, which was indication of a good fit for this model. The CFI value was 0.98, which was larger than the recommended level of 0.90, which was indication of a good fit for this model.

For the parsimonious fit measures, the PNFI value was 0.67, which was larger than the recommended level of 0.50. The PGFI value was 0.55, which was larger than the recommended level of 0.50. The CN value was 242.27, which was larger than the recommended value of 200 as well as was indication of a good fit for this model.

In summary, most of the overall fit measures indicated a good fit for this model, and thus the measurement model of guest loyalty was acceptable and had overall validity.

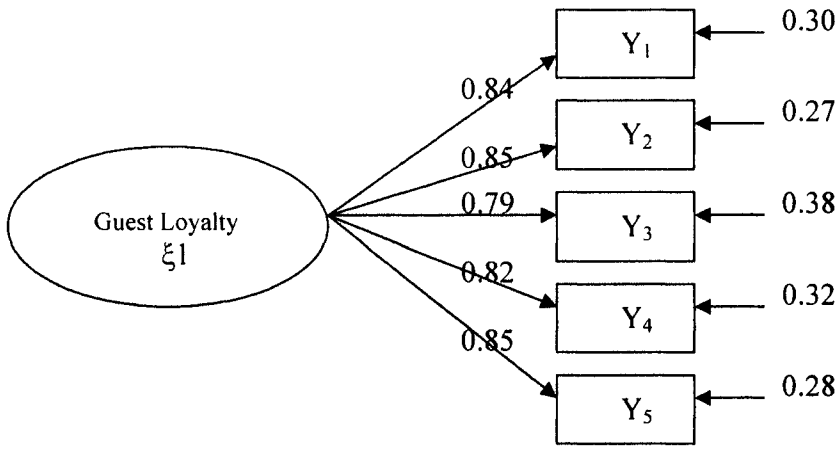

Figure 4.6 Standardized parameters of the measurement mode for guest loyalty.

Assessment of Internal Overall Fit for Guest Loyalty

When model passed the examination of external quality, study could move forward to internal overall fit measures, including reliability, convergent validity, and discriminant validity.

Reliability

Table 4.30 showed construct reliability and average variance extracted for individual measured variables and latent variables for guest satisfaction. The values of R^2

for five indicators ranged from 0.62 to 0.73, and all values of R^2 were larger than the recommended level of 0.20 (Bentler & Wu, 1993; Jöreskog & Sörbom, 1989). The value of 0.92 for the construct reliability of guest loyalty was also reached the recommended level of 0.6. In sum, this constructs had a considerable reliability.

Table 4.30

Construct Reliability and Average Variance Extracted for Individual Measured Variables and Construct of Guest Loyalty

Variables	R^2	First-order construct reliability	First-order average variance extracted
Guest loyalty		0.92	0.69
Q1	0.70		
Q2	0.73		
Q3	0.62		
Q4	0.68		
Q5	0.72		

Convergent validity

From Table 4.27, it indicated that the validity of individual measured variables was assessed to ensure that they could truly reflect the latent constructs. Table 4.27 showed that the loadings of all indicators were between 0.79 and 0.85, which meant all observed variables were significant (at $p<0.05$) and reached the recommended threshold of 0.45 (Bentler & Wu, 1993; Jöreskog & Sörbom, 1989). This provided valid evidence in favor of these five indicators used to represent the latent variable of guest loyalty. From Table 4.30, it indicated that the value of first-order average variance extracted for the latent variable of guest loyalty was 0.69, and that the value reached the recommended threshold of 0.5. In sum, this model had convergent validity.

Discriminant validity

This model was first-order one-way factorial model. Therefore there was no problem with discriminant validity.

Evaluation of the Full (SEM) Model

In the previous sections, the four measurement models (experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty) were assessed. Even though the measurement models of experiential marketing and perceived experiential value needed to be modified, they still performed a good fit for its model after measurement model modification; overall, four measurement models had a validity and reliability. Hence, the evaluation of the full SEM model can be examined, and the focus of this section was to examine the full structural relationships.

The full SEM model that integrated the measurement model of experiential marketing, perceived experiential value, guest satisfaction and guest loyalty, and structural relationships among the four measurement models were drawn based on the research hypothesized model in the Figure 4.7 and were presented in Figure 4.8.

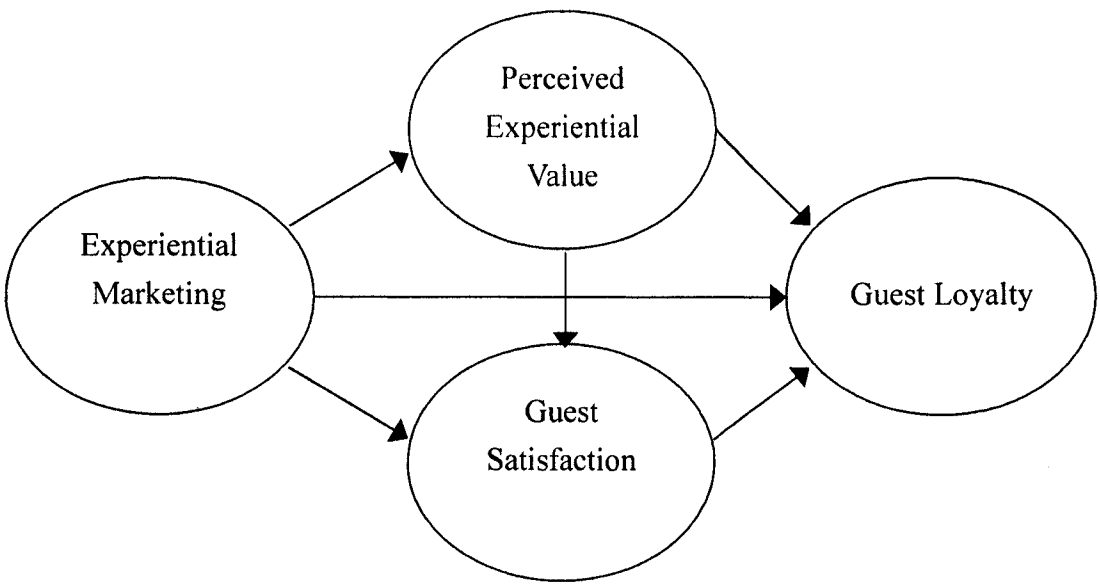

Figure 4.7 Research hypothesized model.

The four hypotheses of structural relationships postulated a prior as follows:

Hypothesis:

I: Guests' perceptions of experiential marking directly influenced guest loyalty.

II: Guests' perceptions of experiential marketing directly influenced guests' perceived experiential value and indirectly influenced guest loyalty through guests' perceived experiential value.

III: Guests' perceptions of experiential marketing directly influenced guest satisfaction and indirectly influenced guest loyalty through guest satisfaction.

IV: Guests' perceptions of experiential marketing indirectly influenced Guest loyalty through guests' perceived experiential value and guest satisfaction.

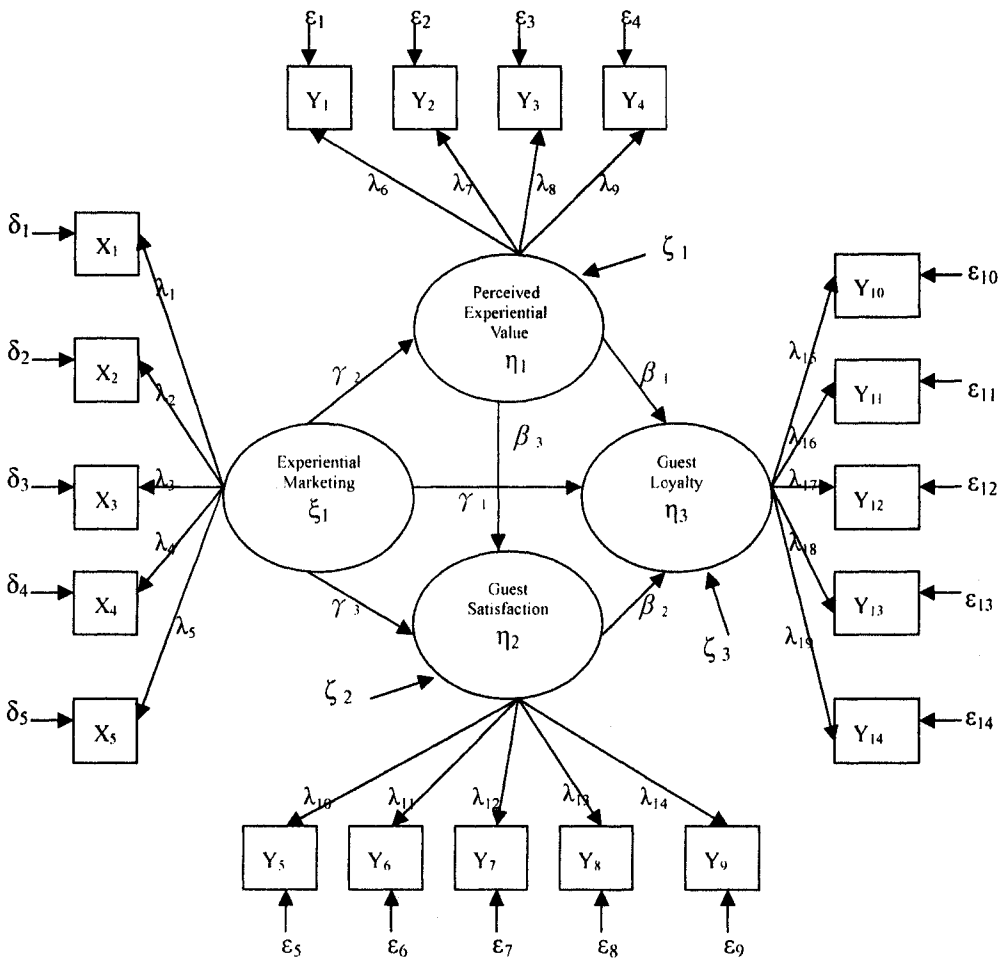

Figure 4.8 Path diagram for the full SEM model.

Five composite variables for the latent construct of experiential marketing and four composite variables for the latent construct of perceived experiential value were demonstrated in Figure 4.8 above and were summarized as follows.

X_1, the observed variable for the latent construct of experiential marketing, was a composite variable for sense experience of experiential marketing and which consisted of the five questions from Q1 to Q5.

X_2, the observed variable for the latent construct of experiential marketing, was a composite variable for feel experience of experiential marketing and which consisted of the four questions from Q6 to Q9.

X_3, the observed variable for the latent construct of experiential marketing, was a composite variable for think experience of experiential marketing and which consisted of the four questions from Q11 to Q14.

X_4, the observed variable for the latent construct of experiential marketing, was a composite variable for act experience of experiential marketing and which consisted of the five question items from Q15 to Q19.

X_5, the observed variable for the latent construct of experiential marketing, was a composite variable for relate experience of experiential marketing and which consisted of the four questions such as Q20, Q21, Q22, and Q24.

Y_1, the observed variable for the latent construct of perceived experiential value, was a composite variable for service excellent of perceived experiential value and which consisted of the four questions from Q2 to Q5.

Y_2, the observed variable for the latent construct of perceived experiential value, was a composite variable for aesthetic appeal of perceived experiential value and which consisted of the five questions from Q7 to Q11.

Y_3, the observed variable for the latent construct of perceived experiential value, was a composite variable for consumer return on investment of perceived experiential value and which consisted of the three questions from Q13 to Q15.

Y_4, the observed variable for the latent construct of perceived experiential value, was a composite variable for playfulness of perceived experiential value and which consisted of the four questions from Q17 to Q20.

Evaluation of Validity of the Full SEM Model

The emphasis of evaluation of the full SEM model was set on the four hypotheses above and path relations of γ_1, γ_2, γ_3, β_1, β_2, and β_3 in Figure 4.8 needed to be tested. Before testing these coefficients, the validity of the full SEM model had to be improved. Therefore, evaluation of the overall model fit should be assessed.

Screening of Offending Estimates for the Full SEM Model

Generally, there are three kinds of offending estimates: (a) negative error variance or non-significant error variances for any construct, (b) standardized coefficients exceeding or very close to 1.0, or (c) very large standard errors associated with any estimated coefficient (Hair, et al., 1998).

Table 4.31 and Table 4.32 showed parameter estimates of the full SEM model and measurement errors respectively. From Table 4.31 and Table 4.32, it can be seen that the standardized coefficient were between 0.04 and 0.87; these coefficients do not exceed the standard level of 0.95, which meant they were not very close to 1.0.

Table 4.31

Parameter Estimates of the Full SEM Model

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
λ_1	0.52	0.02	23.01*	0.83
λ_2	0.53	0.02	22.68*	0.82
λ_3	0.51	0.02	23.20*	0.84

Table 4.31

Continued

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
λ_4	0.51	0.02	24.96*	0.87
λ_5	0.48	0.02	20.39*	0.77
λ_6	0.45	----	----	0.74
λ_7	0.47	0.03	17.35*	0.78
λ_8	0.53	0.03	16.12*	0.73
λ_9	0.41	0.03	14.85*	0.67
λ_{10}	0.56	----	----	0.81
λ_{11}	0.53	0.03	19.10*	0.75
λ_{12}	0.52	0.03	17.81*	0.71
λ_{13}	0.54	0.03	20.19*	0.78
λ_{14}	0.63	0.03	21.05*	0.81
λ_{15}	0.64	----	----	0.85
λ_{16}	0.63	0.03	24.44	0.85
λ_{17}	0.59	0.03	21.51	0.78
λ_{18}	0.64	0.03	23.44	0.83
λ_{19}	0.67	0.03	24.47	0.85
γ_1	0.16	0.08	3.51*	0.16
γ_2	0.84	0.05	16.17*	0.84
γ_3	0.28	0.07	2.39*	0.28
β_1	0.04	0.09	0.45	0.04
β_2	0.72	0.08	9.38*	0.72
β_3	0.61	0.09	7.08*	0.61

*p<.05

--- : Unlisted standard error is reference indicator

From and Table 4.31 and Table 4.32, it can be seen that the values of standard errors of the measured variables were between 0.01 and 0.09, which meant that the standard errors were not very large as well as had no negative variance errors. Thus, Table 4.31 and Table 4.32 indicated that there were no negative error variances, nor any non-significant error variances for any of the constructs, no standardized coefficients exceeding or very close to 1.00, and no very large standard errors associated with any of the estimated coefficients. In sum, these results indicated that there were no offending estimates, and hence the researcher could move forward to the evaluation of the overall model fit.

Table 4.32

Measurement Errors of the Full SEM Model

Parameter	Non-standardized coefficient	Standard error	T value	Standardized coefficient
δ_1	0.12	0.01	13.48*	0.31
δ_2	0.14	0.01	13.64*	0.32
δ_3	0.11	0.01	13.39*	0.30
δ_4	0.08	0.01	12.22*	0.24
δ_5	0.16	0.01	14.48*	0.41
ε_1	0.17	0.01	13.64*	0.45
ε_2	0.14	0.01	12.74*	0.39
ε_3	0.25	0.02	13.79*	0.47
ε_4	0.21	0.01	14.46*	0.55
ε_5	0.17	0.01	13.47*	0.34
ε_6	0.22	0.02	14.36*	0.43
ε_7	0.26	0.02	14.75*	0.49
ε_8	0.18	0.01	13.93*	0.38
ε_9	0.21	0.02	13.50*	0.35
ε_{10}	0.17	0.01	13.27*	0.29
ε_{11}	0.15	0.01	13.22*	0.28
ε_{12}	0.22	0.02	14.38*	0.39
ε_{13}	0.19	0.01	13.70*	0.32
ε_{14}	0.18	0.01	13.21*	0.28

*$p<.05$

Assessment of the Overall Fit for the Full SEM Model

LISREL 8.52 was used for the estimation of the full SEM model. The overall fit measures were presented in Table 4.33 and a path diagram with standardized parameter estimates was presented in Figure 4.9.

Table 4.33

Overall Fit Measures of the Full SEM Model

Fit Indices of the Measurement Model	Statistic
Absolute fit measures	
(1) Chi-Square (χ^2)	381.44 (P=0.00)
(2) Goodness of Fit Index (GFI)	0.93
(3) Standardized Root Mean Square Residual (SRMR)	0.028

Table 4.33

Continued

Fit Indices of the Measurement Model	Statistic
(4) Root Mean Square Error of Approximation (RMSEA)	0.055
Incremental fit measures	
(1) Adjusted Goodness of Fit Index (AGFI)	0.91
(2) Non-Normed Fit Index (NNFI)	0.99
(3) Comparative Fit Index (CFI)	0.99
Parsimonious fit measures	
(1) Parsimony Normed Fit Index (PNFI)	0.84
(2) Parsimony Goodness of Fit Index (PGFI)	0.71
(3) Critical N (CN)	263.63

For the absolute fit measures, after model modification, Table 4.33 showed the chi-square (χ^2 = 381.44, P=0.00) was statistical significance, which was indication of an unacceptable fit for this model. The GFI value was 0.93, which reached recommended level of 0.90, which was indication of an acceptable fit for this model. The SRMR value was 0.028, which was less than the recommended value of 0.05, which was indication of an acceptable fit for this model. The RMSEA value was 0.055 which was indication of a fair fit for this model.

For the incremental fit measures, the NNFI value was 0.99, which was larger than the recommended level of 0.90, which was indication of a good fit for this model. The CFI value was 0.99, which was larger than the recommended level of 0.90, which was indication of a good fit for this model.

For the parsimonious fit measures, the PNFI value was 0.84, which was larger than the recommended level of 0.50. The PGFI value was 0.71, which was larger than the recommended level of 0.50. The CN value was 263.63, which was larger than the recommended value of 200 as well as was indication of a good fit for this model.

In summary, most of the overall fit measures indicated a good fit for this model, and thus the full SEM model was acceptable and has overall validity.

Parameters evaluation for the Full Structural Model

1. Hypothesis I (guests' perceptions of experiential marketing directly influenced guest loyalty) was supported, Table 4.31 indicated that the value of standardized coefficient for γ_1 was 0.16 (t = 3.51, p<.05), and which reached the significant level.
2. Hypothesis II (guests' perceptions of experiential marketing directly influenced guests' perceived experiential value and indirectly influenced guest loyalty through guests' perceived experiential value) was partially supported with the relationship between guests' perceptions of experiential marketing and guests' perceived experiential value, Table 4.31 indicated that the value of standardized coefficient for γ_2 was 0.84 (t = 16.17, p<.05), and which reached the significant level. However, the relationship between guests' perceived experiential value and guest loyalty was not supported, Table 4.31 indicated that the value of standardized coefficient for β_1 was 0.04 (t = 0.45, p>.05), and which did not reach the significant level.
3. Hypothesis III (guests' perceptions of experiential marketing directly influenced guest satisfaction and indirectly influenced guest loyalty through guest satisfaction) was supported, Table 4.31 indicated that the value of standardized coefficient for γ_3 was 0.28 (t = 2.39, p<.05), and which reached the significant level. Also, Table 4.33 showed that the value of standardized coefficient for β_2 was 0.72 (t = 9.38, p<.05), and which reached the significant level.
4. Hypothesis IV (guests' perceptions of experiential marketing indirectly influence guest loyalty through guests' perceived experiential value and guest satisfaction) was supported, Table 4.31 indicated that the value of standardized coefficient for β_3 (the relationship between guests' perceived experiential value and guest satisfaction) was

0.61 (t = 7.08, p<.05), and which reached the significant level. Namely, the linkage relationships among experiential marketing, perceived experiential value, guest satisfaction and guest loyalty were supported.

By operating LISREL 8.52 statistical software, the analytical results for the hypotheses of structural relationships were presented in the following Table 4.34 and Figure 4.9.

Table 4.34

The Summary for Examination of Research Hypotheses

Hypothesis	Variables relationships	Results
Hypothesis I	Guests' perception of experiential marketing directly influences guest loyalty	Supported
Hypothesis II	Guests' perceptions of experiential marketing directly influences guests' perceived experiential value and indirectly influences guest loyalty through guests' perceived experiential value	Partial supported
Hypothesis III	Guests' perceptions of experiential marketing directly influences guest satisfaction and indirectly influences guest loyalty through guest satisfaction	Supported
Hypothesis IV	Guests' perceptions of experiential marketing indirectly influences guest loyalty through guests' perceived experiential value and guest satisfaction	Supported

As the analytical results for the hypotheses of structural relationships summarized above, the summary for examination of research hypotheses were presented in Table 4.34. From Table 4.34 indicated, three hypotheses were supported except for hypothesis II which path relation between guest's perception experiential value and guest loyalty was not supported. This meant that perceived experiential value did not have a direct effect on guest loyalty. However, it did not necessarily mean that perceived experiential value has no relationship with guest loyalty. It could perhaps be explained that perceived

experiential value did not have a direct impact on guest loyalty in the full SEM model. Also, this phenomenon may be regarded as spurious relations According to Bollen (1989). Nevertheless, an emphasis of future study that should be considered is why this phenomenon is occurred in the full SEM model.

The Following Figure 4.9 illustrated the path diagram of the full SEM model in demonstrating the interrelationships among latent variables of experiential marketing, perceived experiential value, guest satisfaction and guest loyalty.

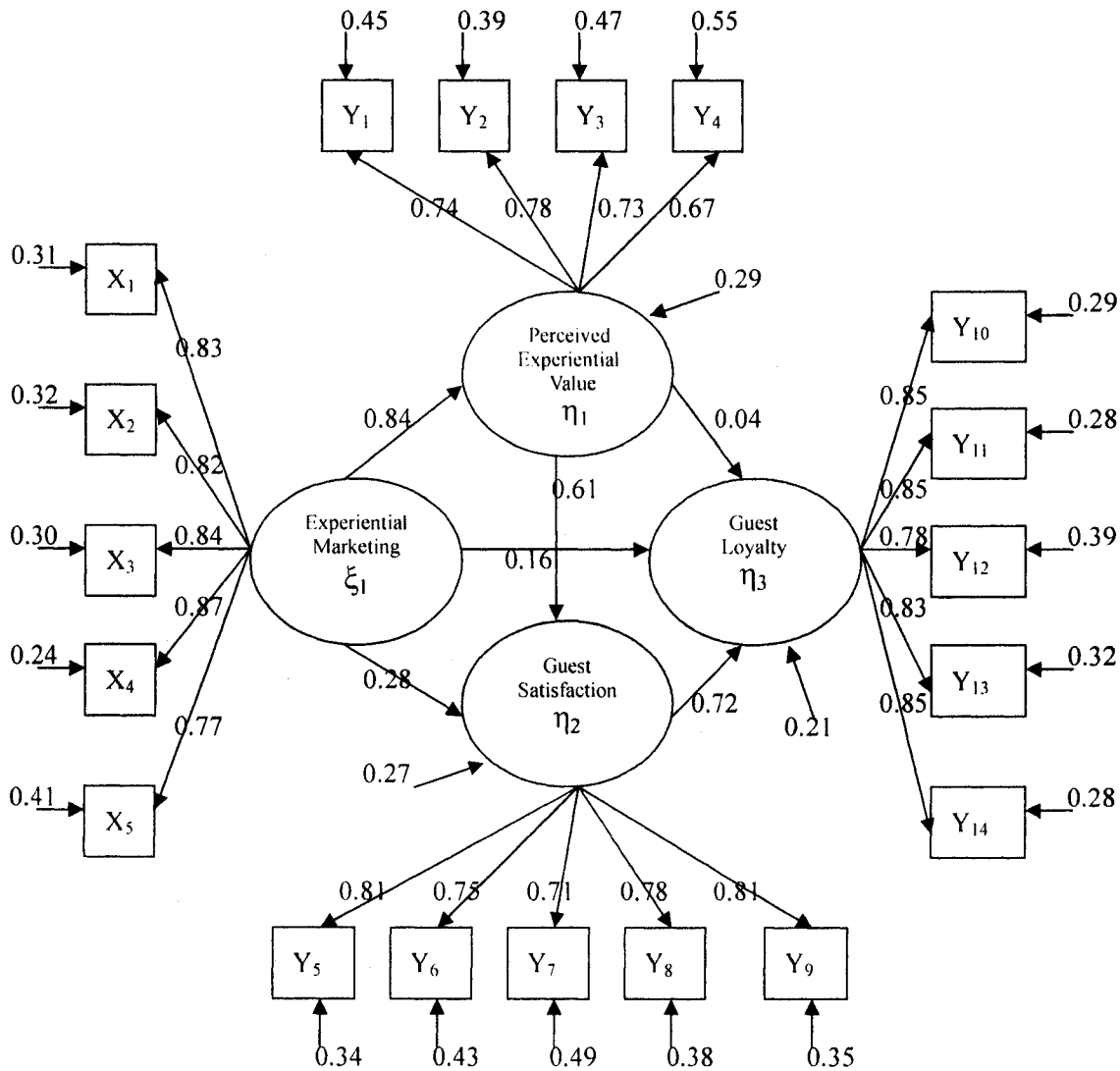

Figure 4.9 Path diagram for the full SEM model.

CHAPTER V

CONCLUSIONS, DISCUSSION, AND RECOMMENDATIONS

According to existing hospitality literature, effort to date has not provided conceptual and empirical studies that considered the relationships among variables of experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty. Thus, the results of the present study were to provide preliminary evidence that an integrated approach was indeed a potential avenue for future research in experiential marketing, perceived experiential value, guest satisfaction and guest loyalty in the hospitality industry.

The aim of this study was to examine the structural model relationships among experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty. In order to clarify the structural relationships, structural equation modeling (SEM) techniques were utilized to conceptualize the relationships among variables of experiential marketing, perceived experiential value, guest satisfaction and guest loyalty as the model with four measurement sub-models and one structural model.

Linear Structure Relationship (LISREL: Jöreskog & Sörbom, 1993) statistical analysis software was utilized to evaluate the fit of the four measurement models and the full model to the sample data. The purpose of testing the four measurement models was to establish the valid and reliable measured variables for the four constructs. The maximum likelihood (ML) was the main method to estimate models' parameters.

The objective of this chapter was to discuss the findings of the present study, how these findings related to previous studies, and the recommendations concerning the present study.

Conclusions

The following conclusions were summarized in order to respond to the research questions which were presented in Chapter One.

Summary of Guests' Demographic Characteristics

Of those 527 guests, the ratios of participants' gender were fairly even (50.5%, male vs. 49.5% female). In terms of participants' age, 34% of participants were in the age range of 31-40. Nearly 27.9% of participants were older than 41 years old. In addition, 67% of participants had obtained at least a bachelor's or a more advanced degree. In terms of participants' occupation, the first large occupation group (29.6%) was service industry and the second large group (17.5%) was military or education. For marital status, the majority of them (58.8%) were single. In terms of monthly household income, the large group (32.1%) had income range between NTD 30,001 and NTD 50,000.

The Findings of the Measurement Sub-models

Four measurement sub-models were evaluated in this study in order to ensure the validity of the latent constructs. With using LISREL analysis to test these models, the findings of the four measurement sub-models were presented as follows.

For the measurement model of experiential marketing, Table 4.16 indicated that all twenty-two observed variables could validly reflect the first-order latent constructs of sense experience, feel experience, think experience, act experience, and relate experience. In addition, Table 4.16 also showed that five first-order latent constructs could validly reflect second-order latent construct of experiential marketing. As Table 4.14 indicated, the measurement model of experiential marketing had a good fit. Table 4.15 showed that latent construct of experiential marketing had good construct reliability and good convergent validity. In summary, the latent construct of experiential marketing was a valid and reliable construct.

For the measurement model of perceived experiential value, the results of Table 4.22 indicated that all sixteen observed variables could validly reflect the first-order latent constructs of service experience, aesthetic appeal, consumer return on investment, and playfulness. And all of first-order latent constructs could validly reflect the second-order latent construct of perceived experiential value. Table 4.20 showed a good fit for the measurement model of perceived experiential value. Table 4.21 indicated that the latent construct of perceived experiential value had good construct reliability and enough average variance extracted. In summary, the latent construct of perceived experiential value was a valid and reliable construct.

For the measurement model of guest satisfaction, Table 4.23 indicated that five observed variables could validly reflect the latent construct of guest satisfaction. The results of Table 4.25 showed that a good fit for the measurement model of guest satisfaction. Table 4.26 showed that the latent construct of guest satisfaction had good construct reliability and good convergent validity. In summary, the latent construct of guest satisfaction was a valid and reliable construct.

For the measurement model of guest loyalty, Table 4.27 showed that five observed variables could validly represent the latent construct of guest loyalty. Table 4.29 indicated a good fit for the measurement model of guest loyalty. The results of Table 4.30 indicated that the latent construct of guest loyalty had good construct reliability and enough average variance extracted as good convergent validity. In summary, the latent construct of guest loyalty was valid and reliable construct.

The Findings of the Full Model

The hypotheses of the present study were tested to clarify the structural relationships among latent constructs of experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty in the full model. As a result, the findings of

the structural relationships were found support for three of the four hypotheses and were summarized as follows.

Table 4.33 showed a good fit for the full model and that had overall validity. Table 4.31 indicated that guests' perceptions of experiential marketing had a light effect on guest loyalty and its direct effect was 0.16 ($t = 3.51$, $p<.05$); thus, the result supported Hypothesis I. The results of Table 4.31 indicated that guests' perceptions of experiential marketing had a strong effect on perceived experiential value and its effect was 0.84 ($t = 16.17$, $p<.05$), but perceived experiential value had no direct effect on guest loyalty and its effect was 0.04 ($t = 0.45$, $p>.05$); thus, the results partially supported Hypothesis II. For Hypothesis III, Table 4.31 showed that guests' perceptions of experiential marketing had a direct effect on guest satisfaction and its effect was 0.28 ($t = 2.39$, $p<.05$) and that guest satisfaction had a direct effect on guest loyalty and its was 0.72 ($t = 9.38$, $p<.05$); thus, the results supported Hypothesis III. Finally, Table 4.31 revealed that guests' perceived experiential value had a direct effect on guest satisfaction and its effect was 0.61 ($t = 7.08$, $p<.05$) and which meant guests' perception of experiential marketing had an indirectly impact on guest loyalty through guests' perceived experiential value and guest satisfaction. And this finding supported the hypothesis IV.

Discussion

The aim for this study was to examine the causal relationships among experiential marketing, perceived experiential value, guest satisfaction and guest loyalty at the hot-spring hotels in Taiwan. However, as the examination for the structural relationships, many notable discussions were worth noting as follow.

First, Table 4.31 and Figure 4.9 indicated that guests' perceptions of experiential marketing had a direct impact on guest loyalty. Although this direct impact was not very strong, it still provided significant insights and was notable for hot-spring hoteliers or

marketers to take experiential marketing strategy into account when they attempt to create a loyal relationship with the guests. However, this finding supported by a great number of experience design authors' notion that well-designed experiences build loyalty (Davenport & Beck, 2002; Gobé &Zyman, 2001; Pine & Gilmore, 1998, 1999; Reichheld, 1996; Schmitt, 1999). As the five types of customer experiences that form the basis of the experiential marketing framework by Schmitt (1999), experiential marketing consisted of sense experience, feel experience, think experience, act experience, and relate experience. The findings of the construct of experiential marketing in this study, sense experience had the strongest significant effect on experiential marketing. Namely, sense experience had a direct impact on guest loyalty. The finding was similar to the study by Pullman and Gross (2004), they found that sensory variable was positively related to loyalty behavior.

Second, Table 4.31 and Figure 4.9 indicated that guests' perceptions of experiential marketing showed a direct impact on perceived experiential value but did not indirectly relate to guest loyalty through perceived experiential value. This meant that experiential marketing could not indirectly influence guest loyalty through perceived experiential value. However, guests' perceptions of experiential marketing had the strongest direct impact on perceived experiential value, and this positive relationship was led support to Huang's (2004) study that indicated some elements of experiential marketing could be directly related to customers' experiential value. Perceived experiential value consisted of service excellence, aesthetic appeal, consumer return on investment, and playfulness. In construct, the finding indicated that aesthetic appeal had the strongest effect on perceived experiential value followed by service excellence, consumer return on investment, and playfulness. However, the findings of this study did not show a positive relationship between perceived experiential value and guest loyalty, and this finding, however, can only explained that perceived experiential value did not

have a direct impact on guest loyalty in terms of path relation in the full SEM model. Thus, perhaps future study could singly examine the relationship between perceived experiential value and guest loyalty so as to discover the true relationship between one another. In sum, it is worthy for future study to discuss why this phenomenon occurred. However, it could perhaps be concluded in this study that this phenomenon may be regarded as spurious relations according to Bollen (1989). Nevertheless, this result did not mean that guests' perceived experiential value was not important; it could perhaps be explained that it did not have a significant effect on guests' intention to revisit and intention to recommend.

Third, Table 4.31 and Figure 4.9 indicated that guests' perceptions of experiential marketing indicated a direct impact on guest satisfaction and an indirect impact on guest loyalty through guest satisfaction. The positive links among guests' perceptions of experiential marketing, guest satisfaction and guest loyalty led support to Wasserman, Rafaeli, & Kluger's (2000) study that indicated different restaurant layouts and interior design influenced emotion and behavior. Also, Pine and Gilmore (1998, 1999) indicated the best experience designs with customers are affective or emotional in nature and when companies succeed in not only satisfying certain needs but also making the service environment pleasurable, people are more inclined to stay loyal. More importantly, guest satisfaction consisted of physical facilities, staff services, products and recreation experiences. In construct, the finding indicated that physical facilities and recreation experiences had the strongest effect on guest satisfaction followed by staff services and products. Thus, it could perhaps be explained that hotel managers may take into consideration the focus of physical facilities and recreation experiences in hot-spring hotels if they attempts to gain loyal guests with their intention to revisit or intention to recommend others.

Finally, Table 4.31 and Figure 4.9 indicated that guests' perceptions of experiential marketing had an indirect impact on guest loyalty through guests' perceived experiential value and guest satisfaction. The findings were similar to Huang's (2004) study found that elements of experiential marketing had an indirect impact on behavioral intention through experiential value, brand image, and customer satisfaction. However, the present study differed from Huang's (2004) study was that brand image variable was added as a mediating variable in her study. Thus, it should be safe to conclude that favorable experiential marketing perceptions led to improved value and satisfaction attributions and that, in turn, positive value indirectly influenced loyalty via satisfaction. Thus, this conclusion led to support Bagozzi's (1992) model that suggested the initial service evaluation (i.e., appraisal) led to an emotional reaction that, in turn, drove loyal behavior. What is more, this finding and implication may lead to a better understanding of path relation among variables of experiential marketing, perceived experiential value, satisfaction and loyalty. For theory, these results add further evidence that perceived experiential value is antecedent variable of satisfaction, and both perceived experiential value and satisfaction are important variables as mediating variables for mediating the positive relationship between experiential marketing perceptions and loyalty. For hotel management, the findings imply that guests have a tendency to revisit hotel and recommend others when their level of value and satisfaction is increasing.

It should be noted that the findings of this study also have implications for the specification of the "antecedent, mediating, and consequent" relationships among experiential marketing perceptions, perceived experiential value and satisfaction. More importantly, it is worth noting that the impact of experiential marketing perceptions on guest loyalty through perceived experiential value and guest satisfaction seems to have a large effect than through a direct way.

Recommendations

Owing to the purpose of this study is to investigate the causal relationships among experiential marketing, perceived experiential value, guest satisfaction and guest loyalty at the hot-spring hotels in Taiwan, all of the findings may provide practical recommendations for future research and hot-spring hotel managers.

Recommendations for Future Research

(a) Since the five dimensions of experiential marketing are only constituted to reflect the construct of experiential marketing in this study, it can perhaps be useful if future work can further investigate the impact of each dimension on the perceived experiential value, guest satisfaction, and guest loyalty.

(b) This study is limited to the impact of mediating variables as perceived experiential value and satisfaction on behavioral loyalty; thus the obvious implication is the need for further consideration of additional variables which are likely to mediate relationship between experiential marketing and behavioral loyalty.

(c) This study is limited to the discussion of spurious relations between perceived experiential value and guest loyalty in the full SEM model; thus, the researcher is hopeful that future study will provide more detailed results and discussions which may adequately explain these spurious relations.

(d) The effect for different demographic characteristics of hot-spring hotel guests on the perceptions of four variables (i.e., experiential marketing, perceived experiential value, guest satisfaction and guest loyalty) can be examined in future study.

(e) Owing to the sample surveys are conducted in the Taitung County of eastern Taiwan, future work can survey the opinions of hot-spring hotel's guests from northern or central, or southern in Taiwan.

(f) Because measuring emotions (guests' perceived experiential value and satisfaction)

are quite complex and challenging, there are many challenging opportunities available for integrating qualitative approach to obtain in-depth information from guest opinions.

(g) Future study can adopt the composite model of this study to investigate the guest perceptions from other leisure resort hotels and casino hotels.

Recommendations for Managers

(a) In order for hot-spring hotel to gain guest loyalty (i.e. willingness to revisit and intention to recommend), the findings of this study indicate that managers should utilize experiential marketing strategy as marketing guidance and take the five dimensions of experiential marketing (i.e. sense experience, feel experience, think experience, act experience and relate experience) into consideration when they start orchestrating experiential designs in hot-spring hotels.

(b) Hot-spring hotel managers should focus on key experiential designs driving gusts' value and satisfaction, and then design and manage service processes that positively affect guests' value and satisfaction. From a managerial standpoint, it is vital to emphasize the importance of value and satisfaction as an operational tactic and strategic objective.

(c) From the findings of this study, perceived experiential value and guest satisfaction are the important variables to drive guests' willingness to revisit and intention to recommend. Guests' perceptions of aesthetic appeal is the most important feature to perceived experiential value, and perceptions of physical facilities and recreation experiences are the most important two features to guest satisfaction. Thus, in order to enhance guests' recreation experiences as well as gain guests' loyalty, it is recommended that hot-spring hotel managers or marketers should focus on designing attractive facilities and environment on the basis of aesthetic appeal.

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APPENDIX A

ENGLISH AND CHINESE VERSIONS OF THE QUESTIONNAIRE

Questionnaire for an Examination of the Relationship

between Experiential Marketing Strategy and Guests' Leisure Behavior

in Taiwan Hot-Spring Hotels

Dear Hotel Guests,

First of all, my utmost appreciation is given for your valuable time in completing this questionnaire. This study is academic research and attempts to learn about the opinions of guests toward leisure experience in hot spring hotels. This study can not only be smoothly accomplished with your precious opinions but also can be provided as useful information for enhancing the improvement of service quality in hot spring hotels.

The following questionnaire divides into five parts, please go through questionnaire honestly and thoroughly after reading question items. This is anonymous questionnaire and that you can be assured that your response will be kept strictly confidential. Once again, thanks so much for your enthusiastic assistance.

Sincerely,

United States Sports Academy

Kuo-Ming Lin

Doctoral Candidate

Part I: Demographic Information

Please check the appropriate box for each of the following questions.

1. Your gender:

   ☐Male ☐Female

2. Your age:

   ☐20 under ☐21-31 ☐31-40 ☐41-50 ☐51-60 ☐60 or above

3. Your highest education level:

   ☐Elementary School ☐Junior High School ☐Senior High School

   ☐University (Junior College) ☐Graduate School or above

4. Your occupation:

   ☐Student ☐Business service ☐Service industry ☐Military/Education

   ☐Agriculture/Fishery ☐Housekeeper ☐Free Industry ☐Retiree/Unemployment

   ☐Other_____(Please specify)

5. Marital Status:

   ☐Single ☐Married

6. Your monthly household income:

   ☐No income ☐NTD10,000 or less ☐NTD10,001-30,000 ☐NTD 30,001-50,000

   ☐NTD50,001-70,000 ☐NTD70,001-90,000 ☐NTD90,001 or above

There is no "right" and "wrong" answer and please circle the number that best represents the degree to which you agree or disagree with the following statements.

Part II: Guest Perceived Experiential Marketing Survey (GPEMS) With reference to the aspect of experience stimulus at the hot-spring hotel, please circle the number that best represents how much you agree with the following statements from 1 "strongly disagree" to 5 "strongly agree."	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
1. I felt that the landscape design of the hot spring hotel was very beautiful	1	2	3	4	5
2. The decoration design of the guest room was very attractive .	1	2	3	4	5
3. I felt that the view of the spring pools were nice	1	2	3	4	5
4. I paid attention to music played by the hotel	1	2	3	4	5
5. I felt that the food in the restaurant were fresh and delicious .	1	2	3	4	5
6. The landscape of the spring pools made me feel pleasurable..	1	2	3	4	5
7. The whole atmosphere of the spring pools made me comfortable	1	2	3	4	5
8. The atmosphere of the spring pools enabled me to escape from everyday pressures	1	2	3	4	5
9. The whole atmosphere of inside the hotel made me joyful	1	2	3	4	5
10. The comfort of the guest room made me comfortable	1	2	3	4	5
11. The landscape of the spring pools inspired me to think	1	2	3	4	5
12. The hotel's inside environment inspired my curiosity	1	2	3	4	5
13. The spring experience led me to think of my life-style	1	2	3	4	5
14. The decoration of the guest room inspired my curiosity	1	2	3	4	5
15. I will be willing to share hot spring experiences with relatives and friends	1	2	3	4	5
16. Activities provided by hotel do attract me to join	1	2	3	4	5
17. I would like to further explore the hotel's other activities	1	2	3	4	5

Part II: Guest Perceived Experiential Marketing Survey (GPEMS) With reference to the aspect of experience stimulus at the hot-spring hotel, please circle the number that best represents how much you agree with the following statements from 1 "strongly disagree" to 5 "strongly agree."	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
18. The hot spring experience makes me want to change my life style	1	2	3	4	5
19. Coming here will improve my social life with friends	1	2	3	4	5
20. The hotel landscape will make me want to take pictures for memory	1	2	3	4	5
21. Participating in the hot spring bath represents my enthusiasm toward the hot spring activity	1	2	3	4	5
22. Participating in the hot spring bath enables me to exchange experiences with those who have common interest as mine	1	2	3	4	5
23. The choices of hot spring location can show my sense of taste	1	2	3	4	5
24. The hot spring experience brings family and friends closer together	1	2	3	4	5

Part III: Guest Perceived Experiential Value Survey (GPEV) With reference to the aspect of perceived experiential value at the hot-spring hotel, please circle the number that best represents how much you agree with the following statements from 1 "strongly disagree" to 5 "strongly agree."	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
1. I experienced the high quality service	1	2	3	4	5
2. I am very satisfied with the service attitude of the hotel staff.	1	2	3	4	5
3. My needs have valued by the hotel's staff	1	2	3	4	5
4. The hotel staff was very professional in explaining facilities and operation	1	2	3	4	5
5. I am very satisfied with the hotel staff's appearance	1	2	3	4	5
6. The whole design of landscape was pretty	1	2	3	4	5
7. The food was very attractive to me here	1	2	3	4	5
8. The decoration of the dressing rooms and bathrooms were very special	1	2	3	4	5
9. The whole environment was nice	1	2	3	4	5
10. I liked the design style of guest room	1	2	3	4	5
11. I was very satisfied with refreshing design of the spring pools	1	2	3	4	5
12. I feel that it was worth of spending money here	1	2	3	4	5
13. I feel that pricing was reasonable here	1	2	3	4	5
14. I am very satisfied with the consumption pricing	1	2	3	4	5
15. I feel that consumption was cost-effective	1	2	3	4	5
16. I can relax my mood here	1	2	3	4	5
17. I did not need to worry and felt relaxed here	1	2	3	4	5
18. I can feel a sense of entertainment and interest here	1	2	3	4	5
19. In addition to enjoy the hot spring, it also brought me happiness	1	2	3	4	5
20. The facilities of the hot spring pools were very interesting	1	2	3	4	5

Part IV: Guest Satisfaction Survey (GSS) With reference to the aspect of guest satisfaction at the hot-spring hotel, please circle the number that best represents how much you agree with the following statements from 1 "strongly disagree" to 5 "strongly agree."	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
1. I was satisfied with hotel amenities and facilities	1	2	3	4	5
2. I was satisfied with overall service quality of hotel staff	1	2	3	4	5
3. I was satisfied with overall food and hot spring quality provided by hotel	1	2	3	4	5
4. I was satisfied with overall recreation experience provided by hotel	1	2	3	4	5
5. Overall, my recreation experience in hotel was beyond what I expected	1	2	3	4	5

Part V: Guest Loyalty Survey (GLS) With reference to the aspect of guest loyalty at the hot-spring hotel, please circle the number that best represents how much you agree with the following statements from 1 "strongly disagree" to 5 "strongly agree."	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
1. I am willing to revisit this hot spring hotel	1	2	3	4	5
2. There is a high possibility that I may revisit this hot spring hotel	1	2	3	4	5
3. I would like to further obtain the information of latest activities with this hot spring hotel	1	2	3	4	5
4. I am willing to recommend this hot spring hotel to relatives and friends or others	1	2	3	4	5
5. I will encourage this hot spring hotel to my family and friends	1	2	3	4	5

溫泉旅館體驗行銷策略與顧客休閒行為問卷

親愛的遊客， 您好：

非常感謝您的寶貴時間填寫這份問卷。本研究為學術性研究，在於瞭解旅客對於溫泉旅館休閒體驗的看法，並希望能藉由您寶貴的意見，以協助我們學術研究的完成，同時研究結果亦可以作為提供溫泉旅館提升整體服務品質改善的參考。

本問卷共有五個部份，請你閱讀題項後，依照您自己的真實感受填答。這是一份匿名的問卷，而且你的回答絕不對外公佈，請您安心填答。再次感謝您的熱心協助。

敬祝

健康如意

美國體育學院運動管理博士候選人

林國銘 敬上

第一部份：顧客基本資料

以下各題項之內容陳述，請您在適當的□中打“V”。

1. 您的性別：

□男 □女

2. 您的年齡：

□20 歲（含）以下 □21~30 歲 □31~40 歲 □41~50 歲 □51~60 歲

□60 歲以上

3. 您的教育程度：

□小學（含以下） □國中 □高中職 □大學（專科） □研究所（含以上）

4. 您的職業：

□學生 □商 □服務業 □軍公教 □工農漁牧業 □家管 □自由業

□退休及待業 □其他

5. 婚姻狀況：

□已婚 □未婚

6. 您每月收入：

□無 □1 萬元（包含以下）□1 萬~3 萬元（含）□3 萬~五萬元（含）

□五萬~七萬元（含）□7 萬~9 萬元（含）□九萬元以上

第二部份：顧客知覺體驗行銷問卷 關於在溫泉旅館的『體驗刺激』方面，請您對於下列的陳述，圈選您所認同程度的數字。	非常不同意	不同意	普通	同意	非常同意
1. 我覺得溫泉旅館的景觀規劃很優美。……	1	2	3	4	5
2. 旅館房間內的裝潢設計很吸引我。……	1	2	3	4	5
3. 我覺得浴場視野景觀良好。……	1	2	3	4	5
4. 我會注意旅館所播放的音樂。……	1	2	3	4	5
5. 我覺得餐廳供應的食物新鮮美味。……	1	2	3	4	5
6. 浴場的景觀讓我感到心情愉快。……	1	2	3	4	5
7. 浴場的整體氣氛讓我感到舒服自在。……	1	2	3	4	5
8. 浴場的氣氛讓我有遠離塵囂的感覺。……	1	2	3	4	5
9. 旅館內的整體氣氛讓我感到愉快。……	1	2	3	4	5
10. 客房的舒適讓我感到舒服。……	1	2	3	4	5
11. 浴場景觀能引發我去做一些聯想啟發。……	1	2	3	4	5
12. 旅館內的環境會引發我的好奇心。……	1	2	3	4	5
13. 泡湯的經驗讓我聯想自己的生活方式。……	1	2	3	4	5
14. 客房內的裝飾會引起我的好奇心。……	1	2	3	4	5
15. 我會很樂意和親友分享泡湯的心得。……	1	2	3	4	5
16. 旅館所提供的活動會吸引我的參與。……	1	2	3	4	5
17. 我想要進一步瞭解這家旅館的相關活動。……	1	2	3	4	5
18. 泡湯的體驗使我想要改變我的生活方式。……	1	2	3	4	5
19. 來這裡可以增加與朋友間的互動。……	1	2	3	4	5
20. 這裡的景觀會讓我想拍照錄影留念。……	1	2	3	4	5
21. 參與泡湯，象徵著我個人對溫泉活動的熱誠。……	1	2	3	4	5
22. 參與泡湯，可以找到共同興趣的人互相交流。……	1	2	3	4	5
23. 泡湯場所的選擇，可以顯現出我個人的品味。……	1	2	3	4	5
24. 泡湯的體驗，可以讓我拉近與親友間的距離。……	1	2	3	4	5

第三部份：顧客知覺體驗價值問卷 關於在溫泉旅館的『知覺體驗價值』方面，請您對於下列的陳述，圈選您所認同程度的數字。	非常不同意	不同意	普通	同意	非常同意
1. 我感受到高品質的服務。……	1	2	3	4	5
2. 我很滿意服務人員的服務態度。……	1	2	3	4	5
3. 我的需求受到重視。……	1	2	3	4	5
4. 服務人員對於器材設施的解說及操作是專業的。……	1	2	3	4	5
5. 服務人員的服裝儀容讓我感到滿意。……	1	2	3	4	5
6. 這裡的整體景觀設計優美。……	1	2	3	4	5
7. 這裡的食物對我很有吸引力。……	1	2	3	4	5
8. 更衣室與洗手間的裝潢設計很有特色。……	1	2	3	4	5
9. 這裡整體環境很好。……	1	2	3	4	5
10. 我喜歡客房的設計風格。……	1	2	3	4	5
11. 浴場的清爽設計讓我感到很滿意。……	1	2	3	4	5
12. 我覺得在這裡消費物超所值。……	1	2	3	4	5
13. 我覺得這裡消費價格合理。……	1	2	3	4	5
14. 在此消費的價格我很滿意。……	1	2	3	4	5
15. 我覺得這裡的消費很經濟實惠。……	1	2	3	4	5
16. 在這裡可以讓我放鬆心情。……	1	2	3	4	5
17. 在這裡可以讓我暫時忘記其他事物。……	1	2	3	4	5
18. 在這裡我可以感受到娛樂性與趣味性。……	1	2	3	4	5
19. 在這裡除了享受泡湯和住宿外，還有帶來歡樂。……	1	2	3	4	5
20. 浴場所提供的溫泉設施具有趣味性。……	1	2	3	4	5

第四部份：顧客滿意度問卷 關於在溫泉旅館的『整體遊客滿意度』方面，請您對於下列的陳述，圈選您所認同程度的數字。	非常不同意	不同意	普通	同意	非常同意
1. 我對旅館整體提供的環境與設施感到滿意。……	1	2	3	4	5
2. 我對旅館員工整體的服務品質感到滿意。……	1	2	3	4	5
3. 我對於旅館整體提供的食物與溫泉品質感到滿意。…	1	2	3	4	5
4. 我對於該旅館整體休閒的體驗感到滿意。……	1	2	3	4	5
5. 在該旅館休閒體驗後的感覺超乎我預期的好。……	1	2	3	4	5

第五部份：顧客忠程度問卷 關於在溫泉旅館的『遊客忠程度』方面，請您對於下列的陳述，圈選您所認同程度的數字。	非常不同意	不同意	普通	同意	非常同意
1. 我願意再來此溫泉旅館消費。……	1	2	3	4	5
2. 我再次光臨此溫泉旅館的可能性很高。……	1	2	3	4	5
3. 我願意更進一步瞭解此溫泉旅館的近期活動訊息。…	1	2	3	4	5
4. 我願意向親友或其他人推薦此溫泉旅館。……	1	2	3	4	5
5. 我會鼓勵親友來此溫泉旅館。……	1	2	3	4	5

APPENDIX B

THE LIST OF HOT-SPRING HOTELS IN TAITUNG COUNTY

Appendix B

The List of Hot-Spring Hotels in Taitung County

Number	Hot-Spring Hotel Name (English Version)	Hot-Spring Hotel Name (Chinese Version)
1	He Jia Huan Hotel Taitung Jhihpen	台東知本合家歡大飯店
2	Royal SPA Hotel Taitung Jhihpen	台東知本老爺大酒店
3	Ayawan Hot Spring Resort	ㄚ一ㄚ旺溫泉渡假中心
4	Formosan Aboriginal Hot Spring Resort	九族溫泉山莊
5	Yih Shiuan Resort Taitung Jhihpen	台東知本逸軒大飯店
6	Hong Yi Hot Spring Hotel	宏宜溫泉大飯店
7	Dong Mei Hotel	東美渡假飯店
8	Na Lu Wan Hotel	娜路灣大酒店
9	Tao Hua Yuan Hot Spring Resort	桃花源溫泉山莊
10	Rainbow Hot Spring Resort Jhihpen	知本泓泉溫泉渡假村
11	Tong Mao Hot Spring Hotel Jhihpen	知本統茂溫泉飯店
12	Rising Sun Hotel Jhihpen	知本朝陽大飯店
13	Tangno Jhihpen Hotel	湯的知本大飯店
14	Dong Jin Hot Spring Hotel	東錦溫泉會館
15	Dong Sun Hot Spring Hotel	東太陽 SPA 溫泉山莊
16	Fu Tai Hotel Jhihpen	知本富泰飯店
17	Shan Hai Lian Resort Jhihpen SPA	知本溫泉山海戀渡假飯店
18	Spring Hot Spring Resort	春天溫泉渡假中心
19	Tian Long Hot Spring Hotel	天龍溫泉大飯店

The list of hot-spring hotels in Taitung County was obtained and translated from: *Taiwan Tourism Bureau (2002) and the Hot Spring Tourism Association Taiwan (2002).*

APPENDIX C

THE LIST OF THE PANEL OF EXPERETS

Appendix C

The List of the Panel of Experts

Name & title	Organization or school	Information for contact
Manager. Shen, Chia-Wei	Tong Mao Hot Spring Hotel Jhihpen	089-514899 (O) 089-514552 (Fax) 0936485830 (Mobile) williamshen@uniogo.com.tw
Dr. Chang, Chia-Ming Assistant Professor	Tajen University *The Graduate Institute of Leisure, Recreation & Health Business Management*	08-7624002#261 (O) 08-7625440 (Fax) 0912994703 (Mobile) gr5166@yahoo.com.tw
Dr. Lin, Tung-Hsing Associate Professor	National Taichung Institute of Technology *Department of Physical Education*	04-22195678 (O) 0939393204 (Mobile) dawson@ntit.edu.tw
Dr. Steve S. Chen Assistant Professor	Morehead State University *Department of Health, Physical Education & Sport Sciences*	606-7832433 (O) 606-7835038 (Fax) s.chen@moreheadstate.edu
Dr. Ergun Yurdadon Assistant Professor	The University of the West Indies (St. Augustine Campus) *Department of Management Studies*	868-6622002#3849 (O) 868-6457005 (H) eyurdado@hotmail.com ergunhaziran@yahoo.com

APPENDIX D

LISREL PROGRAM FOR THE MEASUREMENT MODEL OF EXPERIENTIAL MARKETING

! guest behavior LISREL
Observed variables:
X1 – X24
Sample size = 527
Raw data form file c:\dr\d\model1.dat
Latent variables: F1 – F5 G1
X1 – X5 = F1
X6 – X9 = F2
X11 – X14 = F3
X15 – X19 = F4
X20 – X22 X24 = F5
F1 – F5 = G1
Path diagram
LISREL output mi ad = 500
End of problems

APPENDIX E

LISREL PROGRAM FOR THE MEASUREMENT MODEL OF PERCEIVED EXPERIENTIAL VALUE

! guest behavior LISREL
Observed variables:
Y1 – Y20
Sample size = 527
Raw data form file c:\dr\d\model2.dat
Latent variables: F1 – F4 G1
Y1 – Y5 = F1
Y7 – Y9 = F2
Y13 – Y15 = F3
Y17 – Y20 = F4
F1 = 1*G1
F2 F3 F4 = G1
Path diagram
LISREL output mi ad = 500
End of problems

APPENDIX F

LISREL PROGRAM FOR THE MEASUREMENT MODEL OF GUEST SATISFACTION

```
! guest behavior LISREL
Observed variables:
Y1 – Y5
Sample size = 527
Raw data form file c:\dr\d\model3.dat
Latent variables: F1
Y1 – Y5 = F1
Path diagram
LISREL output mi ad = 500
End of problems
```

APPENDIX G

LISREL PROGRAM FOR THE MEASUREMENT MODEL OF GUEST LOYALTY

```
! guest behavior LISREL
Observed variables:
Y1 – Y5
Sample size = 527
Raw data form file c:\dr\d\model4.dat
Latent variables: F1
Y1 – Y5 = F1
Path diagram
LISREL output mi ad = 500
End of problems
```

APPENDIX H

LISREL PROGRAM FOR THE FULL SEM MODEL

```
! guest behavior LISREL
Observed variables:
X1 – X19
Sample size = 527
Raw data form file c:\dr\d\all.dat
Latent variables: EM PEV GS GL
X1 – X5 = EM
Y6 – Y9 = PEV
Y10 – Y14 = GS
Y15 – Y19 = GL
Paths:
EM -> PEM GS GL
PEM -> GS GL
GS -> GL
Path diagram
LISREL output mi ad = 500
End of problems
```