A cross-sectional examination of hotel consumer experience and relative effects on consumer values

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ABSTRACT

One key aspect of the competitive service sector environment is the effort of many businesses to differentiate themselves by creating unique customer experiences that accompany their products and services. The challenge of creating memorable consumer experiences is the proper identification of specific characteristics that influence experiences and gaining a better understanding of how these affect consumers' perceived value. To this end, this study attempted to develop a model that identifies influencing dimensions of consumer experiences and investigates the composition of consumer experiences and the relative outcome on consumers' perceived value in a hospitality setting.

To initiate this study, an intercept survey approach was taken. The results revealed that both the physical environment and the human interactions have a significant and positive relationship with perceived value. These results can give lodging managers a better understanding of the composition of consumer experiences and how these events influence perceived value.

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1. Introduction

Nearly 50 years ago, futurist Toffler (1970) pointed to a paradigm shift that would deeply affect goods and services in the future and lead to the economy's next forward movement. He called the strange new sector “experience industries” (Knutson et al., 2006). An experience or experience dimension, for the purposes of this study, is a blend of many individual elements that come together (Shaw and Ivens, 2002) that may involve the consumer emotionally, physically, and intellectually (Mossberg, 2007). Examples of experience dimensions may include physical surroundings (Wakefield and Blodgett, 1996), social surroundings (Arnaud and Price, 1993), and other consumers (Silkapit and Fisk, 1985). Carlson (1997) postulated that an experience can be characterized as a steady flow of thoughts and feelings that take place during moments of consciousness regarding experience dimensions. However, an organization cannot grant an experience to the consumer; rather, organizations can only create the environment and the circumstances in which consumers could have an experience (Mossberg, 2007). In other words, the experiences that consumers encounter occur inside them, and the outcome or consumer experience depends on how the consumers, based on a specific situation or state of mind, react to the staged encounters (Csikszentmihalyi, 1990; Mossberg, 2007; Pine and Gilmore, 1999; Wang, 2002).

The place where experiences of pleasure, enjoyment, and entertainment can be encountered, as well as where human interactions occur, was termed the “experiencescape” by O’Dell (2005). No longer are consumers merely inert purchasers but, rather, co-producers who actively build their own consumer experiences through the interaction between the environment, seller, and other consumers (Prabha and Ramaswamy, 2003). This study principally looks at experience design and the specific elements that compose the design, not the possible experience outcomes (i.e., product branding).

When examining experiences and consumer experiences, it is tempting to consider only market-related experiences. However, it is vital to understand that consumption experiences encompass more than just market-related experiences (i.e., experiences linked with economic transactions). Edgall et al. (1997) outlined four unique consumption experiences (i.e., community, household, state or citizen, and market-related or consumer experiences). Market-related or consumer experiences result from encounters with businesses and other consumers. The authors postulated that there is a distinction between a “consumption” experience and a “consumer” experience. Stated differently, if there is no product or service exchange, then the individual no longer engages in a consumer-related experience but, rather, encounters experiences that are outside or beyond the market setting (Carù and Cova, 2003). For the purposes of this study, when businesses create and choreograph experiences for consumers, it is called “experiential marketing.”
Therefore, a consumer experience is the multidimensional take-away impression or outcome, typically in the form of a positive emotional or cognitive encounter formed by people’s encounters with products, services, and businesses (Lewis and Chambers, 2000). These impressions are related to the facets of consumer behavior that relate to the cognitive and emotive aspects of one’s encounter with market-related products and services (Carbone and Haeckel, 1994; Hirschman and Holbrook, 1982; Kumar and Karande, 2000).

1.1. Problem statement

Despite the enthusiastic movement toward an experience-based economy and its particular relevance to the hospitality industry (Gilmore and Pine, 2002; Titz, 2007), little empirical evidence can identify and measure the aspects of the customer’s experience (Knutson et al., 2006; Titz, 2007). This is especially so in hotel-specific research. This gap between the conceptual notion of consumer experience and the lack of empirical evidence calls for a more empirical investigation to gain a better understanding of this important concept. The purpose of this study is to develop an explanatory framework of consumer experience that addresses the antecedents of consumer experience and the relative outcome on perceived value in a hospitality setting. To achieve this purpose, this study will attempt to identify the factors that impact consumer experiences and integrate them into a new framework to understand this important topic. As a result, it is anticipated that the relative effects and importance of various antecedents will emerge to help explain consumer experiences and the relative impact that consumer experiences may have on perceived emotive and cognitive value in a hotel setting. The research questions are outlined in an effort to gain a clearer understanding of the construct of consumer experience:

(1) What specific items define the primary structure of experience consumption in the hotel industry?
(2) Is there a relationship between experience constructs and consumers’ perceived value?

The next section discusses the background and development of consumer experience. The proposed theoretical framework, as outlined in this section, explains related definitions and the research hypotheses. Following is an explanation of the methodological procedures used in this study to explore the research questions. The paper concludes with the findings and summary and conclusion sections.

2. Literature review

Considerable and diverse efforts have attempted to cultivate a better understanding of consumer experiences by laying a theoretical foundation for defining and elucidating the experiential concept (Berry et al., 2002; Bitner, 1992; Csikszentmihalyi, 1990; Hirschman and Holbrook, 1982; Pine and Gilmore, 1999; Schmitt, 1999). Significant opportunities also exist, however, to examine the hospitality consumer’s experiential realm (Titz, 2007).

In a competitive service marketplace such as the lodging industry, companies must find ways to differentiate themselves from their competitors. For companies to do this, Pine and Gilmore (1999) and Schmitt (1999) posited that companies need to offer consumer “experiences” in addition to products and services to remain competitive in an increasingly commoditized world. Typical examples of companies that provide differentiated consumer experiences include the Rice to Riches rice pudding stores, Haagen-Dazs cafes, and hotels such as the Soho Grand Hotel or its sister property, the Tribeca Grand, created to be the ultimate downtown atmosphere for a fusion of business and pleasure. Moreover, Starwood Hotels and Resorts employ “experience engineers” whose primary aim is to transform the service culture and to deliver consumer experiences to increase customer satisfaction and loyalty.

Nevertheless, Knutson et al. (2006) noted that “there is a void in the hospitality research relative to identifying and measuring the dimensions of the customer’s experience” (p. 34). Without fully understanding or measuring experience marketing constructs, many hospitality organizations proceed with experience offerings simply by providing entertainment or through winsome creativity (Berry et al., 2002). An experience, however, is more complex and sophisticated than architecture, décor, or groomed employees; rather, it should involve a comprehensive positioning strategy that manages the consumer’s journey from pre-experience expectations to post-experience assessments (Berry et al., 2002).

What exactly is an experience? Although the term has existed and gained momentum for nearly two decades, many different meanings, interpretations, and perceptions exist. The concepts of consumer experience and experiential marketing arose because the traditional benefits and features of marketing no longer effectively met the needs of the consumer (Schmitt, 1999). According to a straightforward description, an experience is “the fact or state of having been affected by or gained knowledge through a direct observation or participation” (Merriam-Webster, 1993). Experiences, like tourism, appear to lack disciplinary borders; they are important in anthropology, sociology, economics, psychology, philosophy, and other fields. For the purposes of this study, an experience is a unique blend of many individual elements that come together (Shaw and Ivens, 2002) and may involve the consumer emotionally, physically, and intellectually (Mossberg, 2007).

2.1. Framework for understanding consumer experience

In this section, the study’s conceptual framework is presented. A number of important studies support this study’s overall conceptual foundation and subsequent hypothesis about hotel experience influences. Two primary theories, atmospherics (Kotler, 1973) and servicescape (Bitner, 1992) theories, have a significant influence on this study. Other no less important contributing theories, inference theory (Huber and McCann, 1982; Nisbett and Ross, 1980), the theory of affordances (Gibson, 1979), the schema theory (Fiske, 1982), and hedonics (Hirschman and Holbrook, 1982), have also contributed but are not expounded on here.

Kotler (1973) was one of the first to describe the influence that the physical environment has on the consumer. In some cases, he found that the physical environment or “atmospherics” have more influence on the purchase decision than the product itself. These theoretical inferences were supported by Bitner’s (1992) study on servicescapes in which she posited that physical surroundings help facilitate the achievement of organizational as well as marketing goals. These implications are particularly relevant in the lodging segment, where all four theories contribute to the consumer experience. For example, a hotel guest who encounters a hotel with fluorescent light bulbs, inexpensive furnishings, and cheap décor may access from memory a “budget hotel” schema and, hence, may infer that the property is low-quality and offers minimal service. This concept was empirically supported by Ward et al. (1992), who demonstrated that patrons’ perceptions of and attitudes about fast-food restaurants are strongly influenced by environmental cues.

The interrelated theories outlined above (i.e., atmospherics, inference theory, the theory of affordances, the schema theory, and servicescape theories) support this study’s overall conceptual foundation and subsequent hypotheses. Considered together, these theories imply that consumers pay attention to design, social, and ambient cues when evaluating experience-rich environments.
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