

Application of Experiential Marketing Strategy to Identify Factors Affecting Guests' Leisure Behaviour in Taiwan Hot-Spring Hotel

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Abstract: - Understanding the experiential outcomes of guests' stay is becoming increasingly important for developing practicable marketing strategies in hot-spring hotel service economy. This paper proposes a conceptual framework to explicate the causal hypotheses among experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty. A questionnaire survey is conducted to the guests staying in hot-spring hotels and structural equation modeling approach is used to test and validate the hypothesized relationships. The results indicate that all causal relationships are statistically significant except for the relationship between perceived experiential value and guest loyalty. The present study provides an in-depth understanding of the hot-spring hotel guests' repurchase decision-making intention. The findings can facilitate the hotel practitioners to develop more practical marketing strategies.

Key-Words:- experiential marketing, guest loyalty, guest satisfaction, hot-spring hotel, perceived experiential value, structural equation modeling

1 Introduction

Experiential marketing plays an increasingly important role in the process of consumption experience and it is becoming a mainstream to any company's marketing mix [41][42][47]. Many studies regard successful marketing strategy as experiential design, which will, in turn, build customers' loyalty as repurchase intention. A considerable number of researchers derive similar conclusions of positive correlation among experiential marketing, perceived value, satisfaction, and loyalty. Hence, it is imperative for

the managers, particularly in service economy, to understand the consumers' consumption reaction after receiving stimulations of experiential designs. Tremendous effort has been made on discussion of experiential marketing; however, what seems to be lacking is that only little attention has so far been paid to the examination of the relationships among experiential marketing, perceived value, satisfaction, and loyalty. The variables among experiential marketing, perceived value, customer satisfaction, and loyalty were well addressed in literature, yet no consensus has been reached on

how to conceptualize or operationalize a model with causal relationships among these variables due perhaps to the complexity of the problem itself.

Today, marketing strategies are concentrated on securing and improving customer loyalty as well as intention to repurchase. Rosenberg & Czepiel[45] argued that it is six times less expensive to plan marketing strategies than to attract new customers. The purchase intention and repeat purchase behavior of the customers depend on guests' perceived experiential value and satisfaction [55][53][13][50]. Measure of customer satisfaction and reveal of customer loyalty by effective experiential designs are important, particularly in service economy, wherein guest's perceived experiential value has been regarded as the essential outcomes of marketing activities [20][5][3][44][41][42][47][16][11]. Taking hot-spring hotel services as an example, it is essential for the hotel practitioners to scrutinize the key factors directly and indirectly affecting the guests' leisure behaviors so as to take more effective marketing tactics to meet the guests' needs. It is also important for the hotel managers to understand the guests' satisfaction and the benefits the guests can derive from the accommodations [31].

Since many latent factors of customer satisfaction are unable to measure directly, some surrogate indicators must be measured by appropriate techniques to represent the latent factors in the causal relation analysis. Structural equation modeling (SEM) is perhaps so far one of the most appropriate techniques to deal with such complex issues because it combines the advantages of factor analysis and path analysis, which can test the linear causal relationship among many variables, and assess the hypothetic model with manifest variances and latent variances. SEM has been widely applied in activity and travel behavior research [28]. There are several technological advantages over other statistical methods. For example, SEM lies in the programs ability to test the significance of indicators and constructs simultaneously across the models. It enables the estimation of measuring errors in multiple regression equations and allows all the relationships among residuals. Moreover, simultaneous estimation of all direct and indirect effects is also allowed.

In SEM, the latent factors are those variables unable to be observed directly but can be estimated with some representative indicators (measured variables). Confirmatory factor analysis (CFA) is for estimating the relationship between latent factors and measured variables. The major components of SEM contain two parts: structural model and measurement model.

The measurement model aims to estimate the relationship between measured variances and latent variances, and CFA allows that a prior specification of the relationships between the constructs and their indicators and the hypothetic relationships are tested against the data. The other properties are that it is helpful when multiple indicators must be used to measure a construct, and it can estimate the structural relations between variables [6][9][25].

This study attempted to propose a conceptual framework to explicate the hypothetic relationships between perceived experiential marketing and guest loyalty and to examine if perceived value and satisfaction are mediate variables for hot-spring hotels. SEM was used to test the causal relationships between particular variables. Linear structural relations (LISREL) software was performed to confirm the fitness of the hypothesized model and the cause-effect relationships among the variables. The data was collected from a questionnaire survey on the guests staying in hot-spring hotels in Taiwan. We utilized the concept of experiential marketing to scrutinize the hot-spring hotel guest's repurchase decision-making intention to provide the managers with referable information about guest's leisure behavior. The important findings could be relevantly contributed to the tourism academic research as well as to the hot-spring hotel practitioners. On one hand, researchers could better understand the causal relationships among variables of experiential marketing, perceived experiential value, satisfaction, and loyalty. On the other hand, hot-spring hotel managers or marketers could gain in-depth understanding of guest's leisure behavior toward behavioral loyalty so as to develop viable marketing strategies to better meet consumer's needs or wants, and furthermore, to select effective marketing tactics to satisfy guest's leisure experience.

The rest of this paper is organized as follows. Section 2 establishes a conceptual framework based on pertinent literature review with the questions and hypotheses addressed. Section 3 details the research method, including the data collection, measurement of variables, and path analysis. Section 4 summarizes the results of the model validation, fitness test and estimation. The managerial implications and suggestions for future research are discussed in the last section.

2 Conceptual framework

Pertinent literature on experiential marketing, perceived value, guest satisfaction, and guest loyalty are briefly reviewed so as to develop a conceptual framework for this study.

Experiential marketing vs. perceived value

Pine and Gilmore [42] 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 [47]. Huang [21] 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, it might be concluded that experiential marketing emphasizes 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 brings about experiential perceived value.

2.1 Experiential marketing vs. guest satisfaction

Recently, several researchers have stressed that satisfaction is not a simple cognitive measure and instead a complex, affective state [38][52]. In their study of extraordinary restaurant experiences, Hanefors and Mossberg [18] found that those with memorable experiences generated strong feelings of excitement, curiosity, joy, and surprise. Oliver [37][38] 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 [27] and that the tempo of background music influenced both traffic flow and gross receipts in supermarkets and restaurants [32][33]. 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 [23]. 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.

2.2 Experiential marketing vs. guest loyalty

Successful experiences are those who find unique, memorable, and sustainable over time, would want to repeat, build upon, and enthusiastically promote via word of mouth [41][42]. A good number of

experience design authors argued that well-designed experiences built loyalty [44][41][42][47][16][11]. Rossman [46] claimed that facilitating leisure experience is the most important goal in providing and delivering leisure services. Hull *et al.* [22] further reinforced the important role of leisure experience and noted that 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” [22]. 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 [43].

2.3 Perceived value vs. guest satisfaction

Regarding the relationship of customer satisfaction with perceived value, Woodruff [54] stated that if consumer satisfaction measurement is not backed up with in-depth learning about customer value and related problems which underlie their evaluations, it may not provide enough of the customer’s voice to guide managers where to respond. Moreover, Fornell *et al.* [15] also supported a positive influence of perceived value on customer satisfaction. Similarly, Bojanic [8] found a strong positive association between customer value and satisfaction in four lodging markets segmented by price. 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.

2.4 Perceived value vs. guest loyalty

Concerning the relationship between perceived value and consumer loyalty, Monroe and Dodds [34] argued that perceived value was 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. Monroe and Chapman [35] 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 [40], the findings indicated that perceived value was the best predictor for repurchase intentions. In sum, consumers' perceived value have played an important role of understanding the consumer behavior as well as the purchase decision-making. Hence, it might be concluded, 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.

2.5 Guest satisfaction vs. guest loyalty

The positive effect of customer satisfaction on loyalty-related behavior is empirically supported by several studies [2][4][14]. Patterson, Johnson, and Spreng [39] found a strong link between consumer satisfaction and repurchase intention; they indicated that consumer satisfaction has explained 78% of the variance in repurchase intention. Satisfied customers tend to be loyal; while dissatisfied customers are more likely to exit [14][30]. In the study of service quality, customer satisfaction, and customer value in the luxury segment of the hotel industry, Oh [36] found that there is positive relationship between guest satisfaction and repurchase intention as well as word-of-mouth. Similarly, Kandampully and Suhartanto [26] found that the factors of image and customer satisfaction are positively correlated to customer loyalty in the hotel industry. In sum, a number of literature reviews have shown that there is positive relationship between satisfaction and loyalty. For this reason, on these grounds, it might be concluded that satisfied guests are likely to be loyal, willing to revisit, and likely to spread positive word-of-mouth for hotel.

2.6 Questions and hypotheses

In this study, five research questions were addressed as follows.

1. 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?
2. 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?
3. Did the attributes of overall satisfaction (physical facilities, staff services, products, and recreation experiences) truly reflect guest

satisfaction? Was guest satisfaction a valid latent construct?

4. Did the behavioral loyalty (willingness to revisit and intention to recommend) truly reflect guest loyalty? Was guest loyalty a valid latent construct?
5. Were there any existed significant relationships among constructs of experiential marketing, perceived value, guest satisfaction, and guest loyalty?

A number of important directional hypotheses for this study were derived from the questions above. Figure 1 proposed a conceptual framework of the antecedents of guest loyalty behavior in hot spring hotel's experience designs with corresponding hypotheses. The first part of the framework 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 part 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. Six important directional hypotheses were presented as follows.

- H1:* Guests' perceptions of experiential marketing directly influenced guest loyalty.
- H2:* Guests' perceptions of experiential marketing directly influenced guests' perceived experiential value.
- H3:* Guests' perceived experiential value directly influenced guest loyalty.
- H4:* Guests' perceptions of experiential marketing directly influenced guest satisfaction.
- H5:* Guest satisfaction directly influenced guest loyalty.
- H6:* Guests' perceived experiential value directly influenced guest satisfaction.

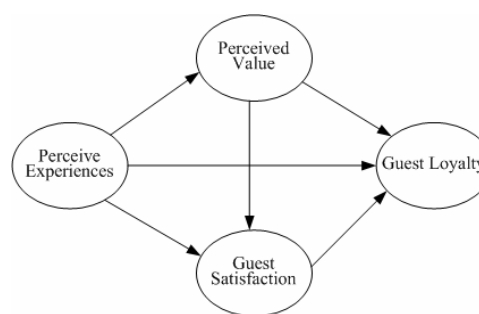


Figure 1. The conceptual framework.

3 Research methods

Data

Using structural equation modeling normally required a considerably large sample size in order to maintain the accuracy of estimates and to ensure a representative sample. In addition, it also required a set of data that did not have any missing values. Our target sample included those guests staying at the hot-spring hotels in Taitung County, Taiwan, wherein a total of 19 hot-spring hotels have been approved by the government for commercial operation, according to [49]. The data were collected in two phases, pilot study and final survey test, from these 19 hotels. In phase one, 3 hotels were randomly selected and surveyed on 90 conveniently invited guests with 75 returned, of which 11 questionnaires were incomplete. Namely, only 64 were valid, which represented a response rate of 71.11%. In phase two, the remaining 16 hotels were conveniently surveyed on some 700 guests, who were conveniently invited to fill out the questionnaires during weekends (Saturday and Sunday) and weekdays (Monday through Friday). A total of 625 questionnaires were returned, of them 98 were incomplete. Thus, the final samples included 527 valid respondents and this represented a response rate of 75.28%.

3.1 Measurements

Our model employed 11 manifest variables as indicators for 4 constructs (or latent variables) of the second-order construct and 54 variables as multiple indicators for 11 constructs (or latent variables) of the first-order constructs. The Likert 5-point scale is used to measure these 54 items.

In the first construct, experiential marketing was measured by the survey instrument modified from Schmitt's [47] assessment tools of experiential marketing and Huang's [21] study of experiential marketing scale. The new instrument for measuring guests' perception of experiential marketing was named the Guest Perceived Experiential Marketing Survey (GPEMS). The latent constructs and measurement variables had to be defined in terms of a structural equation modeling technique. For this instrument, the latent construct was perceived experience and its five measurement dimensions included sense experience, feel experience, think experience, act experience, and relate experience. The current study measured perceived experiential marketing using 24 items (see Appendix A: Items 1-24).

In the second construct, perceived experiential value was measured by employing Mathwick's *et al.* [29]

four dimensions of experiential value scale. The new instrument was named Guest Perceived Experiential Value Survey (GPEVS). 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. The construct of perceived experiential value was measured using 20 items (see Appendix A: Items 25-44).

In the third construct, guest satisfaction instrument was a self-developed survey based on Czepiel's *et al.* [10] (1974) concept of overall satisfaction. Czepiel *et al.* [10] suggested facets of physical facilities, people (staff), and products can be used to measure consumer's overall satisfaction in the organization. The new instrument was named Guest Satisfaction Survey (GSS). 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. This construct measured guest satisfaction using five items (see Appendix A: Items 45-49).

In the fourth construct, we adopted [43] Pullman and Gross's (2004) two measurement dimensions (intention to repurchase and intention to recommend) of customer loyalty scale to measure guest loyalty. However, we modified the term from "intention to repurchase" to "willingness to revisit" in order to better fit the hotel settings. 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). 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. This construct measured guest loyalty using five items (see Appendix A: Items 50-54).

3.2 Analysis

To better understanding of the complex relationships among constructs and variables, structural equation modeling (SEM) is used to test theoretical hypotheses [48]. Path analysis is applied to test causal models that specify causal relationships between particular variables [19]. LISREL, a computer program, has become the most popular software for performing SEM [12]. LISREL enables the estimation of measuring error in

multiple regression equations and allows all the relationships among residuals[36]. It also allows the simultaneous estimation of all direct and indirect effects. The analysis followed a two-step procedure based partly on an approach recommended by [1]. The first step employed confirmatory factor analysis (CFA) to develop a measurement model that achieves an acceptable fit to the data. The second step then tests the theoretical model (or structural model) by path analysis to demonstrate a meaningful and statistically acceptable structural model. Two-stage procedures are vital for examining the relationships of structural model. Any evaluation of the structural relationships would be problematic unless the measured variables used can truly reflect the latent constructs and were trustworthy.

4.1 Results

Among the 527 valid respondents, 68.1% aged 21-40, males and females accounted for 50.5% and 49.5%, respectively. Workers were the dominant group (75.2%) and most of the subjects were college graduates. Following Anderson and Gerbing's [1] two-stage procedures, this study analyzed the measurement and structural parameters. First, CFA was utilized to assess all latent constructs, including 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 SEM model, including the measurement sub-models and structural relationships, was estimated to assess the fit of the model and the effects of parameters.

4.2 The full SEM model

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 (Figure 2). In this figure, five composite variables for the latent construct of experiential marketing and four composite variables for the latent construct of perceived experiential value were depicted in-detail as follows.

X1, the observed variable for the latent construct of experiential marketing, was a composite variable for sense experience of experiential marketing, which consisted of the five questions from Q1 to Q5. *X2*, the observed variable for the latent construct of experiential marketing, was a composite variable for feel experience of experiential marketing, which consisted of the four questions from Q6 to Q9. *X3*, the observed variable for the latent construct of experiential marketing, was a composite variable for think experience of experiential marketing, which consisted of the four questions from Q11 to Q14. *X4*, the observed variable for the latent construct of experiential marketing, was a composite variable for act experience of experiential marketing, which consisted of the five question items from Q15 to Q19. *X5*, the observed variable for the latent construct of experiential marketing, was a composite variable for relate experience of experiential marketing, which consisted of the four questions such as Q20, Q21, Q22, and Q24.

On the other hand, *Y1*, the observed variable for the latent construct of perceived experiential value, was a composite variable for service excellent of perceived experiential value, which consisted of the four questions from Q1 to Q5. *Y2*, the observed variable for the latent construct of perceived experiential value, was a composite variable for aesthetic appeal of perceived experiential value, which consisted of the five questions from Q6 to Q11. *Y3*, the observed variable for the latent construct of perceived experiential value, was a composite variable for consumer return on investment of perceived experiential value, which consisted of the three questions from Q12 to Q15. *Y4*, the observed variable for the latent construct of perceived experiential value, was a composite variable for playfulness of perceived experiential value, which consisted of the four questions from Q16 to Q20. *Y5* through *Y9*, the observed variables for the latent construct of guest satisfaction, which consisted of five questions from Q1 to Q5. *Y10* through *Y14*, the observed variables for the latent

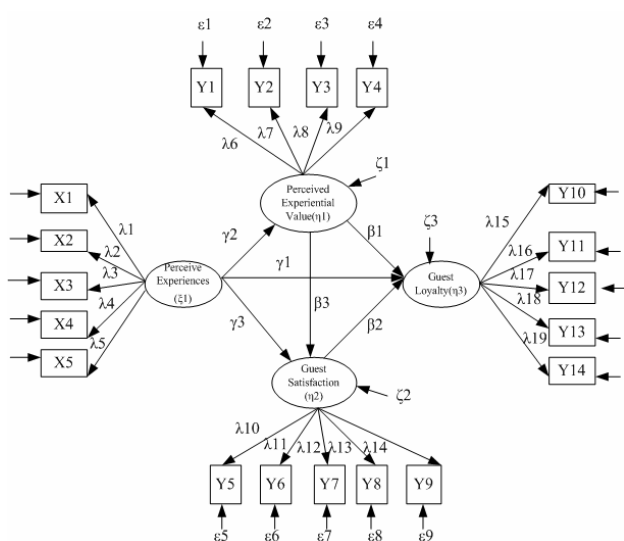


Figure 2. The structural equation model

construct of guest loyalty, which consisted of five questions from Q1 to Q5.

4.3 Evaluation 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 2 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 further assessed.

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, and (c) very large standard errors associated with any estimated coefficient [17]. Tables 1 and 2 respectively showed parameter estimates of the full SEM model and measurement errors. From Tables 1 and 2, it can be seen that the standardized coefficients were between 0.04 and 0.87, not exceeding the standard level of 0.95, which meant they were not very close to 1.0.

It can also 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 and had no negative variance errors. Thus, Tables 1 and 2 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 we could move forward to the evaluation of the overall model fit.

4.4 Overall fit for the full SEM model

The overall fit measures were presented in Table 2 and a path diagram with standardized parameter estimates was presented in Figure 2. For the absolute fit measures, after model modification, Table 3 showed the chi-square value ($\chi^2 = 381.44$, $P = 0.00$) statistically significant, an indication of unacceptable fit for this model. The GFI value was 0.93, reaching recommended level of 0.90, which was indication of an acceptable fit for this model. The SRMR value was 0.028, 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, larger than the recommended level of 0.90, which was indication of a good fit for this model. The CFI value was 0.99, also 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, larger than the recommended level of 0.50; the PGFI value was 0.71, larger than the recommended level of 0.50; the CN value was 263.63, larger than the recommended value of 200; all of which were indications of a good fit for this model. In conclusion, 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.

4.5 Parameters evaluation for the full structural model

Hypothesis I (guests' perceptions of experiential marketing directly influenced guest loyalty) was supported. Table 1 indicated that the value of standardized coefficient for γ_1 was 0.16 ($t = 3.51$, $p < .05$), reaching the significant level.

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 1 indicated that the value of standardized coefficient for γ_2 was 0.84 ($t = 16.17$, $p < .05$), reaching the significant level. However, the relationship between guests' perceived experiential value and guest loyalty was not supported. Table 1 indicated that the value of standardized coefficient for β_1 was 0.04 ($t = 0.45$, $p > .05$), not reaching the significant level.

Hypothesis III (guests' perceptions of experiential marketing directly influenced guest satisfaction and indirectly influenced guest loyalty through guest satisfaction) was supported. Table 1 indicated that the value of standardized coefficient for γ_3 was 0.28 ($t = 2.39$, $p < .05$), reaching the significant level. Table 1 also showed that the value of standardized coefficient for β_2 was 0.72 ($t = 9.38$, $p < .05$), reaching the significant level.

Hypothesis IV (guests' perceptions of experiential marketing indirectly influence guest loyalty through guests' perceived experiential value and guest satisfaction) was supported. Table 1 indicated that the value of standardized coefficient for β_3 (the relationship between guests' perceived experiential value and guest satisfaction) was 0.61 ($t = 7.08$, $p < .05$), reaching the significant level. Namely, the linkage relationships among experiential marketing, perceived experiential value, guest satisfaction, and guest loyalty were supported.

From the aforementioned analytical results for the hypotheses of structural relationships, three hypotheses were supported except for hypothesis II wherein 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 for the hot-spring hotels studied. 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 [9]Bollen (1989). Why this phenomenon occurred in the full SEM model deserves further exploration.

5. Discussions

From the analytical results, hot-spring hotel 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. This finding is supported by a good number of experience design authors' notion that well-designed experiences build loyalty [44][41][42][47][16][11].

Experiential marketing consisted of sense experience, feel experience, think experience, act experience, and relate experience, according to Schmitt [47]. In this study, the finding of the construct of experiential marketing concluded that sense experience had the strongest significant effect on experiential marketing. Namely, sense experience had a direct impact on guest loyalty. This finding was similar to the study by [43]Pullman and Gross (2004) who found that sensory variable was positively related to loyalty behavior. Therefore, it is important for the hotel managers to notice that increasing well experiential marketing would enhance guest loyalty as repurchase intentions; more specifically, hotel managers should focus their efforts on creating sense experiences.

Table 1 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 led support to Huang's [21] study, which indicated that 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 findings in this study indicated that aesthetic appeal had the strongest effect on perceived experiential value, followed by service excellence, consumer return on investment, and playfulness. However, the finding did not show a positive relationship between perceived experiential value and guest loyalty, and this finding 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. This phenomenon may be regarded as spurious relations, according to Bollen[9], but it 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. Thus, future study could singly examine the relationship between perceived experiential value and guest loyalty so as to find out the true relationship between one another. It is also worthy for future study to discuss more in-depth why this phenomenon occurred.

Table 1 also indicated that guests' perceptions of experiential marketing showed 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's *et al.* [51] study, which indicated that different restaurant layouts and interior designs influenced guests' emotion and behavior. Moreover, Pine and Gilmore [41][42] pointed out that the best experience designs for customers are affective or emotional in nature and that 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 to recommend others.

From Table 1, it was found 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 [21] who found that elements of experiential marketing had an indirect impact on behavioral intention through experiential value, brand image, and customer satisfaction. However, what made the present study different was that brand image variable was added as a mediating variable in Huang's [21] 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. This conclusion led support to Bagozzi's [7] model, which suggested the initial service evaluation (i.e., appraisal) led to an emotional reaction that, in turn, drove loyal behavior. Furthermore, this finding and its implications may lead to a better understanding of path relation among variables of experiential marketing, perceived experiential value, satisfaction, and loyalty. In theory, our 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. In hotel management practice, our findings imply that guests have a tendency to revisit hotel and recommend others when their level of value and satisfaction is increasing. Last but not least, 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.

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Table 1. *Parameter estimates of the full SEM model*

Second-order Latent variable	First-order latent variable	Observed Variables
Experiential Marketing ξ_1	Sense Experience η_1	I felt that the landscape design of hot-spring hotel was very beautiful (X_1)
		The decoration design of the guest room was very attractive (X_2)
		I felt that the view of spring pools was nice (X_3)
	Feel Experience η_2	I paid attention to music played by the hotel (X_4)
		I felt that the food in the restaurant were fresh and delicious (X_5)
		The landscape of the spring pools made me feel pleasurable (X_6)
		The whole atmosphere of the spring pools made me comfortable (X_7)
		The atmosphere of the spring pools enabled me to escape everyday pressures (X_8)
		The whole atmosphere of inside the hotel made me joyful (X_9)
	Think Experience η_3	The comfort of the guest room made me comfortable (X_{10})
		The landscape of the spring pools inspired me to think (X_{11})
		The hotel's inside environment inspired my curiosity (X_{12})
		The spring experience led me to think of my life-style (X_{13})
	Act Experience η_4	The decoration of the guest room inspired my curiosity (X_{14})
		I will be willing to share hot-spring experience with friends (X_{15})
		Activities provided by hotel do attract me to join (X_{16})
		I would like to further explore this hotel's other activities (X_{17})
	Relate Experience η_5	The hot-spring experience makes me want to change my life-style (X_{18})
		Coming here will improve my social life with friends (X_{19})
		The hotel landscape will make me want to take pictures for memory (X_{20})
Participating in the hot-spring bath represents my enthusiasm toward the hot-spring activity (X_{21})		
Participating in the hot-spring bath enables me to exchange experiences with those who have common interest as mine (X_{22})		
Perceived Experiential Value ξ_1	Service Experience η_1	The choices of hot-spring location can show my sense of taste (X_{23})
		The hot-spring experience brings family and friends closer together (X_{24})
		I experienced the high quality service (Y_1)
		I am very satisfied with the service attitude of the hotel staff (Y_2)
		My needs have valued by the hotel staff (Y_3)
	Aesthetic Appeal η_2	The hotel staff was very professional in explaining facilities and operation (Y_4)
		I am very satisfied with the hotel staff's appearance (Y_5)
		The whole design of landscape was pretty (Y_6)
		The food was very attractive to me here (Y_7)
		The decoration of the dressing rooms and bathrooms were very special (Y_8)
	Consumer Return on Investment η_3	The whole environment was nice (Y_9)
		I liked the design style of guest room (Y_{10})
		I was very satisfied with refreshing design of the spring pool (Y_{11})
		I feel that it was worth of spending money here (Y_{12})
	Playfulness η_4	I feel that pricing was reasonable here (Y_{13})
		I am very satisfied with the consumption pricing (Y_{14})
		I feel that consumption was cost-effective (Y_{15})
		I can relax my mood here (Y_{16})
		I did not need to worry and felt relaxed here (Y_{17})
	Guest satisfaction η_2	I can feel a sense of entertainment and interest here (Y_{18})
In addition to enjoy the hot-spring, it also brought me happiness (Y_{19})		
The facilities of the hot-spring pools were very interesting (Y_{20})		
I was satisfied with hotel amenities and facilities (Y_1)		
I was satisfied with overall service quality of hotel staff (Y_2)		
Guest loyalty η_3	I was satisfied with overall food and hot-spring quality provided by hotel (Y_3)	
	I was satisfied with overall recreation experience provided by hotel (Y_4)	
	Overall, my recreation experience in hotel was beyond what I expected (Y_5)	
	I am willing to revisit this hot-spring hotel (Y_1)	
	There is a high possibility that I may revisit this hot-spring hotel (Y_2)	
		I would like to further obtain the information of latest activities with this hotel spring hotel (Y_3)
		I am willing to recommend this hot-spring hotel to friends or others (Y_4)
		I will encourage this hot-spring hotel to my family and friends (Y_5)