

RELATIONSHIPS AMONG EXPERIENTIAL MARKETING, EXPERIENTIAL VALUE, CUSTOMER SATISFACTION, AND CUSTOMER LOYALTY: AN EMPIRICAL INVESTIGATION OF KOREA'S UPSCALE HOTELS

Keywords: *Experiential Marketing, Experiential Value, Customer Satisfaction, Customer Loyalty, Korea, Upscale Hotel*

Dongsun Kim
Graduate Student

SeungHyun Kim, Ph.D.
Assistant Professor

The School of Hospitality Business
Michigan State University

Introduction

Experience has played key role in travel and tourism research; indeed, some of the fastest-growing sectors of the global economy are related to the consumption of experiences (Pine and Gilmore 1999; Richards 2001; Oh, Fiore, & Jeoung 2007). "Experience" is a very personal concept that is difficult to measure. For example, a customer spends several nights in a hotel, experiencing the hotel. This context of experience incorporates numerous factors. A customer's experience includes what a customer sees and feels as well as how the customer interacts with environment. Clearly, experience is quite complicated.

Customer experience can be defined as originating from "a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction" (Verhoef et al., 2009). Customer experience is "strictly personal and implies the customer's involvement at different levels (rational, emotional, sensorial, physical, and spiritual)" (Gentile et al., 2007). According to Vargo and Lusch (2004), the experience and value are perceived purely from the point-of-view of an individual customer and is inherently personal, existing only in the customer's mind. Thus, no two people can have the same experience (Johnston and Kong, 2011; Pine and Gilmore, 1998). Customer experience can also be defined as the internal and subjective response customers have to any direct or indirect contact with a company. Direct contact generally occurs in the course of purchase, use, and service and is usually initiated by the customer. Indirect contact most often involves unplanned encounters with representatives of a company's products, service or brands and takes the form of word-of-mouth recommendations or criticisms, advertising, news reports, reviews and so forth." (Verhoef et al., 2009; Meyer & Schwager, 2007).

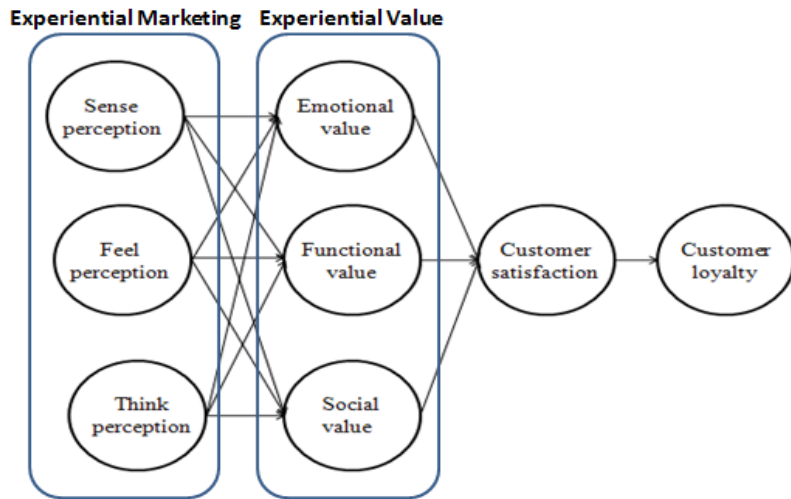
According to Yuan and Wu (2008), experiential marketing can be seen as a marketing tactic designed by a business to stage the entire physical environment and the operational processes for its customers to experience. Schmitt (1999) further defined experiential marketing from the customers' perspective as customers developing recognition and purchasing goods or services of a company or a brand after they gain experiences by attending activities and perceiving stimulations. Experiential marketing, an emerging form of marketing, focuses not

only on a product or a service but also on an entire experience that account for the customers' experience creation processes, including pre-purchase, moment-of-truth, and post-purchase (Yuan and Wu, 2008; Schmitt, 1999). Schmitt (1999) suggested that experiential marketing should deliver emotional and functional value and positive customer satisfaction.

Experiential value is not a new concept, yet the academic marketing literature investigating the importance of customer experience remains limited. Publications on customer experience are primarily found in practitioner-oriented journals and management books (Berry, Carbone & Haeckel, 2002; Meyer and Schwager, 2007; Shaw and Ivens, 2005; e.g., Verfoef, 2009). Several related studies have been carried out in the hospitality industry; however, some of the data used in those studies were collected from limited sources. Therefore, the current study seeks to extend previous research efforts and apply them to some upscale hotels in Korea.

The purpose of the study is to investigate the effect of experiential marketing in upscale hotels in Korea. The study is intended to provide a description of understanding how various factors relate to customers' experiential value helps managers boost customer satisfaction, thereby leading to enhanced customer loyalty.

The hypothesized model [Figure1] is developed to examine relationships among experiential marketing, experiential value, customer satisfaction and customer loyalty. This study will mainly use on-sight field study. Self-reported questionnaires will be distributed at two upscale hotels located in Seoul and Incheon, which are major cities in Korea. The targeted sample is customers who stayed at least one night at one of two different upscale hotels located in Korea. All measures in the proposed model will be adopted from previous studies (Schmitt, 1999; Yuan and Wu, 2008; Park, 2009; Lin, 2006). A primary data analysis will be tested as structural analysis to the proposed model. Confirmatory factor analysis will be conducted using Structural Equation Modeling for validating and refining measurement model before hypothesis test. Also, structural analysis will be used in Structural equation modeling in order to test the proposed model. Drawing from the structural equation modeling, the current study sets out to analyze the positive relationship between exogenous variables (experiential marketing), mediating variables (experiential value) and outcome variables (customer satisfaction and customer loyalty). We hope that this study will offer further evidence of the authenticity of the texts experiential marketing and value in the hospitality industry in Korea.



[Figure1]