Building Customer Loyalty: A Customer Experience Based Approach in a Tourism Context

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DECLARATION

The author hereby declares that, except where duly acknowledged and referenced, this research study is entirely her own work and has not been submitted for any degree or other qualification in Waterford Institute of Technology or any other third level institution in Ireland or abroad.

Martina Donnelly,
June 2009

ABSTRACT

Building Customer Loyalty: A Customer Experience Based Approach in a Tourism Context

In light of the challenges facing the Irish tourism industry, Fáilte Ireland (TPDS report) emphasises that the future success of tourism enterprises relies upon delivering a 'unique and complete holiday experience'. In addition, it has recognised that the underpinning critical success for the tourism industry is building customer loyalty through the creation of the total customer experience. A review of the literature indicates a general consensus that quality, value and satisfaction are major determinants of customer loyalty. However, while much is known about the relationship between the aforementioned variables and customer loyalty, these variables do not fully explain how customer loyalty is built. Therefore, this research study seeks to reduce the existing gap in extant knowledge by identifying and examining a new determinant of customer loyalty – the customer experience. The overarching objective of this thesis was to examine the relationship between customer experience and customer loyalty. Indeed, both customer relationship management (CRM) and brand literature indicate that loyalty-building is found in the customer's experience with the product/service, hence it is perceived that a fundamental key to building customer loyalty is the successful management of each individual customer's experience. The customer experience has been defined as involving three components: functional clues, humanic clues, and mechanic clues. Each one of these clue sets have been investigated individually in relation to their impact on loyalty. Based on the literature, the relationship between customer experience and loyalty in this study has been hypothesised to

- $H_{1.}$ There is a direct relationship between functional clues and loyalty.
- $H_{2.}$ The relationship between functional clues and loyalty is mediated by the variables - value and quality.
- $H_{3.}$ There is a direct relationship between mechanic clues and loyalty.
- $H_{4.}$ The relationship between mechanic clues and loyalty is mediated by value and quality.
- $H_{5.}$ There is a direct relationship between humanic clues and loyalty.
- $H_{6.}$ The relationship between humanic clues and loyalty is mediated by value and quality.

The study utilised two phases of data collection – an initial qualitative phase followed by a second phase involving a quantitative methodology. The study collected data from both sides of a dyad: key informants from the hotel industry and the hotels' customers. The study involved assessing three and four star hotels in the cities of Waterford, Wexford and Kilkenny in the South East region of Ireland. The data was analysed using Nvivo (N7) and the Statistical Package for Social Science (SPSS V.15).

The qualitative phase of the study involved in depth interviews with hotel key respondents. This provided the necessary information to create a detailed blueprint of the customer hotel experience based on four critical stages and on each of the experience clues – functional, mechanic and humanic. Indeed, this was a major outcome

of the qualitative phase and informed the development of the customer survey in the second quantitative phase. The quantitative phase revealed that the relationship between the functional and mechanic clue sets and loyalty is totally mediated by the value and quality variables. The relationship between the humanic clue set and loyalty was both direct and indirect; the indirect relationship was mediated through value and quality.

Due to the lack of research and interest in this area, this study not only contributes substantially to extant academic knowledge, but also makes a significant contribution to tourism practice. Ultimately it bridges the knowledge gap by conceptualising customer loyalty through identifying a number of key determinants. Hence, a major theoretical contribution of this thesis is the fact that it both synthesises and builds on extant efforts to conceptualise and build loyalty. The main practical implication is that it provides best practice guidelines for building customer loyalty through the customer experience. Indeed, for destination managers it highlights the importance of focusing on each of the experience clues - functional, mechanic and humanic - in order to create the total customer experience, a key determinant in building customer loyalty. Furthermore, this study also offers a methodological contribution of data collection in the form of blueprinting – a critical technique in illustrating the customer experience process. While this technique has been in existence for the last twenty years, it has not commonly utilised. Therefore, this study offers a guideline for future researchers in terms of this data collection technique.

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To Paul, thanks for your constant support, understanding and always believing in me.

Finally, I thank God for all His blessings.

Dedication

This thesis is dedicated to my sister and best friend Phil, for her unending support throughout my life and for never failing to inspire me.

To succeed... you need to find something to hold on to, something to motivate you, something to inspire you.

Tony Dorsett

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Chapter One

Introduction

1.1 Background to the Study

Over the past decade, unprecedented economic growth has seen Ireland's Gross Domestic Product (GDP) almost double in size. In line with this overall economic experience, the Irish tourism industry has become a major economic sector of enterprise and of national and regional wealth creation. Indeed, the industry at present constitutes approximately 16,000 tourism enterprises, generating €4 billion in revenue earnings, employing 140,000 people, and is currently the largest, Irish-owned internationally traded sector within the economy (Fáilte Ireland *Strategy Statement 2005-2007*).

However, as Fáilte Ireland's Tourism Policy Review Group Report, *New Horizons for Irish Tourism, An Agenda for Action* (TPRG, 2003) notes, the landscape is changing and the tourism industry is at a significant turning point in its evolution. The industry has seen, due to unparalleled economic growth a "significant loss in competitiveness, which, if not redressed, will undermine the capacity of the industry to benefit the strong economic growth envisaged in international tourism in the years ahead" (TPRG, 2003: 40). Further, while the tourism industry has matured, it is still characterised by the dominance of individual, small to medium sized enterprises competing in an increasingly global, international tourism marketplace. In consequence, the Group notes that there is weak access to market and operational intelligence, a lack of management resources and market power and little or no financial institutional backing. There is also a tendency amongst small Irish tourism firms to adopt the 'complacency syndrome' where there is little flexibility and adaptability of products to the changing needs of customers. The tourism company operates in an extremely competitive industry, which is primarily characterised by continuous transformation (Wahab and Cooper, 2001). Thus, in light of these challenges this research study materialised.

A key strategy which has recently been adopted by the Tourism Sector to overcome these challenges is to focus on creating long-term relationships with consumers, thereby building customer loyalty (Irish Tourist Industry Confederation (ITIC), 2006). Building customer loyalty is critical as it not only results in customers staying with a service provider for longer, but they also purchase more from that service provider (Peppers and Rogers, 2004). Businesses are now moving away from the long accepted strategy of trying to gain market share to a more long-term and profitable approach: building customer loyalty. The rationale for this is that loyal customers buy more from one business over their competitor so that as businesses' sales increase, they gain a stronger market position and benefit from positive referrals and word-of-mouth (Griffin, 2002). However, while identifying the importance of customer loyalty is one thing, examining how it is built is quite another.

In spite of the considerable research efforts in many salient fields of enquiry, such as customer relationship management, consumer behaviour, marketing and business strategy, service management and human resources, no acceptable theory exists that fully explains how customer loyalty is actually built.

Past literature has identified three critical variables that have been inextricably linked to contributing to loyalty - quality, value and satisfaction (Cronin et al., 2000; Payne et al., 2000; Loveman and Heskett, 1999; Reichheld, 1996; Parasuraman et al., 1991; 1988; Cronin and Taylor, 1992; Reichheld and Sasser, 1990). Although a number of studies have found these variables to have significant impact on loyalty, several researchers have argued that these variables only provide partial insight into building customer loyalty and that alternative new variables should be brought into the loyalty building dynamic (Cronin et al.,2000; Dube and Renaghan;2000). Although attracting little research interest, one critical variable impacting customer loyalty has been identified in the Customer Relationship Management (CRM) literature – that of the customer experience. Indeed, for Donnelly et al, (2008) a major criticism of the loyalty research is that the customer experience variable has been excluded from consideration.

This reflects what Smith and Wheeler (2002) argue – as we are now living in the age of experiences, firms must deliver to consumers a "branded customer experience." Both CRM and brand literatures alike indicate that building loyalty is found in the customer's experience with the product/service.

Furthermore the tourism sector has also recognised the role of the total customer experience in building loyalty. A key strategy for this sector is "to develop and deliver distinctive, authentic and memorable experiences that stimulate increased visits, longer dwell times and higher expenditure" Irish Tourist Industry Confederation (ITIC) (2006:55). Indeed, one dominant theme that continuously appears to emerge from national reports is that due to the competitive nature of the Irish tourism industry, creating the total customer experience to build customer loyalty is being acknowledged as a real, sustainable differentiator and a key strategic success driver to create a stronger capacity in Irish tourism companies (Tourism Product Development Strategy 2007-2013; Ireland's Competitive Position in Tourism Report 2006).

This relatively new perspective recognises that the customer has to interact with the components of a service in order for the service to become 'real' (Echeverri 2005) and that the successful management of customer experiences leads to a differentiated competitive advantage (Smith and Wheeler 2002).

In recent times, a few researchers have turned their research lens on the relationship between loyalty and customer experiences. The research that has been completed on these variables, specifically by Dube and Renaghan (2000), and associates, indicated that the customer experience has a substantial effect on building customer loyalty (Berry and Carbone, 2007; Carbone and Haeckel, 1994). For the tourism industry, this knowledge gap is of particular concern, especially in light of the TPRG's (2003) report which defines tourism as a total customer experience, and which emphasises that the customer experience is "of primary importance in the formulation of Ireland's tourism policy and in shaping the competitive position for the industry".

Based on the foregoing, this study extensively investigates both the customer experience and the customer loyalty variable in depth. Consequently, a number of loyalty building models and key determinants such as quality, value and satisfaction have been identified. Thus, a new conceptualisation for building loyalty has been developed by the researcher who proposes that in order to build customer loyalty all three critical variables: quality, value and satisfaction are necessary with the incorporation of a new and dynamic variable "customer experience".

Furthermore, this study identifies and explores three major aspects of the customer experience, as derived from Carbone and Haeckel's (1994) work on customer experience clues. These clues include functional (core product/service), mechanic (physical environment) and humanic (Employee behaviours/interactions). The relationship dynamics between each of these clues and building customer loyalty is investigated, as is the mediated relationship with the other major determinants – quality value and satisfaction.

1.2 Research Aims and Objectives

The overall aim of this research is to identify and explore the major determinants in relation to building customer loyalty, specifically the customer experience variable. In this respect, the research objectives that emanated from the review of the literature are to:

1. Examine the relationship between customer experiences and customer loyalty.
2. Identify and examine current customer experiences with regard to functional, mechanic and humanic clues within the hotel sector in the South East of Ireland.
3. Develop a detailed blueprint of the customer experience in relation to the hotel stay.
4. Identify and explore the interrelationships that exist between the variables - perceived customer experience, service quality, customer value, customer satisfaction and customer loyalty.
5. Develop a new and more dynamic loyalty-building model.
6. To develop an extensive list of 'best practice' guidelines on managing loyalty-building customer experiences.
7.

1.3 Research Outline

At the onset of this research, it was determined that due to its exploratory nature, two phases of research were necessary to study the relationship between the aforementioned customer experience clues and customer loyalty with reference to the other key determinants value, quality and satisfaction. There is limited research done in this area specifically within an Irish context and no empirical studies have been done with regard to the foregoing customer experience clues and their relationship with loyalty, hence the importance of this thesis' contribution. The South East region of Ireland provided the context for this study, specifically three and four-star hotels in the cities of Waterford, Wexford and Kilkenny. The hotel sector was selected as it encompasses a number of tourist facilities and amenities in the one site. This researcher took a rigorous multi-method, two phase approach to the study, as outlined in the following section.

1.3.1 Qualitative Research, Phase One: In-depth Interviews with Managers and Blueprint

As detailed in Chapter Four, Phase One's research involved in-depth interviews with hotel management. The data collection vehicle was semi-structured interviews, utilising an interview guide that also allowed some probing questions to be asked. The interviewees were mainly the general managers of each hotel who had a good overall knowledge of hotel processes, operations and interactions with customers. In Phase One, a total of 16 interviews were conducted with the hotel managers. These interviews were analysed using Nvivo software.

A detailed blueprint was then created and developed based on the information derived from the interviews. The blueprint, which is presented in Chapter Five, clearly outlines the customer experience in four main stages and details each of the functional, mechanic humanic clues encountered at these stages, as well as main employee customer touch points. In addition, the results from Phase One assisted in the creation of the questionnaire in Phase Two.

1.3.2 Quantitative Research, Phase Two: Customer Surveys

Based on the results from the literature review and Phase One, several hypotheses were developed and an empirical survey was designed in order to examine the hypotheses - the relationships between the functional, mechanic, humanic clues, value, quality, satisfaction and loyalty. However, because several hypotheses were related to the satisfaction variable, which had to be dropped from further analysis due to muticollinearity, these hypotheses had to be altered.

The survey was divided into six major variables: (1) functional clues, (2) mechanic clues, (3) humanic clues, (3) quality, (4) value, (5) satisfaction and (6) loyalty. As each of the clues had not been empirically tested previously, the researcher adapted measures from Parasuraman et al.'s (1988) SERVQUAL model and Cronin and Taylor's (1992; 1994) extended version of the SERVPERF model for each of these variables. Some measures were also derived from other studies, which are detailed in Chapter Four. This phase assessed each of the hypotheses and the relationship paths as depicted in the customer experience loyalty model presented in Chapter Five. Responses were inputted into Statistical Package for the Social Sciences (SPSS) version 15 computer software. The following analyses were run - reliability, validity, factor analysis, correlation, regression analysis and the Sobel Test.

Interestingly, the results from these surveys indicated that each of the clues have an indirect relationship with loyalty, each of which are partially mediated by value and quality. Additionally, the humanic clues were the only variable that had a direct relationship with loyalty as well as an indirect relationship through value and quality.

1.4 Structure of Thesis

Chapter Two & Three **-** The literature review is contained in Chapters Two and Three. In order to put the research into context the areas investigated and discussed in Chapter Two were the Tourism Sector, Destination Management and the Customer Experience. The chapter defines tourism and the challenges it faces indicating the need for this research. It then goes on to examine the importance of destination management in relation to tourism, and the customer experience concept, its importance and role in relation to destination management. The chapter further describes the nature of the customer experience, the many streams of thought in the area and places emphasis on the work of the customer experience as adopted for this study, which is Carbone's (2004) experience clues: functional, humanic and mechanic clues.

***Chapter Three* –** This chapter investigates the customer loyalty concept in depth, in terms of past definitions, models proposed, measures, critical determinants for building loyalty and issues with past research. The chapter continues to investigate the critical determinants of quality, value and satisfaction, proposing a new important determinant - the "customer experience" variable. The interrelationships between these determinants in relation to building customer loyalty are then further examined. Finally, the chapter concludes by presenting a customer experience loyalty-building model (CEL Model), which incorporates all four major determinants - customer experience, quality, value and satisfaction.

Chapter Four – In this chapter, a philosophical and methodological overview of the current study is presented. The foundation and justification for the research approaches taken to investigate the objectives are clarified and rationalised. In addition, a detailed account is given of the research process and the methodology utilised to investigate the customer experience loyalty (CEL) Model from the management perspective (Phase One) and from the customer's viewpoint (Phase Two). This chapter covers the main methodological issues, explicitly the design, implementation and interpretation of the chosen research methods.

Chapter Five - Chapter Five contains the data analysis and findings of the research management interviews, blueprinting and customer surveys. The first phase's qualitative findings present a detailed profile of each hotel involved, an examination of the customer experience stages, encounters and clues from the hotel staff's perspective. These findings also provide a detailed illustration of the customer experience blueprint. The second section of this chapter presents the data analysis and findings of the quantitative customer surveys. Firstly, it presents the response rate, respondents' profiles, validity and reliability analysis results for each of the variable scales, before finally presenting the results of the experience loyalty model relationships and hypotheses following the conducting of the Sobel Test (see Footnote 6, Chapter Five) for mediated relationships and the means.

Chapter Six - Chapter Six is composed of the researcher's discussion in relation to the literature review, research objectives and the research findings. The chapter concludes with a revised customer experience loyalty model.

Chapter Seven – Finally, Chapter Seven contains the conclusions drawn from the entire study. The contributions and limitations of this research are discussed as well as recommendations for future research.

1.5 Conclusion

The central thrust of this research study is based on the whole area of building customer loyalty which is a key strategic objective of the tourism industry. It urges the tourism sector to place priority on building customer loyalty as a core success strategy. Although a lacuna of research has been conducted in relation to customer loyalty, no one study has identified how loyalty is actually built. While research has identified some key determinants that contribute to loyalty, a number of researchers have argued that new determinants need to be considered. This study, through the identification of customer experience as a critical determinant of customer loyalty, has bridged the research gap and provided for best practice guidelines for organisations within the tourism sector. In addition, this research identified the three further major determinants of customer loyalty – value, quality and satisfaction. By focusing upon and addressing each of these determinants within their business plan, tourism enterprises will achieve customer loyalty and long term success. Hence, this research study seeks to build upon and extend extant loyalty research by fulfilling the previously outlined research objectives.

The research results were derived from both sides of the hotel experience dyad- the managerial perspective and the customer perspective. This study was conducted in two phases.

Phase One of the research involved in depth interviews with hotel management examining the customer experience process with regard to the three clue sets – functional, mechanic and humanic. The results obtained from this Phase allowed the researcher to develop a detailed blueprint of the customer experience process. Additionally, the results of phase one were utilised to inform Phase Two, survey development. In Phase Two, the researcher conducted a number of customer surveys which examined each of the critical determinants in relation to building customer loyalty.

The literature review revealed that customer experience was a key determinant for building customer loyalty, in addition to value, quality and satisfaction. The empirical results supported the literature as it is confirmed that the critical determinants, customer experience clues, value and quality contribute to building customer loyalty. As, the customer satisfaction variable was dropped from the quantitative research analysis due to muticollinearity, it was no longer investigated thereafter in the context of this research study.

The findings supported that each of the experience clue sets have an indirect relationship with loyalty mediated by value and quality. Notably, the humanic clues were the only clue set that also had a direct relationship with customer loyalty. As discussed in Chapter Seven, there are considerable amount of directions for future research

This thesis' main theoretical contribution is that it builds and syntheses on extant research studies which have conceptualised customer loyalty. This study identifies and examines a new key determinant and a new model for building customer loyalty. This model is underpinned by the three experience clues and their relationships with the other major determinants specifically value and quality in building customer loyalty.

A further important theoretical contribution of this study relates to the customer experience literature. This study contributes to the customer experience literature as it provides empirical support for Carbone and Haeckel's (1994) work on experience clues and the Wall and Berry, (2007) experimental study which was the only empirical investigation previously conducted in relation to these clues; they examined the clues impact on service quality in the restaurant environment. The results of this investigation made a major contribution in terms of the experience loyalty relationship as they indicated that these customer experience clues impact customer loyalty mediated by value and quality.

Furthermore, practically, this research highlights the importance of the management of each of the customer experience clues - functional, mechanic and humanic - with regard to value and quality, as the basis for building customer loyalty. In addition, this study offers a major contribution for businesses in the tourism sector, through the dissemination of results, offering guidelines for best practice as regards each of the experience clue sets with reference to the customer experience loyalty (CEL) Model as depicted in Chapter Five for building loyalty.

As already outlined, the following chapters unfold the sequence of work involved in the investigation of this thesis' objectives.

Chapter Two

The Total Customer Experience

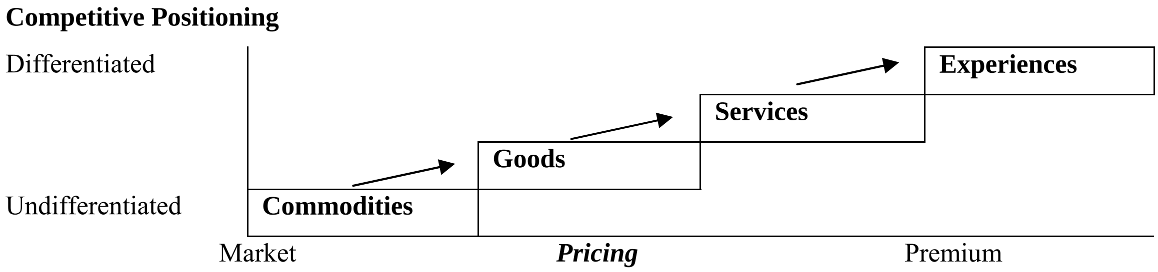
2.1 Introduction

As indicated in Chapter One, the Irish tourism sector needs to recognise the changes that are occurring in the industry in relation to tourist demands and preferences. Businesses in tourism must now "create authentic, diverse and changing experiences to attract visitors, make them want to return and make them give strong recommendations to their families friends and colleagues" (ITIC, 2006:56). Smith and Wheeler (2000) recognise that the customer has to interact with the components of a service in order for the service to become 'real' (Echeverri, 2005) and that the successful management of customer experiences leads to a differentiated competitive advantage. Indeed, Fáilte Ireland also recognises that customer experience is pivotal to meeting industry challenges, perceiving that enhancing the tourist experience in order to build customer loyalty is a key strategic success driver to create a stronger competitive capacity in Irish tourism companies (Tourism Policy Review Group Report[1] (TPRG), 2003). Wiljinson et al. (1998) argue that the competitiveness of the tourism firm depends on its innovativeness in achieving customer loyalty through a service quality, satisfaction and customer-oriented strategy. Indeed, leading edge tourism companies such as the Four Seasons Group and the Forte Hotel Group are increasingly recognising the importance of building customer loyalty as a strategic business objective (Erstad, 2001). This rests on customer relationship management's central premise that a firm's overriding strategy should be the attraction and retention of profitable customers because loyal customers will, in the long-term, buy more and pay a premium for doing business with those they trust and like (Peppers and Rogers, 2004). Tourists that become attached to a product or service and, ultimately, the experience, tend to last longer, purchase larger amounts, doing so more frequently, while showing more willingness to pay premiums and creating positive word of mouth (Valencia and Westberg, 2005).

[1] *New Horizons for Irish Tourism. An Agenda for Action (2003).*

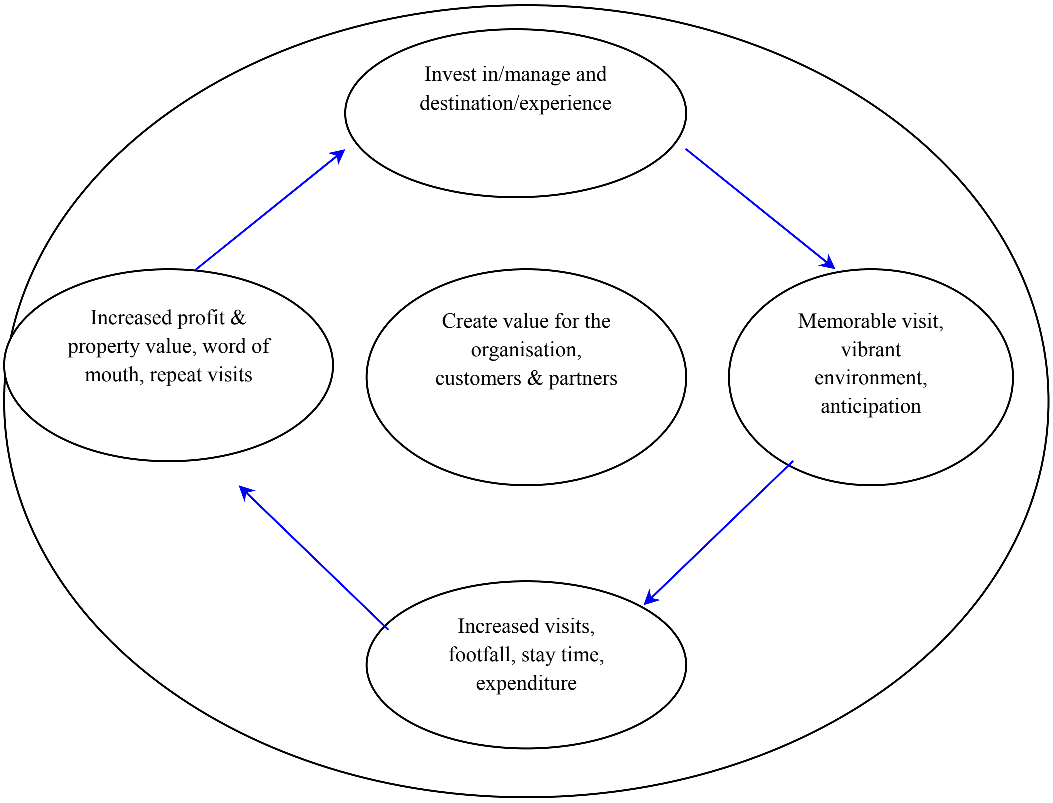
As the tourist experience is increasingly seen as a real and sustainable differentiator (Voss, 2004), the next stage in the development of the economy is to stage experiences (Pine and Gilmore, 1998). Figure 2.1 illustrates the stages of economic development, commencing with the extraction of commodities through the successive stages of manufacturing products and the delivery of services and on to the experience economy. The experience stage represents the greatest value and competitive differentiation (Pine and Gilmore, 1998). Hence, it is perceived to be where Irish tourism needs to be directed in order to achieve economic success and competitive advantage.

Figure 2.1: The Progression of Economic Value – Experiences Create Value
Source: Pine and Gilmore (1998:22)



Many of the premier tourist destinations are focusing on the customer experience strategy to achieve economic profit and growth (ITIC, 2006). Figure 2.2 shows the benefit of this strategy via a virtuous profit cycle which is achieved through investment in, and the management of, the destination experience.

Figure 2.2: The Experience Profit Cycle
Source: Voss (2004)



This chapter centralises the concept of customer experience but first defines the context, the study of tourism with regard to destination management. This is followed by discussing the nature of the customer experience in relation to the various streams of thought in the area and the management of the customer experience under three clues - functional, mechanic and humanic. The chapter finally concludes with sections on experiential value and experiential marketing.

2.2 Tourism Sector Review - Destination Experience

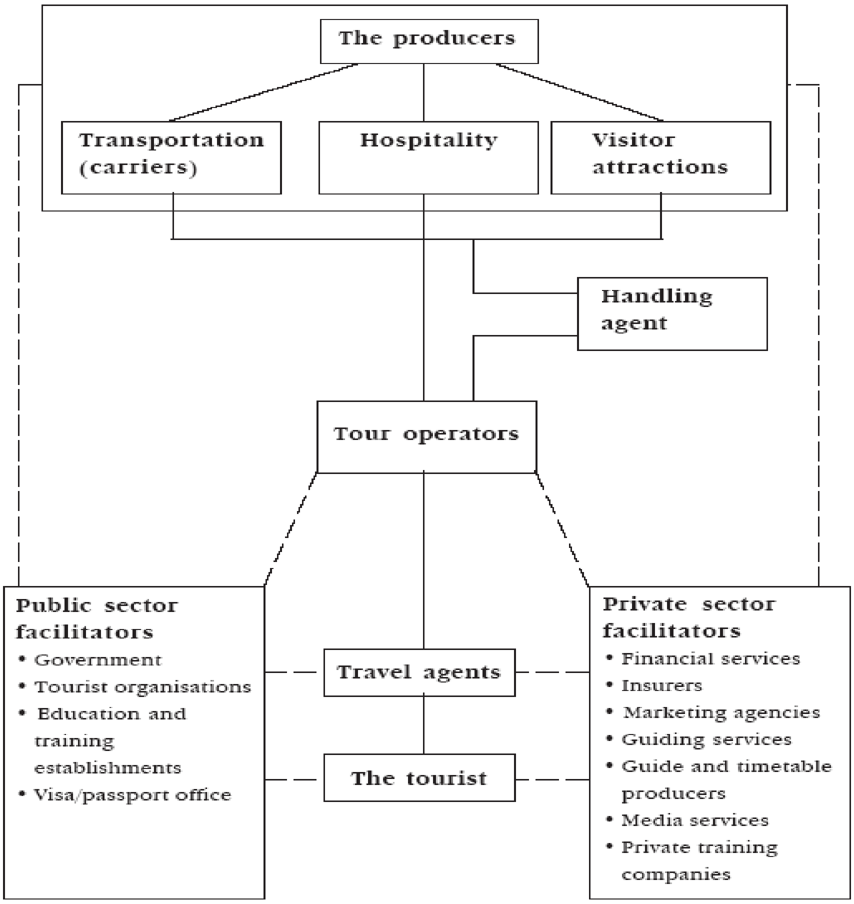
Since this study is based in the tourism sector it is necessary to first define what is meant by the term “tourism”. Tourism has been acknowledged as the world’s largest industry (Keynote, 2005; Lashley and Morrison, 2000) and definitions of tourism necessarily make reference to some degree of movement away from the tourist’s ordinary place of residence and/or work with the purpose and the distance being the deciding factors (O’Connor et al., 2007:1). Tourism definitions can be considered from both the demand side which is a technical perspective and the supply side which is descriptive based. The demand definition is that tourism comprises of the activities of persons travelling to and staying in places outside their usual environment for not more then one consecutive year for leisure, business or other purposes (Holloway, 2002; Cooper et al., 1998, World Tourism Organisation (WTO), 1993), whereas the supply definition is that "the tourist industry consists of all those firms, organisations and facilities which are intended to serve the specific needs and wants of tourists" , (Leiper, 1979:400, cited from Cooper et al., 1998). For the purpose of this study, this author will adopt both of these perspectives. The tourist can be divided into two groups - domestic and international. Domestic tourists can be tourists who stay at least one night in a location and excursionists or day visitors that do not stay overnight, while international tourists are individuals who cross international boundaries to travel to other countries outside of their own residency (Witt et al., 1992). Tourism also involves destination and that can be a particular resort or town, a region within a country, a whole of a country or even a larger area of the globe (Holloway, 2000). A destination is generally comprised of a number of different activities and amenities from entertainment to accommodation to transport, for example, Voss (2004:12) argues that a memorable experience lies at the heart of any tourism destination, defining destination as "a place where people visit for an extended period of time, where they engage in multiple activities and where people want to return, not just to repeat the experience, but in the anticipation of new things to see and do".

The foregoing indicates the complexity of tourism in that a tourist's experience is impacted by varying activities, each operated by different individuals and businesses, and therefore it is essential that these groups use their skills to work together to create a more holistic destination experience (cited from Gyimothy, 2000). Voss (2004) further contends that the following are necessary to build a successful destination experience, thereby realising increased revenue streams: (1) create a varied and differing set of experiences, promotions and attractions so that customers will want to return; (2) shift focus from one activity to a more holistic destination experience with a number of activities working in cohesion in order to attract people to visit more often with longer stays; and (3) design destination experiences so that they meet or exceed the needs of a wide variety of segments. This study adopts the perspective that the "perceived destination product is an out of the ordinary, holistic experience or a virtual product that exists as a whole" in the visitor's mind (Gyimothy, 2000:390). The next section explores the importance of the management of the destination in relation to customer experience and customer loyalty.

2.3 Destination Management

It is estimated that by the year 2020 the number of people travelling will triple (Conrad and Barreto, 2005). The sustainability of tourist destinations can only be obtained through careful planning and management (Cooper et al., 1998). Tourism destination management is fundamental to creating a unique and memorable tourist experience which leads to increased tourist value and ultimately building loyalty (TPRG, 2003). Figure 2.3 identifies the network of sectors commonly involved in the tourism sector and, as previously discussed, all these sectors need to be integrated and managed so as to provide the optimal tourist experience (Holloway, 1994). Hence, it is perceived that a focus on the tourist destination brings together all aspects of tourism into a useful blueprint.

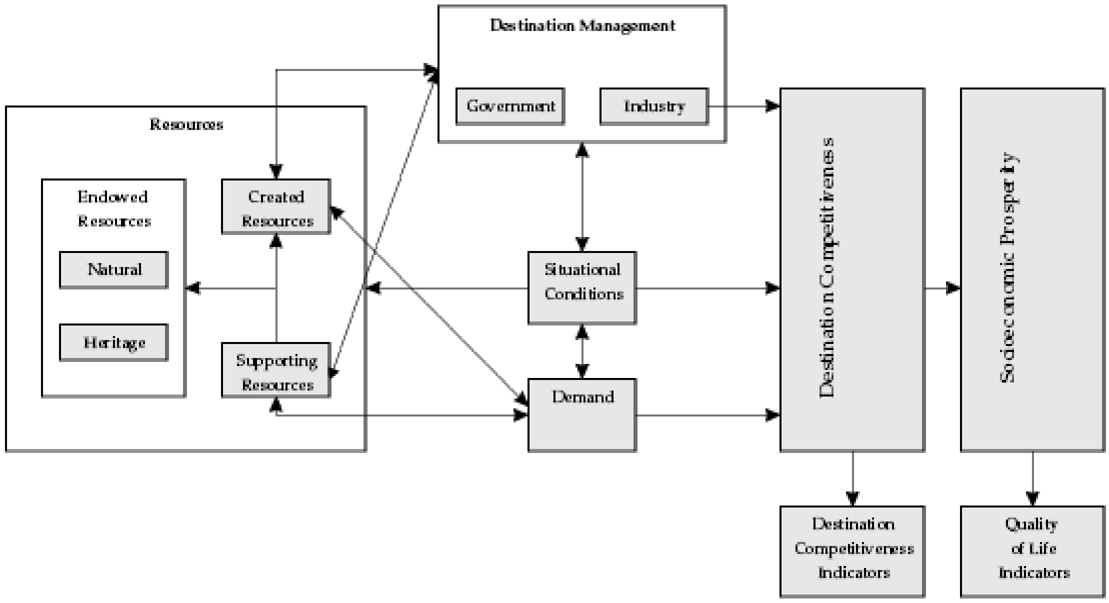
Figure 2.3: Tourism Sectors
Source: Holloway (1994)



As previously discussed, the trend has moved away from managing a product or service to managing the destination experience as a whole in order to achieve differentiation over competitors (Conrad and Barreto, 2005; Dwyer and Kim, 2003). Figure 2.4 illustrates Dwyer and Kim's (2003) model of destination competitiveness which integrates resources, situational conditions and destination management; similar to Conrad and Barreto (2005), they argue that "to achieve a competitive advantage for its tourism industry, any destination must ensure that its overall 'appeal', and the tourist experience offered, must be superior to that of the alternative destinations open to potential visitors" (Dwyer and Kim, 2003:369). The resources are broken down as follows: Endowed/Natural resources (lakes, rivers, mountains, etc.); Heritage/Cultural (language, cuisine, customs etc.); Man-made/Created resources (infrastructure, events, entertainment, retail etc.); and Supporting resources/Enabling factors (accessibility of destination, hospitality, quality of service etc.). Situational conditions are forces in the broader external environment that impact upon destination competitiveness (Dwyer and Kim, 2003) which refer to economic, social, cultural, demographic, environmental, political, legal, governmental, regulatory, technological and competitive trends (David, 2001; Carlsen, 1999). The model divides these trends into the operating environment (the private and public sector institutions of the destination) (Porter, 1990; 1980), and the remote environment (factors outside the destination that constrain business operations and over which managers have no control) (Tribe, 1999). Dwyer and Kim's (2003) model implies that destination competitiveness is reliant on the value added to core resources by the support and created factors – a point also argued by Crouch and Ritchie (1999). Their model highlights the huge importance of managing those factors that impact the tourist's experience.

Destination management factors have been defined as those "that can enhance the appeal of the core resources and attractors, strengthen the quality and effectiveness of the supporting factors and resources and best adapt to the constraints imposed by the situational conditions" (Crouch and Ritchie, 1999:149). As Figure 2.4 illustrates, destination management involves managing the industry through destination businesses, destination marketing, destination policy, planning and development, human resources and environmental management (Page and Connell, 2006; Dwyer and Kim, 2003; Ritchie, 2003; Ritchie and Crouch, 2000) as well as the public and private government sectors involved in the creation and management of the tourist destination experience (Davidson, 1994). These sectors and the agencies involved need to build a strong relationship in order to coordinate, plan and promote the destination (Page and Connell, 2006) so as to appeal to multiple target markets which results in return visits to repeat their experience (Voss, 2004).

Figure 2.4: The Main Elements of Destination Competitiveness
Source: Dwyer and Kim (2003)



The model also contains a separate box for demand which includes demand-awareness, perception and preferences. Awareness is triggered by marketing, image influences, perceptions and the actual destination experience versus the perceived experience to impact preference. A destination's offering must either meet or exceed the customer's expectations in order to maintain or increase its competitiveness. The box representing "Destination Competitiveness" is linked backwards to the various determinants of competitiveness and forwards to one representing socio-economic prosperity, thereby indicating that destination management leads to increased competitiveness and, indeed, socio-economic well-being for the residents of the tourist destination. The following paragraphs detail components which are perceived to be critical to destination management: marketing, planning, organisation, human resource, knowledge and environmental activities.

Marketing

Marketing management activities contribute substantially to destination management, competitiveness and sustainable tourism (Dwyer and Kim, 2000). Marketing activities include promotion, advertising (Dwyer and Kim 2000) and the collecting, analysing and disseminating of market research data as well as the defining of target segments (Lewis et al., 1995). By focusing on the characteristics of the target segments it helps to identify each travel market their size and level of expenditure (Lewis et al., 1995). Similarly, Hassan (2000:240) argues that to achieve a competitive advantage in tourism, destination management needs to investigate the characteristics that provide a long-term attraction to the customers of the target market. He maintains that "destinations are winning competitive battles by careful analysis and response to the core values and needs of the segmented market place". In order to attract the target market to a destination, a marketing strategy needs to be applied that influences the potential customers' decision-making process. These efforts include the development of a strong destination image by increased awareness of the destination experience to the target market, with the support of tourism organisations and resources (Dwyer and Kim, 2000).

Planning

Tourism planning is also fundamental to the management of a destination. Tourism planning can be applied to a number of narrow and/or broadly defined areas (such as specific site or destination, a region, at a national or international level) and is conducted by a number of agencies such as individuals, organisations and businesses for a whole variety of reasons. Tourism planning is the protection of environmental surroundings linked to the particular destination and the creation of economic opportunities and developments for that destination. The tourism sector, in particular, has to follow a number of controls in managing the destination ranging from local to international (Dwyer and Kim, 2000). Due to the variety of businesses involved in destination management, planning and development requires a competitive model which looks at the relationships between the stakeholders in creating value while remaining competitive (Hassan, 2000). In summary, tourism planning must take into consideration all businesses and individuals which are involved in the planning and development of a destination.

Organisation

Organisation is critical to the success of destination management and, ultimately, in achieving competitiveness. Organisation is based on four dimensions - co-ordination, information dissemination, performance monitoring and evaluation. Organisation acts as a co-ordinating instrument for both public and private sectors and helps to promote an understanding and awareness, while strengthening stakeholder attitudes, values and actions towards sustainable development (Dwyer et al., 2003). Effective use of information systems and technology can help provide destination stakeholders with the information required on customer needs and wants which can be used when marketing the destination (Berthon et al., 1999). Two categories of information are important. Firstly, internal information is critical, as it enables the ability of the destination's managers to manage the performance of the products and services at the destination, while the other category, external information, facilitates a destination's managers to adapt to changing markets through market strategy. Such information can enhance a destination stakeholder's ability to forecast demand and aid their long-term sustainability (Dwyer et al., 2003). Consequently, many destination marketing organisations (DMO) have been established. The World Tourism Foundation predicts that by 2012 "the destination marketing organisation will be the dominant, most influential and most respected force behind the world's largest industry" (Mintel Report 2005:1). The purpose of the DMO, which is to acquire and sustain destination competitiveness in the highly dynamic tourism environment, is proving a challenge, especially when destination advertising sometimes fails to create sufficiently differentiated identity (Morgan et al., 2004; Williams and Palmer, 1999;). The evolving consumer, seeking more personalised emotion-based experiences, and the fiercely competitive tourism marketplace are some of the principal challenges facing DMOs in the future (Mintel Report, 2005).

Human Resource

Human resource management is crucial to destination management in tourism, as people are the frontline providers or faces of services in the sector (David, 2001). Bueno (1999:321) contends that "since competition between firms is determined by skills, human resources are a central factor in achieving competitiveness because of the new opportunities brought about by new technologies and the importance of consumer loyalty in maintaining demands. Human resources management (HRM) should not be seen solely as a functional strategy, but one that needs to be incorporated into the overall organisational strategy (David, 2001). Therefore, ongoing employee training and development benefits the organisation through increased and shared knowledge (Narashimbha, 2000). Knowledgeable individuals who feel well and self-assured are creative and innovative, and are able to utilise a variety of information sources and multi-task better (Dwyer et al., 2003).

Knowledge

Destination knowledge management plays a critical role in the competitiveness of a destination (Pyo, 2004) as it helps to create values and generate competitive advantage (Kim et al., 2002). Knowledge management delivers knowledge professionally in a purposeful, significant, cost effective and timely manner for the success of the destination experience (Kanter, 1999). Capturing and subsequent dissemination of knowledge at an appropriate time to the individual who needs it, with less search cost, is the essence of knowledge management. In general, knowledge management of tourist destinations (Pyo et al., 2002) is a systematic process of acquisition, explication and communication of an organisation's know-how and intellectual assets to tourist destination managers and employees (Kim et al., 2002:130). Hence, other employees may make use of it to be more effective and productive in their work (Alavi and Haley, 1999:2). Knowledge management shares important knowledge and professional expertise in a formal manner which is then reused (Turbon and Aronson, 2001). Pyo (2004:120) argues that a good knowledge management system requires a relevant volume of knowledge with suitable technology and organisational assistance and that "shared knowledge grows exponentially and contributes to industry productivity". Therefore knowledge in and about destinations should be shared to create the ultimate destination experience.

Environment

Murthy et al. (2000:50) argue that "destination environment in terms of climate, scenery, ambience and friendliness has been found to be a key predictor of destination 'quality'". By the careful management of environmental quality, Mihalic (2000) contends that the destination's appeal and competitiveness is greatly enhanced. Sustainable tourism requires a change in the mind-set of management from a reactive perspective to a more pro-active one with the environment being a priority in the management of the destination (Wade-Benzoni, 1999).

As stated above, the increased competition among tourist locations now requires destinations to create value through enhanced experiences in order to attract target markets and ultimately build loyalty. Destination management incorporates many activities which create a memorable destination experience, resulting in repeat customers, longer stays, and positive word of mouth. It is fundamental to the effectiveness of destination management that the agencies and stakeholders within the public and private sector create a strong working relationship, sharing knowledge, skills, strategies and activities.

The above sections have clearly emphasised the role of destination management in creating memorable customer experiences. It is now necessary to explore and define the total customer experience concept.

2.4 An Introduction to the Customer Experience Concept

In relation to creating any successful business, Peter Drucker (1974) states that a business has to make money and a business has to make customers. It's not either/or, and these factors are strongly related to building a successful business. In today's business climate, Carbone (2004) contends that creating value for customers by providing the total memorable experience is becoming an increasingly employed strategy. He states that "making money and making loyal customers are not mutually exclusive. The essence of experience as a value proposition is as old as business itself" (2004:26). Therefore, creating the total memorable experience is an important variable in relation to creating value for the customer and, as previously indicated, is central to building loyalty. In order to fully understand the significance of the customer experience concept in building loyalty, it is necessary to first define what is meant by the customer experience.

2.4.1 The Customer Experience Defined

Since the 1960s there have been many developments in the conceptualisation of the customer experience concept (Uriely, 2005). According to the Oxford English dictionary, the term 'experience' is defined as the "actual observation of or practical acquaintance with facts or events" (Swannell, 1992:369). Within the services literature, the depiction of actual and practical acquaintance is analogous to Echeverri's (2005:3) definition of services "as something that becomes 'real' when a customer interacts with some specific prerequisites – such as organisational structures, activities, people, and other customers". Customers will always have an actual experience when they engage with a service provider or organisation (Mascarenhas, Kesavan and Bernacchi., 2006). Kwortnik and Ross' (2007:66) definition of an experiential product as "fusing tangible (sensory) and intangible (symbolic) attributes and co-produced by consumer and marketer to create an event that is pleasurable, meaningful and memorable" indicates that experience can be tangible, intangible, or both. These characteristics can also be discerned in Poulsson and Kale's (2004:270) definition of customer experience as "an engaging act of co-creation between a provider and a consumer wherein the consumer perceives value in the encounter and in the subsequent memory of that encounter". They characterise customer experience as having five dimensions - novelty, learning, personal relevance, surprise and engagement. Similarly, Uriely (2005) sees the notion of experience as different to the customs of everyday life and a pursuit of strangeness and novelty, and Gupta and Vajic (2000) perceive experiences as entailing a learning process which occurs during the period of time that the customer interacts with the various aspects of the service. Carbone and Haeckel (1994), in parallel to Poulsson and Kale (2004), identify experiences as the impressions of each service encounter that customers take away with them. As the foregoing indicates, customer experience incorporates a number of complex elements which both objectively and subjectively affect and mould the customers' perceptions and attitudes (Page and Connell, 2006); involving a dialectic between cognition and the complex elements of the experience (Gupta and Vajic, 2000).

2.4.2 Experiences Versus Services

As well as the foregoing, there is also a body of research that distinguishes between service and experience. Pine and Gilmore (1999:2) argue that it is important to realise that actual experiences are distinct from services: "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 stages – as a theatrical play to engage him in a personal way". This implies that creating customers' experiences are embedded in the performance of a company's ability to personalise specific prerequisites (Mascarenhas et al., 2006). Poulsson and

Kale (2004:270-271) contend that the difference between a service and an experience is as follows:

> a service is something that is done for you; whether that service involves work on your body (a hair cut), or on your property (having your lawn cut) or a task carried out on your behalf (filing a tax return). An experience on the other hand is a product that does something to you (entertains, educate or engage) and what you typically walk away with is memory of the encounter.

Goods, services and experiences all have a consumption stage. With the experience, the consumption and purchase are generally at the same point in time, whereas with a product or service, the purchase and consumption may be at different stages. In general, there are two different types of consumption stages. There is the experience consumption stage which is more instant, intense and prolonged, while the product or service consumption stage may occur later, and not in the same setting as the place of purchase or in the presence of the provider. At the core of the experience is the encounter between the customer and the experience provider in that extended and intensified consumption stage which leaves the customer with the memory of the experience. In addition, Gupta and Vajic (2000:38) maintain "that what distinguishes experience from both products and services is the active role that customers are given in creating their own use environment". So "while commodities are fungible, goods tangible, and services intangible, experiences are memorable" (Pine and Gilmore, 1999:11-12, 2002)", "experiences are a fourth economic offering as distinct from services are from goods, but one that has until now gone largely unrecognised" (Pine and Gilmore 1999:9). These authors argue that goods are no longer enough. It is experiences that are the foundation for future economic growth.

The next section examines the nature of the customer experience.

2.5 The Nature of Customer Experience

Businesses have been creating and managing experiences for a great number of years without really comprehending their significance, specifically in relation to creating value for customers. Today the customer experience concept is a widely understood and utilised strategy used by market leaders to create value and to obtain a competitive advantage (Carbone, 2004:39). One of the earliest companies to consider experiences as a key business strategy was the American roadside restaurant franchise Howard Johnsons. Since the 1950s, the company parked its motor lodges, known as the Holiday Inn, adjacent to its restaurants and so the Hojo experience began. The restaurant and motels were themed, as well as having different theme nights, which were adapted in franchises throughout the country. In those days, an orange roof served as a distinctive clue for comfort, cleanliness and consistency. This was the Hojo experience; "to travel-weary Americans, with kids bawling in the back seat and Pop bleary from driving, the sight of an orange roof was like the first palm of an oasis to a thirsty Arab and his camel", (Forbes Magazine 1985 report, cited from Carbone, 2004:6). Even as far back as those early days, Howard Johnson demonstrated the power of the customer experience management strategy by "maximising the total customer experience that truly creates value and builds preference" (Carbone, 2004:19). Carbone (2004:19) states that Walt Disney "recognised that gaining efficiency in one small place, but degrading the overall experience as result, actually reduces value being delivered – to customers and to the bottom line". The foregoing suggests that it should be a fundamental business practice to create and maximise its total customer experiences; a tried and proven theory that Disney stands by to this day.

In an overall tourism context, managing the customer experience is more complex as it includes several stages from the planning of the journey, to the departure, the sojourn and returning home. In addition, the tourism experience will have several disparate distinct service providers. All of these complexities make it difficult to define, describe and conceptualise the tourism experience (Gnoth, 2002) – but there are several major streams of thinking in this area which are presented in the sections below.

2.5.1 Experience Levels

Gnoth (2002) believes that experiences occur on three levels - functional, experiential and symbolic. The functional level relates to the core characteristics of a product or service, that is, its technical useability. The experiential, or hedonic level, refers to the physical aspects of an experience and the symbolic aspect relates to the customer's motivations or level of involvement in the service. As a tourist destination begins to grow, the functional level relating to essential services is the first one to develop, which eventually leads to all essential services being developed. With increased emphasis on tourist operations, businesses realise the symbolic nature of the tourist, and so also attempt to satisfy their wants at this level. As the functional level is easily imitated by competitors, businesses can obtain an advantage by focusing on the experiential and symbolic levels (Gnoth, 2002).

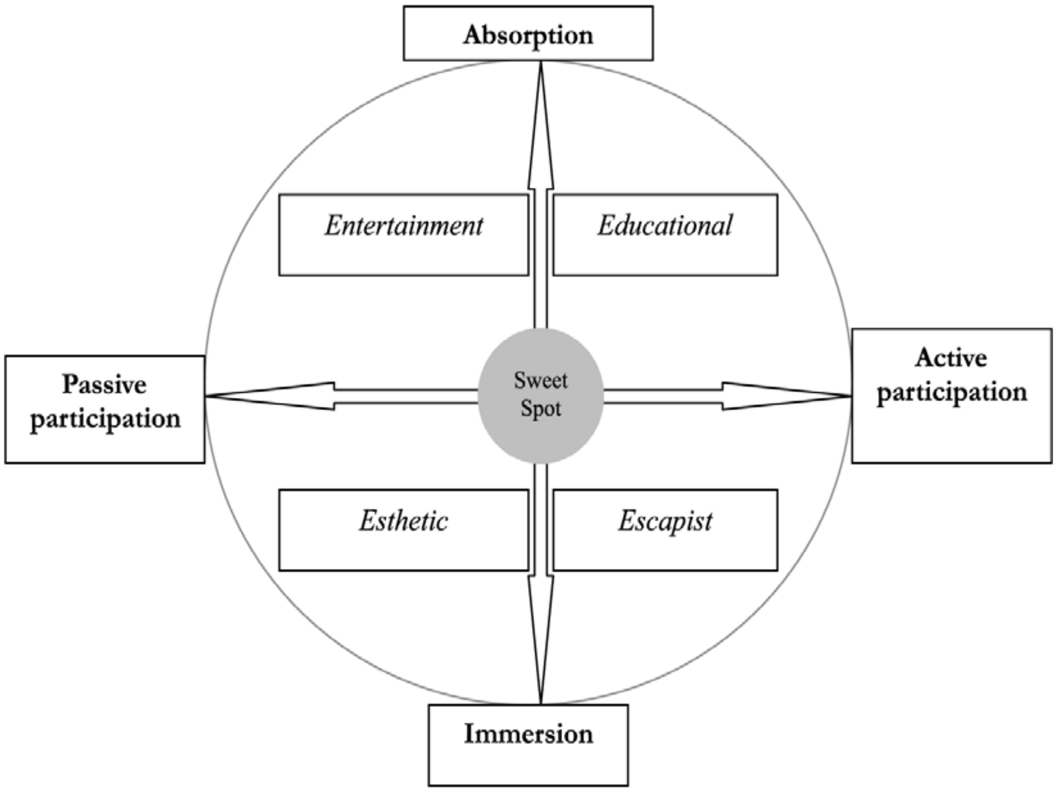
2.5.2 Experience Dimensions

There are three major streams of thought concerning the dimensionalising of experience. Gupt and Vajia (2000) perceive that experience has three dimensions, and Pine et al. (1998) perceive that experience has two dimensions. Both perspectives are behavioural and quite similar. Whereas, Poulsson and Kale (2004) perceive that experience has five dimensions and is an affective concept.

For Gupta and Vajic (2000), experiences are characterised based on three dimensions - the organisation's influence over the customer's use environment, customer participation and social interaction. The customer's use environment relates to the context in which a product or service is consumed as opposed to the context in which a product or service is purchased. These two contexts are very different as the service provider has no control over the product/service consumption or utilisation unlike the purchasing context. However, the majority of service providers tend to have more control over the use of the service as purchase and consumption tend to occur simultaneously. Subsequently, service providers should try to influence both the purchase and consumption decision of the consumer by designing and orchestrating a service system that best meets the customer's desires. This can be done by creating an experience based on the in-depth understanding and knowledge of the amenities and facilities that engage a customer during product or service use (Gupta and Vajic, 2000). Within the experience, firms add enough flexibility to allow for the differing preferences and knowledge structures of customers, so that each customer can create their own unique and personalised experience (Gupta and Vajic, 2000). Despite the foregoing, as well as the capacity of the service industry to involve customers (unlike customer participation in a manufactured product which tends to be limited), participation by customers is often passive as service providers tend to design systems for standardisation and to obtain efficiencies in routine operations. The passive role leads to customer frustration due to the limited control over the experience, while reinforcing the barrier that exists between themselves and the experience provider. Successful experience organisations realise the importance of active customer participation in creating a unique and memorable experience such as that which Disney World provides. Participation allows each customer to create a user environment in a way that suits him/her the best (Gupta and Vajic, 2000). In addition to the foregoing, the level of interaction between the customer and the staff/producer is limited in relation to products but, in a services context, customers may interact among themselves at random and these interactions tend to be unplanned and subjective with no real advantage to the provider. For instance, a passenger on a plane may interact with a fellow passenger, which may lead to a positive or indeed negative interaction over which the service provider has no control. If the interaction is negative, this effects the customers' perceptions of the experience. Therefore the experience interaction is indeed a critical aspect in the process; interactions allow the customer to own their own sense of the context and to mould their preferences. In addition, each interpersonal encounter between the customer, the employee and fellow customers is what creates a unique experience. In essence, the experience is an area that is produced in social context (Gupta and Vajic, 2000).

As previously indicated, Pine and Gilmore's (1998) dimensionalising of experiences parallels Gupta and Vajic's (2000) thinking in many respects. Pine and Gilmore (1998) propose that experiences can be characterised based on two dimensions - the level of customer participation and the environmental relationship level that exists. The level of customer participation ranges from passive participation, where the customer has no real involvement, where they merely observe; to active participation, where the customer becomes engaged and plays an active part in the experience. Similarly, the environmental relationship refers to the level of connection that is made between the customer and the event or experience and this varies from absorption, where the customer remains remote, to being immersed, where the customer becomes consumed in the event. As illustrated below in Figure 2.5, Pine and Gilmore (1998) further divide the customer experience into four realms - entertainment, educational, escapist and aesthetic. The entertainment realm takes a passive participation absorption stance, whereas the educational realm takes a more active immersed approach. The escapist realm is a combination of both the entertainment realm and the educational realm, while the aesthetic experience realm is actively involved with little or no immersion on the surrounding event or experience. They argue that the most successful experiences will fall into all four realms, but note that this is very difficult to achieve. However, these authors further argue that experience providers must overcome this challenge by clearly identifying, defining, differentiating and delivering the actual experience they are providing).

Figure 2.5 Realms of Experience
Source: Pine and Gilmore (1998)



These two previously discussed dimensional perspectives are primarily behavioural, as both focus on customers' actions such as their participation, interaction, engagement and purchases. Conversely, the third perspective, Poulsson and Kales (2004) is affective, as they are concerned with the customers' feelings and emotions. Poulsson and Kale, (2004: 271) argue that for an encounter to be considered as an experience, "one or more of the following sensations and feelings need to be apprehended by the customer: personal relevance, novelty, surprise, learning and engagement". Personal relevance refers to the customer internal processes of stimulation, activation and attentiveness to take part in a particular experience. Novelty is defined as "a change in stimulus conditions from previous experience" (Poulsson and Kale, 2004:272). The novelty principle is based on the finding that people are attentive and attracted to something that is new and different. If an experience results in the unexpected, then it is surprising as opposed to predictable. However, in designing such unpredictable experiences, the experience provider must understand the customers' current expectations and create experiences based on these expectations. Learning theorists believe that in order for learning to happen, a number of factors are necessary such as motivation, cues, response and reinforcement (Poulsson and Kale, 2004). Learning adds to the richness of experience when: (1) the perceived challenge of the task and skills of the consumer are high and in balance; (2) the issue or activity is personally relevant; and (3) the learning environment is under the control of the experiencer" (Sheroff et al., 2003:66). Learning, in turn, leads to engagement. Pine and Gilmore (1999) argue that today it is not enough to merely entertain customers; they must become engaged in the experience.

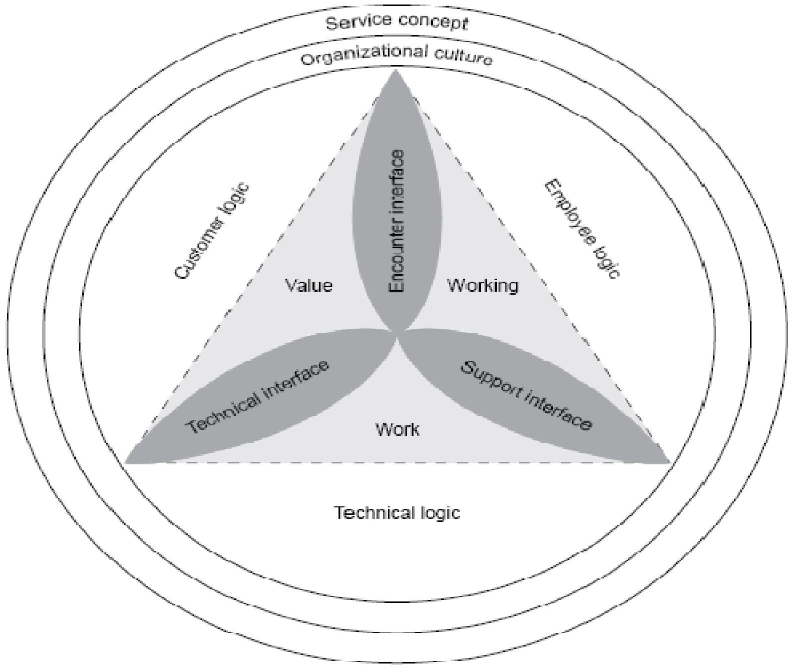
Furthermore, the literature highlights the importance of personal engagement. Many researchers argue that the experience becomes memorable when the company engages their customers in inherently personal ways (Mascarenhas et al., 2006; Anderson, Narus and Van Rossum., 2006; Bendapudi and Bendapudi, 2005). For instance, Walt Disney, rather than creating a typical amusement park, created the world's first "themed" amusement park, which immersed guests not "customers" or "clients" in rides that were not only entertaining but allowed people to become engaged in the theme/story. Customers or "guests" (as referred to by Disney) obtain memorable experiences whenever a company intentionally uses services as the stage and goods as props, to engage an individual on a personal level (Pine and Gilmore, 1998). Sheroff et al. (2003) believe that engagement is centred on the culmination of the customer's concentration, interest and enjoyment. In addition, motivation is a key medium for learning – clues direct the experience and responses provide the total reaction to the clues; these reactions are further reinforced by a repeat of the responses (Poulsson and Kale, 2004).

Poulsson and Kale (2004) also contend that experiences would be easier to understand, create and design if there was more of emphasis placed on both the customer and actual experience provider. From the customer perspective, there needs to be a focus on the antecedent conditions customers bring to the experience and the feelings and arousals that occur throughout the experience. From the experience provider stance, an evaluation of the instruments, processes and practices to create the feelings and sensations of the customer need to be conducted comprehensively – the greater the combination of feelings and sensations the more powerful, meaningful, and relevant the experience will be (Poulsson and Kale, 2004). Research has shown that simply just amusing and exciting customers is no longer enough, suppliers must now try to engage their target customers by exciting them, increasing the level of standards and by consistently generating value (Poulsson and Kale, 2004; Valencia and Westberg., 2005).

2.5.3 Experiences: Service Logic Model

Kingman-Brundage et al. (1995) developed the service logic model which is outlined in Figure 2.6. This model breaks down the entire service experience into a number of components. These researchers perceive customers as critical assets and allies who are often involved in the co-production of a service; hence they need to be nurtured. The model highlights that the service experience is an integrative system which is driven by three core logics - the customer logic, the technical logic and the employee logic. They are seen by the researchers as the raw materials and foundation of the service experience. This model's main goal is to identify incongruities between these logics and the service experience concept.

Figure: 2.6 Service Logic Model
Source: Kingman-Brundage et al. (1995)



The customer logic is based on the customers' underlying logic, needs and wants which results in their behaviours and actions. Customers generally have expectations in relation to service experiences (Parasuraman et al., 1991). These expectations are based on the frontline employees, the service delivery and the service outcomes relative to competitors (Parasuraman et al., 1991; McCallum and Harrison, 1985). The key question of the customer logic is "what is the customer trying to do and why?"

The technical logic is the "engine" of the service operation (Kingman-Brundage et al., 1995). It is impersonal, objective and it encompasses the basic rules and principles of the production of services. When both the technical logic and the service concept are in sync, then it generates the results that customers value most. Kingman-Brundage et al. (1995:22) note that "when divorced from the service concept, technical logic takes on a life of its own to the mutual dissatisfaction of customers and employees alike. It derives from hard and soft technologies, from relevant law, and from corporate policy, rules and regulations". When technical logic influences the service experience operations, then the outcomes are generally unsurprising, however the logic itself normally remains hidden (Zuboff, 1988), hence the underlying logic for 'why we do things around here' is implicit. It is only with identifying the technical logic explicitly, that it can be incorporated into the service experience design. The principle question to ask in order to explicitly understand the technical logic is “how are service outcomes produced and why?” (Kingman-Brundage et al., 1995:22).

The final logic - employee logic - refers to the underlying rationale that motivates employee behaviour. Employees are all individuals with imbalanced and inconsistent performances as regards their jobs and tasks. Employees tend to approach procedures in their own way, particularly where their role is unclear. Relevant to the employee logic is work completed by Druker (1974) (as cited by Kingman-Brundage et al., 1995). He makes a distinction between the job task (the logic of work) and the job environment (the logic of working). Drawing from Druker (1974), Kingman-Brudage et al. (1995) state “employees may assess their job in terms of two key issues, how well the work is organised – a judgement on the viability of the technical logic; and how satisfactory the basic working conditions are – a judgement on the efficacy of the organisational culture, including human race resource policy and practices” (22). Employees apply logic when they clearly establish their role (evaluating the job description), their ability to perform this role well (the organisation’s selection and training practices) and their motivations to perform the role (the organisation’s incentive, compensation, supervisory practices) (Zeithaml et al., 1988). The question that should be proposed as regards employee logic is “what are employees trying to do, and why?” (Kingman-Brundage et al. 1995)

The preceding discussion on the nature of customer experience highlights that businesses must recognise the significance of active customer participation and involvement in the creation of the total customer experience. This interaction allows customers to become involved in the experience in a manner that best suits their needs and wants, which ultimately improves their experience by making it unique and memorable (Gupta and Mirjana, 2000). A critical aspect of the whole customer experience is the interaction that occurs, which allows the customer to create and mould their own favourable outcomes. It enables the customer to become more involved and provides them with a greater sense of belonging within a social group. It is these personal interactive relationships between the customer and the service provider that create novel and unique experiences. The greatest outcome of these relationships is the development of emotional bonds leading to customer retention and ultimately loyalty

(Gupta and Mirjana, 2000). The general consensus amongst the academics reviewed above is that in order to create the total memorable customer experience, tourist destinations need to maximise the customers' level of interaction, engagement, and participation in a unique, authentic and memorable experience. The managers of each tourist location need to strive towards creating an emotional attachment or bond by creating value through the customer experience, thereby positively impacting the building of customer loyalty.

2.6 Customer Experience Management

How experiences can be managed is indicated by Berry, Wall and Carbone (2006). They see service experience as "a series of discrete sub-experiences that is full of messages which impact how customers feel and tell a story about the service and company that provides it" (Berry et al., 2006:53), thereby suggesting that the management of a experience involves the management of a series of experiences. Emotional attachments underlie the work on experience clues by Carbone and Haeckel (1994) – work that has been extended in recent times by Berry and colleagues (2003; 2006). It has been previously argued in this chapter that customers' experiences are embedded in the performance of a company's ability to personalise specific prerequisites (Mascarenhas et al., 2006). It is these embedded experience prerequisites or clues which allow customers to "form perceptions based on the technical performance of the service (functional clues), the tangibles associated with the service (mechanic clues), and the behaviour and appearance of service providers (humanic clues)" Berry et al. (2006: 43). These clues influence the customers' rational and emotional perceptions of the quality of the service and create the actual service experience (Berry and Bendapudi, 2003). Thus, the researcher of this study adopts Carbone and Haeckel's (1994) experience clues perspective in order to explore the customer experience variable in depth. This theory is discussed in the next section.

2.6.1 Managing Customer Experience Clues

Based on the literature, there are three categories of experience clues - functional clues, mechanic clues and humanic clues. The terms "mechanic clues" and "humanic clues" were originally coined by Lewis Carbone and Stephen Haeckel in a seminar article published in 1994 with functional clues being added in a later publication[2]. In relation to theses three clues, Berry et al. (2006:43) state that:

> In interacting with organisations, customers consciously and unconsciously filter clues embedded in the experience and organise them into a set of impressions, some rational and others more emotional. Anything perceived or sensed – or conspicuous in its absence is an experience clue.

Each one of these clues carries a message signifying something to the customer, and it is the culmination of all these clues that create the total experience (Ogilvy, 2002) and influence customer's feelings (Berry et al., 2006). In selecting, consuming and evaluating services, customers tend to process and organise the experience clues into a set of impressions that evoke emotions and feelings towards the service (Berry and Seltman, 2007). For Berry et al. (2006:43), these embedded experience prerequisites or clues allow customers to "form perceptions based on the technical performance of the service (functional clues), the tangibles associated with the service (mechanic clues), and the behaviour and appearance of service providers (humanic clues)". It is these functional, mechanic and humanic clues that influence the customers' rational and emotional perceptions of the quality of the service and create the actual service experience (Berry and Bendapudi, 2003). A customer's clue sensitivity heightens as the experience becomes more complex, personal, important and risky; and if the customer has a higher level of alertness to clues (Berry et al., 2006). Because of their intangibility and complexity, services, such as hospitality, tend to be more difficult to evaluate than goods. Subsequently, customers logically search for clues to help them to gauge the service functionality. The service context increases the customers' "clue alertness" not only in terms of functionality but also the salient role and interactivity of the three sets of clues, that is functional, mechanic and humanic (Carbone 2004). Each of the clues that make up the customer experience will now be discussed in turn with regard to their definition and role. All three sets of clues (functional, mechanic and humanic) play specific roles in creating customers' service experiences. As Figure 2.7 indicates,

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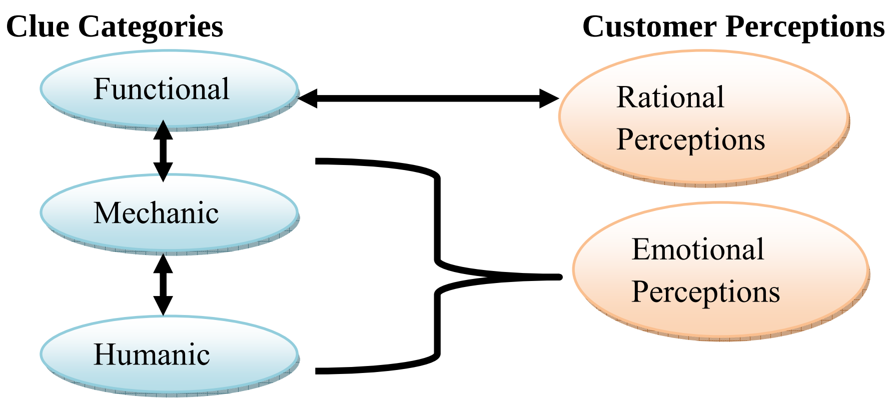
[2] Later seminar articles include: Carbone, L. and Haeckel, S. (1994), "Engineering Customer Experiences," Marketing Management and Haeckel, S., Carbone, L and Berry, L. (2003), "How to Lead the Customer Experience," Marketing Management.

functional clues predominantly impact customers' rational perceptions of the experience, whereas the mechanic and humanic clues influence emotional aspects.

Figure 2.7: Clue Influences on Customer Perceptions of the Experience
Source: Berry and Seltman (2007)



2.6.1.1 Functional Clues

Customers purchase products and services depending on the quality of their functionality and reliability in delivering the service as promised. There is a general consensus in the literature that reliability, a facet of quality, is one of the most important factors in meeting customer's expectations (Berry, Parasuraman and Zeithaml., 1994). Therefore, the main purpose of functional clues is to enhance a customer's confidence in the reliability of service performance. For Berry et al. (2006), functional clues are concerned with the technical quality of the service offering, specifically the reliability and competence of the actual service. For instance, in a restaurant, this clue refers to the actual food itself and the efficiency of the service. Its presence or absence can have a serious impact on the creation of the customers' experience. Indeed, the importance of getting this clue right the first time was clearly illustrated by Keaveney's (1995) study on why customers switch service suppliers. They found that 44 percent of customers attributed switching to a failure in the actual quality of the product/service. From the literature, a number of sub-functional clues have been attributed to impinging on the actual products/services provided in the total customer experience. According to Tucker (1991), the speed of the service process and delivery is important and depends on both the accessibility and the location of the product or service. Convenience is also a vital sub-functional clue to be considered and is reflected in how well the service matches the needs and expectations of the customer, such as opening times, range of services/products provided, and the extent the product/service is customised (Tucker, 1991).

Indeed, it is fundamental for the service experience that businesses evaluate and manage the functional clues of their core product/service effectively to meet their customers' service expectations (Berry et al., 2006). However, functional clues alone are not sufficient enough to exceed customers' expectations, as customers generally expect a business to know their core product/service and to provide this as promised (Berry and Carbone, 2007). This is consistent with Parsa et al.'s (2005) research that indicates that while the quality of restaurant food was fundamental to success; excellent food alone did not guarantee success. Therefore, two other sets of clues are also important in order to exceed customers' expectations and to differentiate the service offering; these are the mechanic and humanic clues.

Functional clues focus mainly on the "what" of the service experience, while the mechanic and humanic clues look at the "how". A service can be functional and still create negative impressions on the customers based on the delivery of the service. In some scenarios, though the functional clues may be the same, different customers can still come away from the experience with different feelings and perceptions (Berry and Seltman, 2007). The above section clearly explains the role of functional clues in creating the customer experiences, however, as indicated above, this clue does not operate in isolation – as Berry and Seltman (2007:163) note, "the clue categories are viewed as synergistic rather than additive; the sum of the experience they create when presented cohesively is greater than the sum of the parts acting independently".

2.6.1.2 Mechanic Clues

In relation to the mechanic clues, Bitner (1992) argues that a "total configuration of environmental dimensions" is responsible for the constitution of the servicescape or the mechanic clues. The context of service encounters or mechanics has been conceptualised by a variety of scholars using different terms. For instance, it has been referred to as the "physical environment" (Baker, (1987), "atmospherics" (Kotler, 1973), "marketing environment" (Turley and Milliman, 2000), "interactive theatre" (Mathwick et al., 2001), "servicescape" (Bitner, 1992) "service environment" (Cronin, 2003), and "mechanic clues" (Berry and Carbone, 2007). The number of terms reflects the diversity of the literature that has been developed in the area, and the level of investigation and conceptualisation over the last 30 years (Turley and Milliman, 2000). There is, nevertheless, a common consensus that the mechanic clues encompass "the environment in which the service is assembled and in which the seller and consumer interact, combined with tangible commodities that facilitate performance or communication of the service" (Booms and Bitner, 1981:36).

As indicated earlier, this research study is underpinned by Carbone's work on clues. Hence, this study will employ the description of "mechanic clues" as coined by Carbone and Haeckel (1994) in that mechanic clues are drawn from inanimate objects or environments and offer a physical representation of the service; building design, equipment, furnishings, displays, colours, sounds, smells, lighting and any other sensory, visual or symbolic clues that communicate with customers without the use of words or actions (Haeckel, Carbone and Berry., 2003). During the customer experience, customers are affected by a variety of mechanic clues as indicated by the environmental psychology and marketing literature. Research in environmental psychology is based on the stimulus-organism-response (SOR) model which finds that the physical environment or servicescape impacts the customers' cognitive, behavioural and emotional responses (Spangenberg et al., 1996). Bitner's (1992) conceptual work in the marketing field on the effects of the service environment on employees' and customers' physiological, psychological and behavioural responses also provides a basis for research on mechanic clues (Zeithaml et al, 2006). Overall, research has found that mechanic clues can influence consumers' moods and emotions (Pullman and Gross, 2004), perceptions of time spent waiting for service (Thomke, 2003), and evaluations of quality (Brady and Cronin, 2001). Indeed, Palmer (2005) maintains that the mechanic clues must be efficient and effective in order for the customer to respond efficiently and effectively to their environment as a whole, after assessing the effects of all clues present.

Based on the foregoing, mechanic clues are derived from the tangibles that offer a physical representation of the intangible service experience. There is general agreement in the literature that "servicescapes" (common term in the marketing literature for describing the physical environment) are composed of three dimensions:

1. Ambient conditions include background characteristics of the environment such as temperature, lighting, noise, music, and scent.
2. Spatial layout and functionality refers to the physical surroundings of the service environment such as the positioning of equipment/furniture, the size, the shape and the spatial relationship between the objects. The functionality is the ability of these items to assist and support in the achievement of a customer's objectives and enjoyment.
3. Signs, symbols and artefacts are clues in the servicescape that communicate information and messages about the environment to the consumers. Items such as signage and décor are utilised to communicate and enhance a certain image or mood, or to direct customers to desired destinations (Bitner, 1992).

For Bitner (1992:65), a customer's environmental perception is affected by these three dimensions and "each dimension may affect the overall perception independently and/or through its interactions with other dimensions". Clue congruency in both the tangible and intangible dimensions is crucial to the servicescape concept and in the creation of the service experience (Hoffman and Turley, 2002, Bitner, 1992). The initial impression a consumer draws from the consumption setting in relation to the mechanic clues can create unique experience. Décor, lighting, sound levels, appearance of fellow consumers and of service personnel all send sensual mechanic clues about the service and what is to be expected (Bitner, 1992).

Mechanic clues have been linked to service quality, service choice and loyalty. Wall and Berry (2007:62) argue that "mechanic clues are especially influential in affecting quality perceptions for services in which customers experience the facilities for an extended time, such as hotels and airplanes", also proposing that mechanic clues can be the first to impact a customer's experience, stating that "mechanic clues also have the ability to influence customers before either the functional or humanic clues", hence a significant role for mechanic clues is creating a good first impression. Because customers generally experience mechanic clues to some extent before experiencing both the functional and humanic clues, mechanic clues constantly influence customers' choice of a service as well as having an impact on expectations. Customers with no previous experience with a particular service, such as tourists travelling to a new town who need to select a hotel, often base their choice on the appearance of the facilities. In relation to expectations, mechanic clues have been found to function as implicit service promises that lead to inferences about what the service would be like (Zeithaml et al, 1996). Subsequently, the foregoing implies that the customer's perceptions of mechanic clues are related to not only experience perceptions but also their expectations of the service. Service quality and value perceptions play a main mediation role in retail contexts (Baker et al., 2002). Past research also indicates that mechanic clues have a strong impact on customers' loyalty intentions (Foxall and Yani-de-Soriano, 2005; Cronin, 2003). Indeed, the general consensus in the literature is that mechanic clues provoke emotional responses which lead customers to either choose to continue or discontinue doing business with a certain service provider (Tombs and McColl-Kennedy, 2003; Hoffman and Turley, 2002; Lovelock, 2001).

Despite the apparent importance of mechanic clues, there remains a surprising lack of empirical research addressing its role in consumption settings (Tombs and McColl-Kennedy, 2003; Wakefield and Blodgett, 1999) and its impact on customers' purchase decisions (Foxall and Yani-de-Soriano, 2005; Croinin, 2003). In the hospitality and tourism literature, Bonn et al. (2005) claim that researchers have placed a greater emphasis on the impact of mechanic clues on the destination image. Recognising the potential of the mechanic clues, a stream of interdisciplinary research has emerged that explores the role of the mechanic clues in experience design (Haeckel et al., 2003; Pullman and Gross, 2004). An underling assumption of this study is the notion that consumers choose certain destinations such as hotels or restaurants not only for their functional attributes but also for the additional experiential benefits which affect their sensations, emotions, knowledge and memories (Berry and Seltman, 2007; Pine and Gilmore, 1999). The experience itself is the sought after product (Otto and Brent Ritchie, 1996). Thus, well-designed mechanic clues are critical in creating a service context which positively impacts the service experience (Pullman and Gross, 2004; Bitner, 1992).

Although the foregoing indicates that mechanic clues play a critical role in monitoring, managing and creating the holistic sense of context and meaning consumers derive from their interpretations of the consumption environment and their total experience, research also indicates that mechanic clues do not act in isolation, that is, they act in tandem with the other two clue sets to deliver the total customer experience. Research indicates that consumers may also take away impressions about employees (humanic clue set) based on evidence from the mechanic clues (Bitner, 1990), for example making evaluations of the employee or humanic clues (based on the number and appearance of employees within the mechanic clue context) can influence perceptions of interpersonal quality and purchase intentions (Baker et al, 2002). The influence of mechanic clues on consumer behaviour and decision-making has been studied primarily in retail environments (Zeithaml et al., 2006; Turley and Milliman, 2000) and, as indicated above, the effects of ambient factors such as music, smell, and lighting have been of particular interest to consumer researchers (Ezeh and Harris, 2007; Turley and Milliman, 2000). A review of the foregoing studies reveals the inherent complexity of the mechanic clues due to their interactive nature with which consumers make sense of their environment holistically, rather than through isolated or individual information processing (Baker, Grewal and Voss, 2002; Bitner, 1992).

2.6.1.3 Humanic Clues

As previously indicated, employees' behaviour and performance during the service also provide powerful clues that influence the customers' perceived customer experience and service quality (Berry and Carbone, 2007; Berry et al., 2006; Berry and Bendapudi, 2003; Rowley, 1994; Bitner, 1992; Bitner et al., 1993; Zeithaml et al., 1985). These clues are called humanic clues and they are concerned with the actions and appearance of employees and the service providers such as the choice of words, tone of voice, and level of enthusiasm, body language, neatness and appropriate dress (Berry et al., 2006). Human interaction provides a good opportunity in which to convey respect and high regard to the customers and, as a result, exceed their expectations and create an emotional involvement (Berry and Carbone, 2007).

The quality of the person-to-person interaction between an employee and a customer (known as a "service encounter,") is an important basis for how a customer judges the service experience (Hennig-Thurau, 2004; Czepiel, et al., 1985). Indeed, extensive service quality research has found that service employees' behaviour affects the customer's perception of the service (Zeithaml et al., 1996; Bitner, 1990; Parasuraman et al., 1985). Thus, Brown et al. (2002:111) define staff behaviour as "an employee's tendency or predisposition to meet customer needs in an on-the-job context". Staff behaviour helps to promote shared values and creates strong bonds among employees in organisations which, in turn, contribute positively to a firm's achievement of a successful total customer experience (Jaworski and Kohli, 1993). Berry et al. (2006) argue that it is critical that firms centralise humanic clues in designing experiences, that is, their behaviour and performance, in order to meet and exceed customers' expectations. Recent research conducted by Specht et al. (2007) found that another critical aspect of employee behaviour, that is, perceived employee effort. Employee effort is more important for customer satisfaction than are perceived abilities, suggesting that managers should focus predominantly on enhancing employee effort, including performance elements that represent social competence (Specht, 2007). Similarly, in a study based on restaurant tipping, Lynn and Grassman (1990) found that both the number of courses ordered and bill size positively related to the amount of tip given. They argue that both bill size and the number of courses ordered measure the server's effort. Hence, customers were rewarding the server's perceived efforts. This would further suggest that perceived effort leads to customer satisfaction. Subsequently, employee performance is a crucial clue in the humanic clue set (Berry et al., 2006).

In addition to the above mentioned humanic clue behaviours, credibility has been identified as a further critical staff behaviour. Credibility is described as the degree to which an individual is perceived to hold the necessary expertise and can be trusted to provide the expected service (Ohanion, 1990). Previous research studies have suggested that a well- designed service environment (mechanic clues) subconsciously influences the customers' perception of the service employees' credibility (Bitner, 1992). The inter-relationship between the mechanic and humanic clue sets is argued by Sharma and Stafford (2000: 184) who found that customers are more likely to "affiliate with salespeople working in their nicer retail environments – which leads to an increase in the perceived level of credibility for the salespeople" (Sharma and Stafford, 2000:184).

The final humanic clue behaviour which has been identified in the literature is competence which is described as "the expertise of service staff derived from knowledge of the subject" (Goldsmith et al 2000). The importance of staff competence is all the more emphasised within the service environment because "the intangibility of the delivered service accentuates the dependence of customers on service staff to "solve their problems" (Sharma and Stafford, 2000:185). To further underpin the importance of staff competence, a study by Cooper (1997) identifies that the ability of salespeople to solve customer problems during and after the selling process is among the highest ranked issues of importance to customers. Similarly, Hill et al. (1989) found staff competence to be the most important criterion applied by customers in their subsequent selection of service providers. In addition to staff behaviours, staff physical appearance and image in relation to frontline service personnel also influences the service experience (Baker, 1987) as well as a customer's motivation for approach behaviour (Bitner, 1992). This perspective is further supported by Appiah-Adu et al.'s (2000) research which indicates that the appearance of service staff impacts the marketing culture of an organisation.

In summary, the above discussion has outlined the roles of the functional, mechanic and humanic clues in creating the customer experience. However, as indicated in the sections on clues, further research, which is outlined as follows, clearly indicates that these three clue sets do not operate independently of each other. The more the experience clues can be integrated harmoniously, the easier the employees will maintain a creative balance among the three sets of clues in creating the customer experience as they face customer demands (Kingman-Brundage et al., 1995; Bitner, 1992). This balance is critical at the service encounter interface, where interpersonal style makes a singular contribution to the service experience (Kingman-Brundage et al., 1995). Indeed service breakdowns that occur at the service process level may be understood as incongruities between the experience clues. At a restaurant, for example, servers are likely to experience job stress when kitchen delays trigger customer complaints. A complaining customer indicates a poor perception of their experience which links back to the issues with the server (Kingman-Brundage et al., 1995).

The discussion on the clue sets indicates that while mechanic clues set the stage by influencing customers' expectations, humanic clues typically play a crucial part in delivering on the promise through the employees'/service providers' performance (Wall and Berry, 2007). Wall and Berry (2007) in their research on the combined effect of mechanic and humanic clues on customers' perceptions of service quality in a casual dining setting, found that customers' expectations of the service were significantly higher when mechanic clues were positive rather then negative. In addition, the results of the study also indicated that humanic clues dominate mechanic clues in relation to the customer experience concept. Ideally, both sets of clues should be consistent in their message to customers but should inconsistency occur, it is better to have superior humanic clues (Wall and Berry, 2007). Subsequently, it is perceived that these three sets of clues are critical components in creating the perceived customer experience variable.

However, much remains to be learned in terms of these clues, for example, little research exists that has investigated the combined effect of humanic and mechanic clues on service quality and experience with the exception of Wall and Berry's (2007) work. In addition, to the best of the researcher's knowledge, limited or no research exists that has examined the combined effect of all three sets of clues on these variables. Moreover, the concept of orchestrating mechanic clues to manage expectations is also an under-explored area in both the services and the tourism sector. These emerging issues directly affect the perceived customer experience and ultimately impact the loyalty building model (as will be discussed in the next chapter). The next section examines the area of creating value through experiences. This is fundamental to the success of any business as Carbone (2004:40) states "as you begin to build a successful value proposition around the customers total experiences, you're going to find that the future becomes a lot more manageable and your competitive advantage a lot more distinctive – and considerably more sustainable" (Carbone, 2004:40).

2.7 Experience Value Management

Experiences and the clues embedded in them are valued or devalued by the customers' emotions when they interact with them; indeed, Carbone (2004:61) argues:

> That becomes the reality of how we build our loyalties. Clearly, people prefer some experiences more than others. That preference is based on both functional (or rational) value and emotional value personally derived from the experience. When we prefer our experience, we become committed to it and seek it out over and over again. The result is that we become loyal customers.

To leverage the experience variable as a value proposition, it's vital to recognise the various aspects of the customer experience and how the perceptions of experience result in the creation of value. Carbone (2004) developed the experience preference model which illustrates both the customer experience and sub experience clues along a continuum which ranges from negative to neutral through to positive, which indicates the positive value evaluations that determine preference and ultimately loyalty. Figure 2.8 displays this model in a clear visual.

Figure 2.8: Preference Model
Source: Carbone (2004)

Experience Preference Model		
Rejection ***Negative*** ***Differentiation***	**Acceptance** *No Differentiation* **Commodity Zone**	**Preference** *Positive* *Differentiation*

Reactions or impressions of experiences are formed and may be positioned into one of the three "zones" of the model based on the customers' perceptions about their total experience:

- Negative or Rejection Distinction (Experiences that Create Burners). These are experiences that are perceived as negative and are rejected. Customers who categorised their experiences in this space are also likely to be a source of negative word-of-mouth commentary.

- Neutral or No Distinction (Experiences that Create Churners). These are experiences that don't create strong impressions in either a positive or negative sense. In essence, they perceive this as what is called "the commodity zone", where experiences are no better or worse – or distinctive – than any others.
- Positive or Preferential Distinction (Experiences that Create Committed Advocates). These are experiences that clearly move out of the commodity zone and foster a commitment for repeating it and talking about it to others. Experiences categorised by customers in this zone will engender the kind of long-term loyalty that is both remarkably resilient and financially desirable.

Just as the preference model can be used to plot customers' reactions to experiences, it can also be used to plot customer reaction to specific experience clues:

- Rejection (negative) clues detract from perceived customer value and act to burn away any sense of loyalty.
- Acceptance (neutral) clues do not detract from the experience but do not create strong feelings; they are almost expected.
- Preference (positive) clues strongly contribute to experiential value and either reinforces the whole experience or is extremely distinctive. They foster emotional fulfillment and desire to return again and again, and they also encourage storytelling. These clues can contribute to word-of-mouth power and they are the "Holy Grail" of experiential or "buzz" marketing (Carbone, 2004: 62-63).

These experience preferences are also influenced by experiential marketing which impacts not only the perceptions but the expectations of an experience. This is discussed in the following section.

2.8 Experiential Marketing

Marketing communications generally shape consumers' expectations and ultimately their level of satisfaction and loyalty. Marketing communications, such as advertising, serve as a source of information and motivation for the consumer prior to the purchase and continue to inform prospective, current and past consumers (Aron, 2006). Traditional views of marketing perceive the customer to be a rational decision-maker whose main concerns are the functional features and attributes of a good/service (Schmitt, 2000). This traditional method of marketing originated in the industrial era which is far from the information technology, branding and communications transformation of this day and age. In light of this, it is widely argued that as the science of marketing evolves, experiential marketing will become the dominant marketing tool of the future (McNickel, 2004). Companies have moved away from traditional "features and benefits" marketing toward creating experiences for their customers (Williams, 2000). Gautier (2004:8) argues "experiential marketing is a totally new way of thinking about marketing, if you think it's about simply tweaking around the edges, think again". Indeed, for Williams (2006:485),

> Experiential marketing is about taking the essence of a product and amplifying it into a set of tangible, physical, interactive experiences which reinforce the offer. Rather then seeing the offer in a traditional manner, through advertising media such as commercials, print or electronic messaging, and consumers 'feel'it by being part of it.

Experiential marketing can create memorable, relevant and often valuable experiences. Engaging a customer through an experience may generate strong feelings that the customer takes away (Print channel, 2008). Subsequently, experiential marketers view consumers as rational and emotional human beings who are concerned with achieving gratifying experiences. Schmitt (2000) distinguishes between five types of experiences that marketers can create for customers including sensory experiences (sense), affective experiences (feel), creative cognitive experiences (think), physical experiences, behaviours and lifestyles (act), and social-identity experiences that result in relating to a reference group or culture (relate). He believes that the ultimate goal of experiential marketing is to create holistic experiences that integrate all these individual types of experiences into a holistic experience (total customer experience). Research indicates that experiential marketing has four key characteristics:

1. A focus on customer experiences – in contrast to traditional marketing's narrow focus on functional features and benefits, experiential marketing focuses on customer experiences. Experiences provide sensory, emotional, cognitive, behavioural, and relational values that replace functional values.
2. A focus on consumption as a holistic experience – rather then looking at products/services in isolation, experiential marketing looks at the broader picture and considers the socio-cultural environment holistically.
3. Customers are rational and emotional beings – for experiential marketers, 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.
4. Methods and tools are eclectic – in contrast to analytical, quantitative and verbal methodologies of traditional marketing, the methods and tools of experiential marketing are diverse and multi-faceted. Some methods and tools may be highly analytical and quantitative or maybe more intuitive and qualitative (Schmitt,1999)

Many marketers are turning to experiential marketing in order to engage with their target audience. Experiential marketing, according to its proponents, is the most powerful form of customer engagement as it creates emotional bonds. The experiential philosophy is perceived as a commitment to building products and services by creating authentic experiences that engage all stakeholders in the long-term (Williams, 2006). As previously discussed in this chapter, Pine and Gilmore (1998) were the first to introduce experiential marketing through the four stages in the progression of economic value - commodities, goods, services and experiences. As Pine and Gilmore (1998:10) contended:

> As services, like goods before them, increasingly become commodised – think of long-distance telephone services sold solely on price – experiences have emerged as the next step in what we call the progression of economic value. From now on, leading edge companies – whether they sell to consumers or businesses – will find that the next competitive battlefield lies in staging experiences.

Experiential marketing has evolved as a response to a perceived transition from a service economy to one personified by the experiences, for instance, Williams (2006:484) argues that "modern economies are seen as making a transition from the marketing of services to the marketing of experiences, all tourism and hospitality offers are acts of ’theatre‘ that stage these experiences”.

The discussion in this chapter, especially the text just presented on experiential marketing, indicates that delivering a meaningful and memorable experience not only creates value but promotes customer loyalty. Building a relevant experience is critical if a company wants long term growth and success.

2.9 Conclusion

The literature reviewed in this chapter has examined the importance of the customer experiences within the tourism sector and the significance of destination management. The various factors that comprise the customer experience were identified as functional, mechanic and humanic clues. These clue sets were described and their contribution to maximising the customer experiences was outlined. In addition, the areas of experience value management and experiential marketing were also investigated and their association with the customer experience variable discussed.

As Schmitt (1999: 53) argues “from now on, leading edge companies, whether they sell to consumers or businesses, will find that the next competitive battlefield lies in staging experiences”. Unquestionably, consumers now desire experiences and, in order to fully capitalise on this, businesses must deliberately orchestrate engaging memorable experiences. The tourism and hospitality sectors cannot fall behind with regard to adopting such fundamental strategies in their business operations, management and marketing of tourist activities and destinations. In recent times, the marketing of tourism and hospitality offerings, has “become increasingly complex, being associated not only with conveying an image of a place, but with attempting to sell an experience of a place” (Williams, 2006:482). Therefore, those businesses that design innovative experiences that meet and exceed their customers’ expectations will lead to the creation of value and ultimately loyalty. Thus, it is necessary to understand customer loyalty and the role that critical variables such as value, quality, satisfaction and the customer experience play in its creation and this is detailed in the next chapter.

Chapter 3

Building Customer Loyalty

3.1 Introduction

The general consensus among market researchers is that building customer loyalty leads to positive outcomes such as augmented sales, a reduction in costs, more foreseeable profit flows (Terrill et al., 2000; Ostrowski et al., 1993), increased competitive advantage (Bharadwaj et al., 1993), and is critical to a firm's survival and growth (Reichheld, 1996). This is consistent with customer relationship management (CRM) theory which argues that a firm's overriding strategy should be the attraction and retention of profitable customers, because loyal customers will, in the long-term, buy more and pay a premium for doing business with those they trust and like (Peppers and Rogers, 2004).

However, in spite of the considerable research efforts in many salient fields of enquiry (besides CRM on customer loyalty) such as consumer behaviour, relationship marketing, business strategy, service management and human resources, no theory exists that fully explains how customer loyalty is built. Furthermore, the conceptualisation and measurement of loyalty has varied substantially in a number of studies, indicating the need for more research to provide a more in-depth and holistic explanation of loyalty (Oliver, 1999). Extensive research exists on loyalty in relation to tangible goods and brands but relatively limited theoretical or empirical studies have been conducted on service loyalty (Bloemer et al., 1999, Gremler and Brown, 1998). Even the term loyalty does not have a universally accepted definition or measurement among researchers with respect to goods or services; although the one generalisation that does exist among researchers is that loyalty is a very complex construct (Salegna and Goodwin, 2005; Javalgi et al., 1997). A review of the literature indicates that loyalty is still a complicated and conflicting area of research to this day.

These issues and complexities may at least partially be attributed to the fact that most research on customer loyalty has tended to focus on the interrelationships between just three variables – customer satisfaction, service quality and value – as an explanation for the variation in customer loyalty (Cronin et al., 2000; Payne et al., 2000; Loveman and Heskett, 1999; Reichheld, 1996; Cronin and Taylor, 1992; Parasuraman et al., 1991; 1988; Reichheld and Sasser, 1990) - a focus which has been heavily criticised (Berry and Carbone, 2007; Cronin et al., 2000; Dube and Renaghan, 2000; Pine and Gilmore, 2000; 1999). Donnelly et al. (2008) highlight that a review of the literature identifies that one critical variable has been excluded from consideration in modelling customer loyalty - customer experiences. Both CRM and marketing literatures alike indicate that building loyalty is found in the successful management of the customer's experience with the product or service, yet little research exists that incorporates this variable into explaining customer loyalty, thereby indicating a significant gap existing in substantive knowledge.

This chapter first discusses the customer loyalty concept, followed by an examination of its measurement and conceptualisation. The subsequent sections present the literature in relation to quality, value, and satisfaction, and their measurements. Finally, the chapter concludes with presenting a customer experience loyalty conceptual model with a number of hypotheses, as derived from the literature.

3.2 The Customer Loyalty Concept

Loyalty has been defined by Oliver (1997:392) as: "…a deeply held commitment to rebuy or repatronise a preferred product/service consistently in the future, thereby causing repetitive same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior". According to Jacoby and Kyner (1973), in order for loyalty to exist it must satisfy six necessary conditions; it must be: (1) biased (that is, non-random); (2) a behavioral response (that is, purchase); (3) expressed over time; (4) by some decision making unit; (5) with respect to one or more brands, out of a set of such brands; and (6) a function of psychological (decision making evaluative) processes. Based on this concept of loyalty, several competing behavioral intention loyalty building models have been proposed:

(1) The quality models are derived from the service quality literature investigating the relationships between service quality, satisfaction and behavioural intentions. Some of these models argue that service quality only impacts loyalty via satisfaction and value (Patterson and Spreng, 1997; Woodruff, 1997). Others maintain that quality has a direct impact on loyalty (Zeithaml et al., 1996; Parasuraman et al., 1991; 1988).

(2) Drawing from the service and value literature, where value is suggested to lead directly to behavioural intentions such as loyalty, the value model maintains that value leads directly to the favorable outcome of customer loyalty, and that both service quality and satisfaction are precursors of value (Sweeney et al., 1999; Cronin et al., 1997; Gale, 1994).

(3) The satisfaction models which emanate from the satisfaction literature describe customer satisfaction as the primary and direct link to behavioural intentions such as loyalty, with service quality and value being antecedents to satisfaction (for example, Spreng et al 1996; Anderson and Fornell, 1994). The satisfaction model shows that customer loyalty is directly influenced by the variable satisfaction (Hallowell, 1996; Fornell et al., 1996; Anderson and Fornell, 1993).

(4) Oh (1999) proposed an integrative model of service quality, customer value and customer satisfaction. The model incorporates key variables such as perceptions of service quality, consumer satisfaction, customer value and intentions to repurchase and indicates that value is an immediate antecedent to customer satisfaction and repurchases intentions.

All the above competing models have illustrated significant bi/multivariate relationships between service quality, value, satisfaction and behavioural intentions; but few studies have investigated whether any or all of these three service evaluation variables directly influence behavioural intentions when the effects of all three are simultaneously considered (Cronin et al., 2000). Although researchers hold differing conceptualisations of both loyalty and its direct and indirect relationships with its major determinants, explicitly value, satisfaction and quality, they all, nevertheless, agree that these three variables are important determinants of building loyalty (Salegna and Goodwin, 2005; Cronin et al., 2000; Fornell et al., 1996; Cronin, 1992). Unsurprisingly, the varying perspectives on the conceptualisation of loyalty have resulted in differing approaches to measuring and dimensionalising loyalty – these are discussed next.

3.2.1 The Conceptualisation of Customer Loyalty

Initially, loyalty was investigated in terms of brand loyalty with respect to tangible goods (Day, 1969; Tucker; 1964; Cunningham, 1956). Brand loyalty was defined by Cunningham (1956) as the number of purchases a household allocated to a brand over a period of time. The conceptualisation and measurement of the loyalty concept has become more and more complex (Jones and Taylor, 2007). The vast majority of market researchers view loyalty as a multi-dimensional concept, however there is debate as to how many dimensions, this is two or three. For instance Reichheld (2003) maintains that for many of the service organisations he investigated the results showed that loyalty can be measured by utilising only one indicator - willingness to recommend. Thus, his results convey a one-dimensional conceptualisation of loyalty. A further perspective of customer loyalty is that of Chitty, Ward and Chua (2007) who argue that loyalty can by conceptualised by two dimensions, that is behavioural loyalty, indicated by repeat-purchase behavior and attitudinal behaviour, referring to the inherent affective and cognitive facets of loyalty. Zins' (2001) study of the airport sector brought this a step further, identifying three distinctive approaches to measure loyalty behavioural measurements, attitudinal measurements and composite measurements.

In the early days, the majority of literature focused on the behavioural aspect of loyalty and ignored other customer factors (see Tranberg and Hansen, 1986; Jacoby, 1971; Tucker, 1964). The behavioural approach involves the individual altering their behavior, showing strong intentions to repurchase from one service provider over alternative service providers. Both the marketing and psychological literatures indicate that behavioural loyalty is measured by re-purchasing intentions, switching intentions and exclusively, purchasing intentions (Jones and Taylor, 2007). However, several authors have criticised behavioural definitions for being vague and limited. Dick and Basu (1994) argue that behavioural measures are unable to explain the reasons or factors that may influence a consumer's purchase decision-making process as purchase frequency is the only measurement; they also criticise the behavioural approach for a lack of conceptual basis; and for having too much of an emphasis on outcomes. Further, Reichheld (1994) states that much of the behavioural loyalty research has substituted loyalty with consumer retention, as customer retention has a precise and calculable net present, while TePeci, (1999) argues that repeat purchase is not always the result of a deep psychological commitment; for instance, a visitor may stay at a hotel due to its convenient location, but will switch when a second hotel, which offers better values, opens nearby. Repeat purchase does not always mean commitment or indeed loyalty. The second loyalty measure is attitudinal.

The attitudinal approach considers both the emotional and psychological aspects inherent in loyalty. The attitudinal perspective reflects a sense of loyalty, engagement and allegiance. For instance, an individual may have a favourable attitude towards a hotel, and may even recommend it to others, but they will not stay at that hotel because it too expensive for them. Building attitudinal loyalty towards a product/service or business takes more than a basic marketing transaction inducement. Positive attitudes towards the product/service or business must be developed over a longer period of time (Kumar and Shah, 2004). Indeed, commitment has a significant role to play in attitudinal loyalty; "since commitment reflects the customers' self evaluation of the consumption context and the active decision to engage in a long-term relationship" (Evanschitzky et al., 2007:1210). Affective commitment involves the desire to maintain a relationship that the customer perceives to value (Morgan and Hunt, 1994). It is the underlying psychological attachment that reflects the emotional nature of the relationship between the consumer and service provider (Petrick, 2003; Fullerton, 2003; Kumar et al., 1995). Hence, this emotional or psychological attachment translates into strong attitudinal loyalty (Dick and Basu, 1994). Moreover, affective commitment results in the customer being loyal because he or she wants to be loyal. In addition, past research indicates that the strength of consumers' attitudes toward a product or service is a very good indicator of their behavioural loyalty (Evanschitzky et al., 2007; Keller, 1998; Aaker, 1996).

Attitudinal loyalty falls under an alternative measure for loyalty, namely cognitive loyalty. The cognitive approach entails an individual completely reforming what he/she believes about the relationship with his/her service provider. It is based on conscious evaluation of attributes or the conscious evaluation of the rewards and benefits associated with repatronage (Lee and Cunningham, 2001). The cognitive measures

include top of mind (Dwyer et al; 1987), first choice (Ostrowski et al, 1993), price tolerance (De Ruyter et al, 1998; Anderson, 1996), exclusive consideration (Gremler and Brown, 1996), identification with the service provider, that is, “my service provider” (Butcher et al., 2001) and willingness to pay more (Bloemer at al., 1999).
The composite measurement of loyalty is a combination of the first two dimensions, behavioural intentions and attitudinal. Loyalty is measured utilising customers’ product preferences, propensity of brand switching, frequency of purchase and total amount of purchase (Wong et al., 1999; Hunter, 1998; Pritchard and Howard, 1997). Pritchard and Howard, (1997) argue that operationalising both attitude and behavior in the measurement of loyalty significantly enhances probability of building loyalty (Pritchard and Howard, 1997). Thus, the composite measurement approach has been utilised and supported as a beneficial tool to understand customer loyalty in a whole variety of areas of study from retailing to recreation, hotels, and airlines (Pritchard and Howard, 1997; Pritchard et al, 1992; Jacoby and Kyner, 1973; Day, 1969). The researcher of this study adopted the composite approach to customer loyalty, as loyal customers are customers who hold favorable attitudes towards the service provider or business, committing to repurchase the product/service and recommend product or service to others (Bowen and Chen, 2001).

In summary the psychology literature which is focused on pro-relationship maintenance (Rusbult et al., 1999) suggests that loyalty is a two-dimensional (behavioural and combined cognitive/attitudinal) concept. The marketing literature proposes that loyalty is a tri–dimensional (behavioural, attitudinal and cognitive) construct (Jones and Taylor, 2007) and in the interpersonal relationships literature, loyalty is two-dimensional with behavioural and cognitive measures. In a more recent study investigating the dimensions of service loyalty, Jones and Taylor (2007) found the two-dimensional representation of loyalty was consistent for all three types of services examined. Thus loyalty captures, in essence, what Oliver (1999) referred to as “what the person does” (behavioural loyalty) and the psychological meaning of the relationship (attitudinal/cognitive loyalty). This reflects the composite approach which is the measured operationalised for this study. Table 3.1 gives a full breakdown of the loyalty dimensions - Behavioural and Attitudinal and Cognitive.

Table 3.1: Loyalty Dimensions
Source: Adapted from Jones and Taylor (2007)

Dimensions	Loyalty Related Outcome	Definition	Related Research
Behavioural	Repurchase Intentions	Customer's aim to maintain a relationship with a particular service provider and make his or her next purchase in the category from this service provider.	Jones et al. (2000); Zeithaml et al. (1996)
	Switching Intentions	Customer's aim to terminate a relationship with a particular service provider and patronise another in the same category.	Bansal and Taylor (1999); Dabholkar and Walls (1999)
	Exclusive Intentions	Customer's aim to dedicate all of his or her purchases in a category to a particular service provider.	Reynolds and Arnold (2000); Reynolds and Beatty (1999)
Attitudinal	Relative Attitude	The appraisal of the service, including the strength of that appraisal and the degree of differentiation from alternatives.	Dick and Basu (1994); Mattila (2001); Pritchard et al., (1999)
	Willingness To Recommend	Consumer's willingness to recommend a service provider to other consumers.	Butcher et al.(2001); Zeithaml et al., (1996)
	Altruism	Consumer willingness to assist the service provider or other service consumers in the effective delivery of the service.	Price et al. (1995)
Cognitive	Willingness To Pay More	Consumer's indifference to price differences between that of his or her current service provider and others in the same category.	Anderson (1996); de Ruyter et al. (1998)
	Exclusive Consideration	The extent to which the consumer considers the service provider as his or her only choice when purchasing this type of service.	Dwyer et al. (1987); Ostrowski et al. (1993).
	Identification	The sense of ownership over the service affiliation with the service provider, or congruence values that exists between service provider and the consumer.	Butcher et al. (2001)

3.2.2 Major Determinants of Loyalty

While the above extant concepts of loyalty have served the research needs of the business community for the past 40 years and have produced valuable insights into the process of building customer loyalty, they, nevertheless, have been criticised to a great extent (Salenga and Goodwin, 2005; Cronin, 2003; Smith and Wheeler, 2002; Dube and Renaghan, 2000; Cronin et al., 2000; Cronin and Taylor, 1992). The criticism relates mainly to the general acceptance amongst most loyalty researchers that the variables of quality, value, and satisfaction are sufficient to building loyalty – to the exclusion of any new variables. It is this author's view that one critical variable has been excluded from consideration that impacts on customer loyalty, explicitly customer experiences. This reflects what Smith and Wheeler (2002), as well as other researchers in this field argue – especially considering we are now living in the age of experiences, firms must deliver to consumers a "branded customer experience." Both customer relationship management and brand literatures alike indicate that loyalty-building is found in the customer's experience with the product or service; hence a major key to building customer loyalty is the successful management of each customer's service experience.

Furthermore, from a tourism perspective, it has been proposed by researchers that the critical determinants of loyalty (that is, quality, value and satisfaction) should be further investigated to identify and comprehend the tourist's decision to return to a destination and/or to spread positive word of mouth referrals for that destination – both are seen by several researchers as fundamental measures of customer loyalty (Petrick, 2004; Baker and Crompton, 2000; Oh, 1999; Getty and Thompson, 1994). Although research efforts have advanced the understanding of the quality, value and satisfaction variables in hospitality and tourism settings, there continues to be a need to enhance and improve the relevant theories and methodologies by introducing new variables and/or modified frameworks to increase the power of these models (Oh and Parks, 1997). For example, most hospitality and tourism research models have placed an emphasis on service quality as the sole antecedent to customer satisfaction, while other variables such as perceived value have been empirically tested as a second antecedent variable to satisfaction (e.g., Petrick, 2004 ; Tam, 2000; and Oh, 1999).

For Donnelly et al., (2008) the following arguments can be directed against the received literature on customer loyalty:

1. The interrelationships between the variables of value, quality and satisfaction in building customer loyalty remain relatively unresolved and contradictory in the literature (Cronin et al., 2000). This knowledge deficit has implications for both practitioners and researchers. Without a clearer understanding by academics of how customer loyalty is built, the existing gap between what academics are prescribing and what practitioners are practising will remain. Building customer

loyalty without an understanding of how firms can achieve it can lead to a misapprehension of the importance of variables or even their omission from this process.

2. For Cronin (2003), there is a need to move away from the traditional quality → value → satisfaction → loyalty model to a new and more dynamic model for building customer loyalty, which incorporates new variables in order to enrich academic and practitioner understanding and bring a more holistic perspective to building customer loyalty. As previously indicated, one such variable which has been identified in the customer relationship management literature is "customer experiences". This variable has received limited research attention as a determinant of customer loyalty. Indeed, it is perceived that customer experience is a highly relevant component involved in both customer relationship management and in building customer loyalty. With the exception of Wall and Berry, (2007), Dube and Renaghan, (2000) and Pine and Gilmore, (2000; 1999), little research exists, and none in the Irish context, which examines this relationship; thus a considerable gap exists in academic knowledge. Donnelly et al. (2008) suggests an alternative approach for the conceptualisation of building customer loyalty - one that recognises the customer experience as a critical component in building customer loyalty.

The next section discusses and defines each of the above mentioned critical variables in relation to explaining customer loyalty, namely quality, value, satisfaction and customer experience.

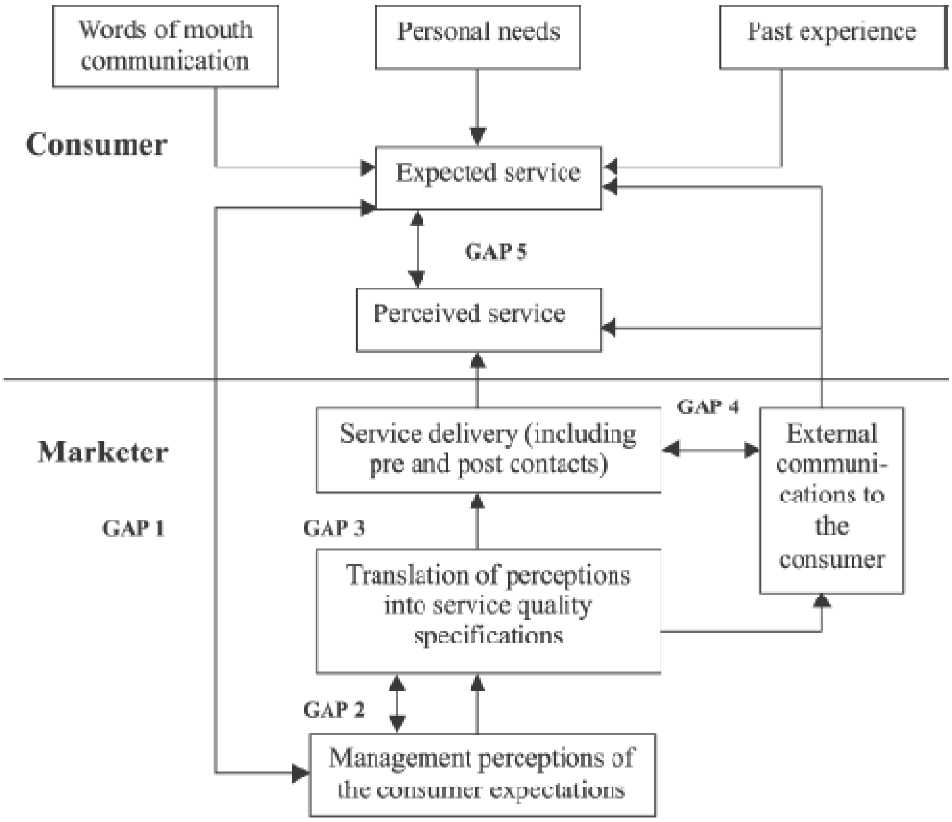
3.3 Perceived Customer Quality

During the past decades service quality became a major area of attention to practitioners, managers and researchers, owing to its strong impact on business performance, lower costs, customer satisfaction, customer loyalty, and profitability (Guru, 2003; Sureshchander et al., 2002; Newman, 2001; Lasser et al., 2000; Hallowell, 1996; Cronin and Taylor, 1992). Service quality is described as the comparison customers make between their expectations about a service and their perceptions of the actual service performance (Parasuraman et al, 1994, 1988, 1985; Grönroos, 1984, Lewis and Boom, 1983). Service quality has been extensively researched as a distinct concept, yet there are still arguments and discrepancies as to how it is best measured (see Brown et al., 1993; Cronin and Taylor, 1992; Parasuraman et al., 1988, 1991, 1994). However, a review of previous research results indicating that the use of performance-related measures is paramount (Olorunniwo et al., 2006; Cronin et al., 2000; Zeithaml et al, 1996; McDougall and Levesque, 1994; McAlander et al., 1994; Cronin and Taylor, 1994). One of the most widely accepted definitions of service quality is that which has been devised and examined through research by Parasuraman et al., (1985, 1988) and Zeithaml, (1990). The research of Parasuraman et al (1985) has its basis in previous studies (Lewis and Booms, 1983; Grönroos, 1982; Churchill and Suprenant, 1982). Parasuraman et al. (1988) describe service quality as how well the service delivered to the customer matches their perceived expectations.

3.3.1 Perceived Customer Quality Measures

A major outcome from Parasuraman and colleagues' research is the seminal SERVQUAL instrument. The SERVQUAL instrument utilises a calculated disconfirmation method whereby the discrepancies (or gaps) between customers' expectations and the actual performance (both measured after the service) is determined. Parasuraman et al.'s (1985) original service quality model is illustrated in Figure 3.1. The gaps shown in the model are explained as follows: Gap1 – this is the difference between consumers' expectation and management's perceptions of those expectations; Gap2 – this is the difference between management's perceptions of customers' expectations and service quality specifications; Gap3 – this is the difference between service quality specifications and the service actually delivered; Gap 4 – this is the difference between service delivery and the communications to customers about delivery; Gap 5 – this is the difference between customers' expectations and perceived service. The prominence of Gap 5 is dependent on both the extent and direction of the four previous gaps.

Figure 3.1: Gap Analysis Model
Source: Parsuraman et al. (1985)



This model was later refined in Parasuraman and colleagues' 1988 work which also presented scales for measuring customers perceptions of service quality (SERVQUAL). The SERVQUAL instrument has five dimensions - reliability, responsiveness, tangibles, assurance and empathy. Although well-received in the literature, the SERVQUAL instrument has been criticized by several authors for a number of reasons (Zeithaml et al., 1996; Cronin and Taylor, 1992). Buttle (1996) offers numerous criticisms of the SERVQUAL from both a theoretical and operational perspective. He particularly notes that SERVQUAL's 5 dimensions are not universals, and that the model fails to draw on established economic, statistical and psychological theory. In addition, Cronin and Taylor, (1992) argue that the SERVQUAL's face and construct validity are questionable; nevertheless, it is still a popular, widely utilised and adapted measure for service quality. Indeed these criticisms led to the design of an alternative approach, referred to as the SERVPERF model. This measurement instrument is based on the customers' perception of the performance of a service provider and their evaluation of service quality (Bebko, 2000; Cronin and Taylor, 1992; Grönroos, 1990). The main body of research tends to prefer a "perceptions only" strategy (Zeithaml et al, 1996; Cronin and Taylor, 1992), and since the weight of the literature supports the use of performance perceptions to measure service quality (Cronin et al., 2000), the author of this study also adopts the "perceptions only" or SERVPERF approach. The next section explores the interrelationships between service quality and both customer experience and loyalty.

3.3.2 Service Quality in Relation to Customer Experiences and Loyalty

In a service organisation, the assessment of the quality of a service is made during the actual delivery process, usually involving a customer employee encounter. This is consistent with extant research which has found that there is a link between quality and experience. For example, Ing-san and Der-Jang (2005:4) found that "the quality of service achieved relies entirely on the impression the customers have of the service person (employee) delivered during the course of providing (a) service". This is also similar to the humanic clues discussed in Chapter Two which proposes that the employees' behaviour during the service has a powerful effect on the customers' perceptions of the service quality (Berry and Bendapendi, 2003; Zeithaml et al., 1993).

Customer's perceptions of service quality are subjective evaluations of the service experience; customer expectations are standards against which service experiences are judged (Zeithaml et al., 1993). For that reason, in addition to humanic clues, the physical environment or servicescape provides strong mechanic clues that impact not only on the customers' perceptions of service quality but also on their expectations (Wall and Berry, 2007). As companies seek to not only meet but exceed customer expectations, these two sets of clues must be consistent in their message to the customer. For instance, "a comfortable, beautifully decorated restaurant that delivers excellent service by courteous, well-dressed employees is likely to receive higher service quality ratings from customers than a restaurant that is not strong in one but not both of these clue categories" (Wall and Berry, 2007:63). As the functional clues are concerned with the technical quality of the core product/service (Berry et al., 2002), that is, the food itself in the previous scenario, it is perceived that this category of clues are also critical in influencing the level of perceived service quality. Moreover, Rowley

(1999) maintains that a significant relationship exists between customer experience and service quality, arguing that customer experience and satisfaction are inextricably linked with service quality. Indeed, some authors have proposed a link between the service attributes (physical facilities, people's behaviour) and service quality (Dabholkar, 1996; Haywood-Farmer, 1988).

Rust and Oliver's (1994) work highlights the need for further research into the consequences of the quality, value and satisfaction variables. Although a number of studies have been conducted that have specified relationships between the three service evaluation variables of quality, value and satisfaction, and the proposed effects of these variables on behavioural outcomes such as loyalty, there has been little uniformity concerning which of the three variables or their combinations have the most significant, direct influence on consumer behaviour. Research findings are mixed as to the relationship that exists between quality and loyalty. In an investigation of four service providers, Zeithaml et al., (1996) observed a significant relationship existing between service quality and loyalty; however Cronin and Taylor's research (1992) indicated divergent results – finding no direct relationship between quality and loyalty. Indeed, they concluded that service quality had less of an impact on purchase intentions than did consumer satisfaction, and that quality is an antecedent of the latter. For Cronin et al., (2000), this apparent contradiction is an indication that quality provides only a partial view of customer loyalty and that:

> models of consumers' evaluations of services that consider individual variables or direct effects are likely to result in incomplete assessments of the basis of these decisions. Thus, the services manager who only considers the likely effect of a service quality initiative on his or her customers' behavioural intentions errs if he or she does not also consider the impact of such a strategy on the value and satisfaction attributed to his or her firm's services (210).

Collaborating evidence to support this logic was provided by Cronin et al., (2000) in that they found an indirect relationship between quality and loyalty through satisfaction and value, independently of each other. Further, the gap that may occur between expectations and perceptions of the service is not only a measure of quality but also a determinant of the customers' level of satisfaction (Pizam and Ellis, 1999). Caruana's (2000) study which surveyed 1000 bank retailers also indicated that customer satisfaction has a mediating role in the effects of service quality on service loyalty. This would indicate that quality has a link to the other variables in determining behavioural intentions and, ultimately, loyalty. Additionally, Cronin et al. (2000) and Zeithaml (1996) did find that service quality had a direct impact on behavioural intentions such as loyalty; suggesting that there is a direct relationship between the two. The next section discusses a second critical variable – customer value

3.4 Customer Value Concept

In the extant academic literature the term 'value' has appeared in several different contexts from management strategy to economics, finance, information systems (Normann 2001; Wikstrom and Normann, 1994), marketing, consumer behaviour, and pricing (De Chertnatony et al., 2000). Customer value is a strategic weapon in attracting and retaining customers and has become one of the most significant factors in the success of both manufacturing businesses and service providers (Woodruff, 1997; Parasuraman, 1997; Gale, 1994). Due to customers becoming more demanding, increased competition and the constant evolution of technology, many organisations have placed emphasis on creating and delivering superior customer value (Woodruff, 1997; Gale, 1994; Day, 1994); with many researchers suggesting that firms should reorient their operations towards the creation and delivery of superior customer value if they are to build and sustain competitive advantage by driving customer relationship management (Jensen, 2001; Slater, 1997 Day, 1994). Although much research exists on the value concept, it still remains multifaceted and complex in nature. Customer value may be viewed from a few aspects: (1) the value of customers to an organisation concerns the direct benefits that an organisation experiences as a result of customers' loyalty and continued patronage; (2) customer values reflect the personal values of individual consumers; and (3) the customer perceived-value approach centres upon the utility a customer receives after purchasing a product (Huber et al., 2001). The growing body of knowledge about customer value is fragmented and even the most relevant of studies have yet to yield any ambiguous interpretations of the key dimensions of value or even a widely accepted definition – despite its recognised importance (Wang et al., 2004; Lapierre, 2000; Patterson et al., 1997; Woodruff, 1997). The next section examines the measures for customer value.

3.4.1 Customer Value Measures

In the past, customer value has been understood in terms of quality and price, however other ways of orchestrating and creating superior value are now being developed. For instance, Sheth et al. (1991) propose that value is composed of five dimensions based on the customers' perspective - social, emotional, functional, epistemic, and conditional. Sweeney and Soutar (2001) divide value into two elements of functional value – quality and price – and this was labelled the "PERVAL" model. In this model, epistemic value (referring to the surprise or novelty facet of a product) and conditional value (which refers to the conditional effects of a specific situation on value perceptions) were eliminated, as they were considered to be of lesser importance when examining the purchase of a durable good, which was the focus of their study.

Many researchers have recognised the complexities involved in defining customer value (e.g. Percy and Morgan, 1997; Woodruff, 1997). These complexities originate from the subjectivity and the vagueness of value compounded by the belief that customer value is a dynamic concept that constantly changes and evolves (Naumann, 1995). An increasing viewpoint among business managers is that creating and delivering superior customer value to high value customers will increase the value of an organisation (cf. Slywotsky, 1996). The foregoing considers value from an organisation stance, conversely, an alternative approach on customer value is from the perspective of the customer, that is, considering the customer's needs, wants and beliefs on purchasing and using or consuming the seller's products. For example, for Webster (1994) value is determined by the customer and not by the supplier or, as Doyle (1989: 78) states, value is "not what the producer puts in, but what the customer gets out".

Kaufman (1998) dissects value into the following three categories - esteem value or want, exchange value or "worth" and utility value or "need". Kaufman contends that the consumer's purchasing decisions will involve one or a mixture of all three categories of value. Kaufman (1998:5) defines these categories of value as follows:

> Esteem value or want invokes the buyers desire to own for the sake of ownership…Exchange value or worth explains why the product interests the buyer and how and when the buyer will use the product…Utility value or need

is the primary value which describes the performance and physical characteristics of the product.

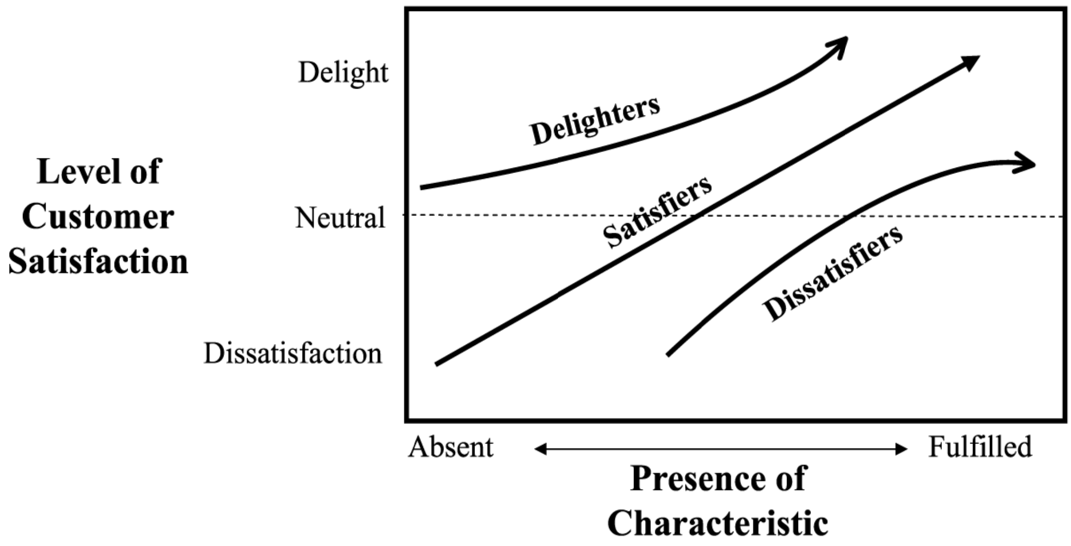
Kano (1984; as cited by Joiner, 1994) also developed a model of perceived value which is illustrated in Figure 3.2. The model divides value into a number of components and it is centred on the disconfirmation model that is predominant in the consumer behaviour literature (Rust and Oliver, 2000; Oliver, 1997). It includes three components of value - dissatisfiers (must be), satisfiers (more or better), and delighters (exciters) (Thompson, 1998).

1. Dissatisfiers are the basic attributes or features that the consumer would expect from a good or service and are taken for granted. The presence of the expected good or service is indicated by the neutral stage and their absence results in customer irritation.

2. Satisfiers are the attributes that are expected and clearly demanded by the customer. They generally meet performance-related needs.

3. Delighters are new, unique or novel attributes or features that are unexpected by the customers. These are new or innovative features or characteristics that customers do not expect and are surprised by their presence. They solve a hidden need for the customer in an innovative way.

Figure 3.2: Kano's (1984) Value Model
Source: Joiner (1994)



Source: Joiner (1994, pp. 68-9)

Huber et al. (2001) propose that to assess the perceived customer value of a product or service, the costs of obtaining the perceived benefits are usually the main issue for the consumer – this perspective is based on Zeithaml's (1988) theory of costs-benefits. Zeithaml (1988:14) and defines perceived value as

> the consumers' overall assessment of the utility of a product based on perception of what is received for what is given. Though what is received varies across consumers (i.e., some may want volume, others high quality, still others convenience) and what is given varies (i.e., some are concerned only with money expended, others with time and effort), value represents a trade-off of the salient give and get components.

This definition is based on the consumers' evaluations of service exchanges. Huber et al. (2001) base their model of perceived value on this definition and they propose that the significant purchase costs that a consumer considers include the following - monetary costs, time costs, search costs, learning costs, emotional costs and cognitive and physical effort, coupled with financial, social and psychological risks. Similarly, McDougall and Leveque (2000) define perceived value of a service as the benefits customers believe they receive in relation to costs or sacrifices of obtaining and consuming the service. Also, Zeithaml and Bitner (2000) argue that it is an overall evaluation of a service's usefulness, relative to the customers' perceptions of what they received at the cost they obtained it.

Although the literature indicates that research in this area is fragmented, there is one general consensus in the literature which is that customer value should be defined by customers' perception and not by suppliers' assumptions or intentions (Anderson and Narus, 1998; Woodruff and Gardial, 1996; Zeithaml, 1988). Indeed, this study focuses on the customer-oriented concept of value. In the following discussion the interrelationships of customer value in relation to be experiences and loyalty is also examined.

3.4.2 Customer Value in Relation to Customer Experiences and Loyalty

A significant observation in relation to this study was by Lanning (1998), who claims that the most important issue concerning the value concept is the value in the customer's experience not the value in the product or service. He contends that the customer's experience is at the very core of the value proposition. The customer perceives value based on a comparison of the consequences in relation to alternatives offered by competitors making the experience superior, equal, or inferior. This perceived difference has some value to the customer. Lanning (1998) also defines his concept of value as the customer's experience outcome relative to the costs and what the customer is willing to pay. Subsequently "the value in experience derives from the intensity of the experience and feelings of enchantment associated with it. (Poulsson and Kale, 2004:270). The perceived value is a commercial experience that should be high enough for a consumer to want to pay for it (Poulsson and Kale, 2004). According to Fynes and Lally (2006:20), "they must have a distinctive, authentic and differentiator factor creating added value, formed by taking a holistic approach of the surrounding environment". This implies that creating customer's experiences are embedded in the performance of a company's ability to personalise specific prerequisites (Mascarenhas et al., 2006).

In the tourism context, Dube and Renaghan's (2000) research determined that loyalty in the hotel business is strongly influenced by customer's experiencing 'visible value' everyday of their stay rather than meeting customers' expectations on the attributes that motivated their booking. Interestingly, they found that loyalty diminished considerably when customers did not obtain 'visible value' every day of their stay. Their research found that, for all guest types, the top three major drivers of 'visible value,' in order of importance, were guest-room design, physical property (exterior, public space), and interpersonal service; however, interpersonal service was placed second by leisure and business-meeting guests. This suggests that the physical environments of the service, as well as the individuals involved in delivering the service, are major experience components that impact on customer value. From a tourism context, the identified relationship between experience and customer value is critical considering that extant research has identified customer value as a key driver of success for tourism enterprises (TPRG,2000).

In order to create a memorable branded experience Smith and Wheeler (2002: 45) state that "companies must have absolute clarity of which segments are most profitable, what these customers value best, and how the organisation can create and deliver on a promise which differentiates from the customer". They also argue that loyal customers can be obtained by exceeding the expectations of this target customer and a subsequent benefit is that these will attract others with similar values. Nevertheless, in order to achieve this, it is necessary to identify and define what the target customer values so as to create and deliver the complete memorable experience. This would imply that a two-way relationship exists between the perceived customer experience and customer value. The next section further examines the significant role that value plays in building customer loyalty.

3.4.3 The Role of Customer Value in Building Loyalty

Loyalty behaviours such as relationship continuance, increased market share and recommendation (word-of-mouth), results from customers' beliefs that the quantity of value received from one supplier is greater than that available from other suppliers (Hallowell, 1996). Indeed, many marketing strategists and industrial organisational economists have stressed that the creation of customer value is one of the crucial variables involved in determining customer loyalty and ultimately ensuring a company's success (Higgins, 1998; Kordupleski and Laitamaki, 1997; Reichheld, 1996;

Gale, 1994). However, the relationship between customer value and loyalty still remains ambiguous within the literature. For instance, Sirdeshmukh, et al. (2002) found that value had a direct relationship with customer loyalty, while Cronin et al. (2000) in their study of assessing the effects of quality, value, and customer satisfaction on consumer behavioural intentions in service environments, found both direct and indirect effects of service value on behavioural intentions. These authors perceive that considering only value as an explanation for loyalty is likely to give an incomplete assessment as to the basis of loyalty. For Patterson and Spreng (1997), the positive relationship between value and loyalty is interceded by satisfaction, further indicating that value does not on its own fully explain the loyalty concept. In addition to the foregoing, convergent evidence suggests that service quality is a critical determinant of perceived value (Cronin et al., 2000; Bolton and Drew, 1991), which, in turn, impacts on satisfaction (Cronin et al., 2000; Day and Crask 2000; Patterson and Spreng, 1997; Woodruff, 1997) in determining behavioural intentions and loyalty (Cronin et al., 2000).

Due to the foregoing, the value variable in this study is positioned as having both a direct and indirect effect on loyalty, with the indirect relationship being interceded by the satisfaction variable. In addition to its mediating role in the service quality/loyalty relationship and, as indicated above, several studies show that a relationship also exists between value and satisfaction. Satisfaction is perceived as being both an evaluative and emotional based response to the service encounter (Oliver, 1997) and is the result of a customer's perception of the value received in a transaction or relationship – where value equals perceived service quality relative to price and customer acquisition costs (Heskett et al., 1990) – relative to the value expected from transactions or relationships with competing vendors (Zeithaml et al., 1990). Indeed in Woodruff's (1997) customer value hierarchy model, the three levels of satisfaction parallel the three stages of the value hierarchy, implying that each value stage leads to a stage of satisfaction. His model depicts the value concepts as antecedents and customer satisfaction as the dependent (endogenous) variable. The following now looks at the third critical variable in explaining loyalty which is the customer satisfaction variable.

3.5 Customer Satisfaction Concept

Obtaining consumer satisfaction is fundamental to the growth and expansion of a business as it leads to an increase in market share, and to acquiring repeat and referral business, which ultimately results in greater profitability (Barsky, 1992). Therefore, achieving customer satisfaction is critical for marketing managers, those in the service sector in particular. However, for some businesses there appears to be too much focus on customer satisfaction surveys to the exclusion of other crucial variables (Bennett and Rundle-Thiele, 2004). The satisfaction variable is often used as a marketing benchmark to examine the business performance, for instance, a major US market research firm states that customer satisfaction is the key to success and makes the emphatic statement that a satisfied customer is a repeat customer (In-Touch Survey Systems, 2003; cited from Bennett and Rundle-Thiele 2004). Bennett and Rundle-Thiele (2004) argue that this statement is extremely narrow-minded to focus on only one variable that impacts behavioural intentions, as a whole number of factors influence the consumers' behaviour and actions. For instance, Mc Alexander et al (1994) in their research on the health sector, found that both patient satisfaction and service quality have a significant effect on future purchase intentions. Additionally, Getty and Thompson's (1994) study on lodgings investigated the relationships between quality of lodgings, satisfaction and the subsequent effect on customers' intentions to recommend the lodging to potential customers. Their results suggest that customers' perceptions of both satisfaction and quality greatly impact the customers' intentions to recommend (which is a measure of customer loyalty). Hence, it would appear that there is a positive relationship between customer satisfaction, quality and customer loyalty. Because of its strong impact on consumer behavourial intentions such as loyalty (Anderson and Fornell, 1994; Bolton and Drew, 1994; Cronin and Taylor, 1992; Oliver, 1980), consumer satisfaction has received much consideration in the literature (Bitner and Hubbert, 1994; Rust and Oliver, 1994; Oliver, 1980). The next section discusses the relationship between customer satisfaction and loyalty in more detail.

3.5.1 Customer Satisfaction and Customer Loyalty

Customer satisfaction has received considerable attention due to its importance in the customer relationship management literature and indeed its impact on customer loyalty (Cronin et al., 2000; Cronin and Taylor, 1992; Oliver 1980). As far back as 1983, Bearden and Teel argued that "it is generally assumed to be a significant determinant of repeat sales, positive word of mouth and consumer loyalty". LaBarbera and Mazursky's (1983) research on brand loyalty indicated that customers were less likely to switch products/services if their levels of satisfaction were high. Indeed studies conducted by Cronin and Taylor (1992) in four service sectors found that customer satisfaction had a significant effect on purchase intentions in all four sectors. In addition to this Kandampully and Sahartanto (2000) research on loyalty in the hotel industry found that customer satisfaction with reception, housekeeping, food and beverage, and price are all important factors in determining whether a customer will repurchase/recommend and display loyalty. Several studies have also discovered that a minimal change in the level of satisfaction can lead to a significant change in loyalty increment (Bowen and Chen, 2001; Oliva et al., 1992; Coyne, 1989). Indeed, much of the literature on the influence of customer satisfaction on building customer loyalty has been positive and generally implies that satisfaction is one of the determinants of customer loyalty (Hoisington and Naumann, 2003; Cronin et al., 2000; Gronholdt et al., 2000; Anderson and Fornell, 1994; Heskett et al., 1990; Cronin and Taylor 1992; Reicheld and Sasser, 1990; Zeithaml et al. 1990; Oliver 1980). Based on this, it would be the researcher's contention that satisfaction has a direct and powerful impact on customer loyalty. However, other studies have found that satisfaction has less of a significant impact on customer loyalty than is traditionally perceived in the literature (Khatibi et al., 2002; Bowen and Chen, 2001). Indeed, Reichheld (1996) argues that although satisfaction is one of the necessary components for building loyalty, it does not necessarily guarantee loyalty. Bennet and Rhundle-Thieles' (2004) analysis of 267 businesses found that high satisfaction does not necessarily result in high loyalty which further illustrates that although loyal customers need to be satisfied, satisfied customers are not necessarily loyal.

The study now discusses the satisfaction measures.

3.5.2 Customer Satisfaction Measures

Oliver (1996) defines satisfaction as an emotional post-consumption response that may occur as the result of comparing expected and actual performance (disconfirmation). Likewise, Hunt (1977:459-460) describes satisfaction as "an evaluation of an emotion", implying that it reflects the level to which a consumer believes that the possession and/or consumption of a service induces positive feelings (Rust and Oliver, 1994) which is an evaluation as well as an emotion response to a service. Oliver (1989) developed five models of satisfaction and its antecedents; three are evaluative models based on the disconfirmation of expectations, and two are evaluative models which are the result of non-rational processes. Several studies seem to conclude that satisfaction is an effective variable as opposed to a cognitive variable (Olsen, 2002; Oliver, 1997). A further definition of customer loyalty is as a multi-dimensional construct based on the relationship between the buyer and seller, and a prerequisite for relationship quality. It has three distinct levels - satisfactory interaction with the personnel, satisfaction with the core service, satisfaction with the organisation Crosby and Stevens (1987); with all three levels impacting the overall customer satisfaction with the service provider. More recently, Cronin et al. (2000) developed a similar conceptualisation based on multi-attributes of satisfaction, identifying such factors as interest, enjoyment, surprise and anger in creating satisfaction; however their earlier 1987 work implies a link between satisfaction and the humanic (interaction with personnel, functional (core service) and mechanic (organisation) clues of the total customer experience (discussed in next section).

In order to successfully orchestrate a satisfactory experience, business (hotel in the case of this research) managers need to recognise what customers want and how to measure the (business) hotel service quality. Oluruniwo et al.'s (2006) study on the services sector, specifically the hotel industry, found that while service quality is a fundamental factor that impacts behavioural intentions such as loyalty, its indirect effect which is mediated by customer satisfaction is significantly greater than its direct effect with regard to producing positive behavioural outcomes. Since businesses could increase profitability by 100 percent by retaining just 5 percent more of their customers (Reichheld and Sassser, 1990), it is important for service providers to understand the relevant quality dimensions in their industry that could strengthen positive customer satisfaction evaluations.

3.3.5 Customer Satisfaction in Relation to Customer Experiences

The vast majority of businesses in the tourism sector are composed of a number of services, for instance, the hotel stay may include a bar, restaurant, leisure centre, and so forth. The satisfaction with such an experience (hotel stay) is an accumulation of satisfactions with each sub-experience in relation to each service consumed (Pizam and Ellis, 1999). Reuland et al. (1985:145), suggest that satisfaction in hospitality services is a function of a combination of three components - the material product (such as the food itself in restaurant), the behaviour and attitude of the employees, and the environment (such as the room design and layout). Similarly, Berry et al. (2002) have categorised the customer experience into three similar sets of components known as clues - functional, humanic, and mechanic clues, respectively. Therefore, it is perceived that these clues, which have been previously outlined and discussed in Chapter Two as components of the perceived customer experience, have a direct influence on customer satisfaction.

Moreover, Dahlsten (2003:74) has noted that academics agree "customer satisfaction is a function of the relationship between customer expectations and experience, that it is dependent upon value and that it is formed continuously". Indeed, Rowley (1999:303), who based her study on measuring the total customer experience in a museum, maintained that customer satisfaction is determined by the total customer experience "from the moment that a customer seeks to park their car, make a connection through the telephone network, to the moment the customer leaves the museum with the appropriate information, or leisure experience". This indicates a strong connection with the customer experience and the level of customer satisfaction obtained. Based on the foregoing discussion, it is argued that experience is an essential component for building loyalty and may even have a direct effect on loyalty. Nevertheless, it does not on its own fully explain the loyalty concept as, indicated heretofore, value, satisfaction and quality are also important variables to consider.

3.6 Interrelationships between Quality, Value and Satisfaction

After Rust and Oliver (1994) indicated the need for research into the relationships that may exist between quality, value and satisfaction, a number of studies have attempted to conceptualise the links and interrelationships that exist between these variables (Chenet at al., 1999; Fornell et al., 1996; Spreng et al., 1996 and Zeithaml et al., 1996). Service evaluation variables considered to be fundamental predictors to customer satisfaction include perceived quality (Severt et al., 2007; Hellier et al., 2003; Hellier et al., 2003; Fornell et al., 1996; Cronin and Taylor, 1992; 1994) and value (Fornell et al., 1996). The rationalisation for the connections between quality, value and satisfaction is based on Bagozzi's (1992) coping conceptualisation which proposes that a customer's initial service evaluation leads to an affective reaction that generates behavioural outcomes (Gottlieb et al., 1994).

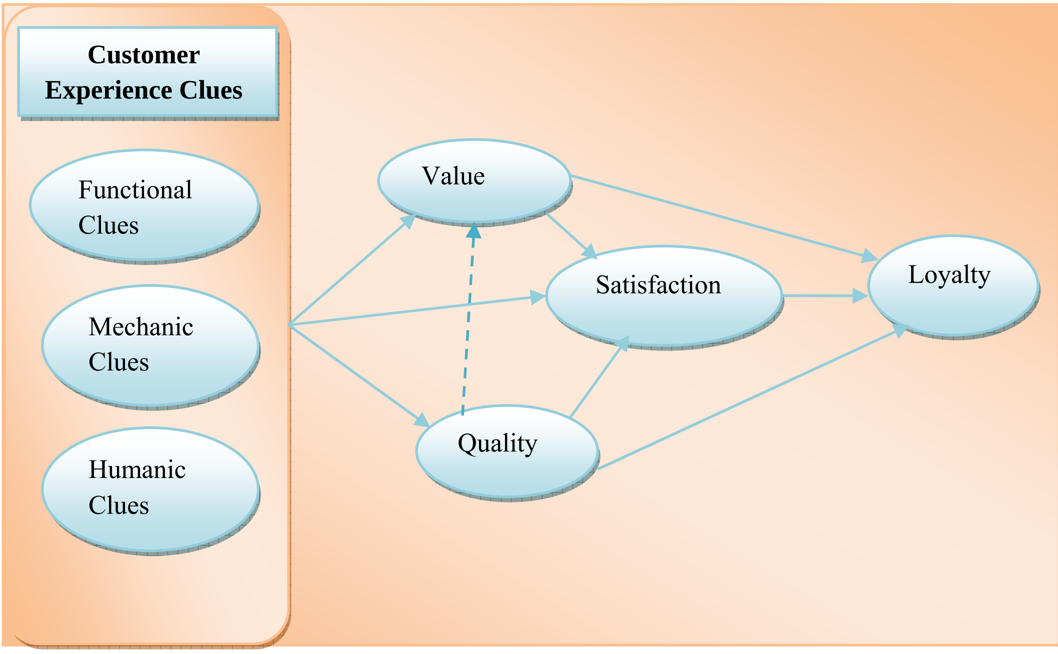
The majority of studies examining the interrelationships between quality, value and satisfaction have reported that service quality impacts behavioural intentions only indirectly via value and satisfaction (for example, Patterson and Spreng, 1997; Gottieb et al., 1994; Anderson and Sullivan, 1993). In recent years, researchers have developed more integrative models of quality, value and satisfaction in order to obtain a greater understanding of the customer's purchase decision-making process, specifically in the hospitality and tourism sectors. For instance, Oh (1999) in his study of the hotel sector identified that perceived service quality had a positive direct influence on both perceived customer value and customer satisfaction, and that perceived customer value had a direct and positive impact on customer satisfaction and repeat purchase behaviours, with customer satisfaction having a positive and direct on repeat purchase intentions and on word-of-mouth referrals. Similarly, in their study on fast food customers across America and Latin America, Brady et al. (2001) found that service quality had a direct, positive influence on satisfaction and behavioural intentions only in America; however satisfaction had a direct and positive relationship with behavioural intentions in both America and Latin America. In addition to the foregoing, in his study based on cruise passengers, Petrick (2004) purported that quality had both an indirect effect (through both perceived value and satisfaction) and a direct effect on cruise passengers' behavioural intentions, with quality, value and satisfaction all having a significant impact on repurchase intentions. More specifically, quality had more of a significant impact on repurchase intentions than perceived value, and perceived value had more of an impact of repurchase intentions than satisfaction.

The discussion of this chapter and the previous chapter examined both the customer loyalty and customer experience concepts. Quality, value and satisfaction were identified as critical antecedent variables of customer loyalty. Each of these variables only partially explains how to build loyalty; hence the researcher identified and discussed the importance of a new variable in relation to building loyalty – the customer experience. Indeed, the customer experience is a pivotal variable that interacts with quality, value and satisfaction in relation to customer loyalty. The subsequent section provides a detailed account of the relationships between the customer experiences, quality, value and satisfaction variables in building loyalty. A customer experience model of customer loyalty and a number of hypotheses are presented in the subsequent section.

3.7 Customer Experience Model of Customer Loyalty

Based on an extensive and critical review of the literature and considering the unique context of the study, the researcher developed an extended model of customer loyalty which centralises customer experience (see Figure 3.3) as well as the other well-documented major determinants of loyalty - quality, value and satisfaction. To the best of the researcher's knowledge, limited or no research exists that has examined the combined effect of all three sets of clues on quality, value, satisfaction and loyalty, highlighting the emergent nature of this study.

Figure 3.3: The Customer Loyalty-Building Model



The model positions the perceived customer experience variable as an antecedent of all other determinants of loyalty and highlights the perceived dimensions of customer experience as argued in the previous chapter - functional, mechanic and humanic clues. For Carbone and Haeckel (1994:9), the perceived customer experience "is the "take away" impression formed by people's encounters with products, services and businesses – a perception produced when humans consolidate sensory information", thereby indicating these clues have a critical impact on the customer's judgement of service quality, value, satisfaction and ultimately impacts the building of customer loyalty. The model indicates both indirect and direct relationships between the three clue sets and loyalty. Based on the literature presented heretofore, the following subsections present a brief justification of the model's major components and relevant hypotheses.

3.7.1 Quality, Value and Satisfaction

There has been extensive research conducted on the relationship between the three variables - quality, value and satisfaction (Cronin et al., 2000; Cronin and Taylor, 1992). Many empirical findings in the literature have reported the relationship between customer perceptions of quality and value to be positive (e.g. Brady et al., 2001; Cronin et al., 2000 and Sweeney et al., 1999), that service quality is an antecedent of value perceptions (Cronin et al., 2000; Hellier et al., 2003; Petrick, 2002), and that quality is generally the best predictor of perceived value (Baker et al., 2002; Cronin et al., 2002).

A number of empirical studies have shown that quality has a direct impact on satisfaction (Petrick, 2004; Cronin et al., 2000; Baker and Crompton; 2000; Fornall et al., 1996). In the tourism literature, Petrick (2004) reported that quality was an antecedent of cruise passengers' satisfaction in the prediction of their behavioural intentions which is a strong measure of loyalty. Although some studies in the past have emphasised that service quality is the only predictor of satisfaction, there have also been empirical studies that have shown that a further variable, value, has a direct relationship with satisfaction (Cronin et al., 2000; Oh, 1999; Fornell et al., 1996; Anderson et al., 1994). Based on the foregoing, the literature indicates that both quality and value are antecedent variables of satisfaction. The subsequent section discusses the relationship of each the aforementioned variables and loyalty.

3.7.2 Quality, Value, Satisfaction and Loyalty

It has been argued that quality has both a direct and/or indirect effect on behavioural intentions such as loyalty (Cronin et al. 2000; Sirdeshmukh et al., 2002; Woodruff, 1997). Some studies have argued that quality has a direct relationship with loyalty (Cronin et al., 2000; Zeithaml et al., 1996; Mohr and Bitner, 1995), while others indicated that quality had a mediated relationship with loyalty which is interceded by satisfaction (Brady et al., 2001; Caruna 2000; Cronin et al., 2000; Cronin and Taylor, 1992).

In addition, both Cronin et al., (2000) and Cronin and Taylor (1992) found an indirect relationship between quality and loyalty through satisfaction and value. Convergent evidence suggests that service quality is a critical determinant of perceived value (Cronin et al., 2000; Bolton and Drew, 1991). However, it is necessary at this point to remind the reader that although the literature indicates there is a direct relationship between quality and value (and that the relationship between quality and loyalty is also partially mediated by value), this relationship is not the focus of this study (see dotted path in Figure 3.3); further, it would require the utilisation of structural equation modelling to test this relationship, which is beyond the scope of this study.[3] Based on the foregoing, quality is positioned in Figure 3.3 as having both a direct and indirect relationship with loyalty and the indirect relationship is mediated by satisfaction. The following outlines the relationship between value and loyalty.

Previous literature also indicates that value is not only mediated by satisfaction in the prediction of loyalty, they also have a direct relationship (Cronin and Taylor, 1992). For Patterson and Spreng (1997), there is positive relationship between value and loyalty which is interceded by satisfaction. In relation to the direct relationship, recent research has suggested that value is a stronger predictor of behavioural intentions such as loyalty, than either satisfaction or quality (Cronin et al., 2000). In the tourism literature, Dube and Renaghan's (2000) reported that loyalty in the hotel business was impacted by value every day of their stay, and if they did not perceive it every day, loyalty diminished. The next paragraph outlines the interaction of the customer satisfaction variable with quality and value in terms of building loyalty.

Much of the literature on the influence of customer satisfaction on building customer loyalty has been positive and generally implies that satisfaction is one of the critical determinants of customer loyalty (Hoisington and Naumann, 2003; Cronin et al., 2000; Gronholdt et al., 2000; Anderson and Fornell, 1994; Heskett et al., 1990; Cronin and Taylor 1992; Reicheld and Sasser, 1990; Zeithaml et al. 1990; Oliver 1980). Subsequently, satisfaction has a direct and powerful impact on customer loyalty. The next section incorporates the customer experience variable into the model.

3.7.3 Customer Experience, Quality, Value, Satisfaction and Loyalty

As previously noted, Berry et al. (2006) maintain that an experience is composed of a number of embedded sub-experiences or clues that influence the customers' feelings

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[3] The testing for mediating effects is usually done through structural equation modelling (SEM) (Hair et al., 2006) however, as the learning for this model is considered to be beyond the level of learning necessary for the awarding of a Masters by Research, an alternative model was utilised – the Sobel Test by Preacher and Hayes (2004; 2008) for SPSS and SAS. This is considered to be a superior method to hierarchical regression as the Sobel Test reflects SEM analysis and output.

and perceptions of a service and the provider involved. It is the combination of these clues that make the experience memorable for the customer, particularly when a service provider involves the customer in inherently personal ways. However, much remains to be learned in terms of these clues as little empirical research exists that has investigated the effect of the functional, humanic and mechanic clues on variables such as quality, value, satisfaction and loyalty with the exception of Wall and Berry (2007), who studied the combined effect of the humanic and mechanic clues on restaurant service quality. The results of their study indicated that humanic clues dominate mechanic clues in relation to the customers' perceptions of their experience and of service quality. The following section discusses the literature in relation to the customer experience with regard to its relationship with the three key determinants of loyalty - quality, value and satisfaction.

Rowley (1999) found a significant relationship between customer experience and service quality. As regards the three clue sets of the customer experience, the literature has indicated that functional, mechanic and humanic each have an impact on quality perceptions. For Berry et al. (2006), functional clues are concerned with the quality of the service offering, specifically the reliability and competence of the actual service. Studies have found that the mechanic clues influence the consumers' evaluations of service quality (Brady and Cronin, 2001; Baker et al., 2002). Extensive research has also shown that humanic clues such as the employees' behaviour and performance during the service effect the customer's perceived customer experience and service quality (Berry and Carbone, 2007; Berry et al., 2006; Berry and Bendapudi, 2003; Rowley, 1994; Bitner, 1992; Bitner et al., 1993; Zeithaml et al., 1985). Indeed, Ing-san and Der-Jang (2005:4) found that "the quality of service achieved relies entirely on the impression the customers have of the service person (employee) delivered during the course of providing service", thereby indicating a relationship between the humanic clues and quality. Hence, the foregoing shows that there is a direct relationship between the customer experience and quality. However, research also indicates that there is a relationship between customer experiences, value, and customer loyalty.

Businesses now seek to retain customers by creating value through orchestrating the total customer experience (Wang et al., 2004; Smith and Wheeler, 2002). In order to create a memorable experience, Smith and Wheeler (2002) argue that a relationship exists between the perceived customer experience and customer value. Lanning (1998), who contends that the customer experience is the essence of the value proposition, further argues that that the customers' perceived value is derived from the customer experience. Similarly, Carbone (2004) maintains that customer experiences and the clues embedded are predictors of the customers' perceived rational and emotional value. Therefore, the literature suggests that there is a direct relationship between customer experience and value. The next section outlines the customer experience and satisfaction relationship.

According to Rowley (1999) the customer experience has a direct impact on customer satisfaction. Moreover, Dahlsten (2003:74) has noted that academics agree that "customer satisfaction is a function of the relationship between customer expectations and experience, that it is dependent upon value and that it is formed continuously." This indicates a strong connection with customer experience and the level of customer satisfaction obtained.

As evident from the foregoing, customer satisfaction plays a pivotal role in the interrelationships between all variables illustrated in Figure 3.3 and the literature indicates that it is a key determinant of customer loyalty. Furthermore, many researchers found that customer satisfaction is strongly influenced by value and quality (Dahlsten, 2003; Cronin et al., 2000; Pizam and Ellis, 1999) and indeed customer experiences (Rowley, 1999). Finally, the following discusses the relationship between the customer experience and loyalty with reference to the other key determinants - quality, value and satisfaction.

The literature suggests that customer experience has a relationship with loyalty (Carbone, 2004; Cronin, 2003). Extant studies have also indicated that the relationship between functional clues and loyalty is mediated by quality and value (Berry et al., 2006). It was also found that customers switch when this clue is not present or correct the first time (Keaveney, 1995). Further, research has shown that the mechanic clues have a direct and/or indirect relationship with loyalty intentions. While some studies indicate that mechanic clues have a strong impact on customers' loyalty intentions (Foxall and Yani-de-Soriano, 2005; Cronin, 2003) others, such as Baker et al. (2002), found that service quality and value perceptions play a major mediating role in the relationship between the mechanic clues and loyalty. Similarly, Carbone (2004) maintains that value (rational and emotional) mediates the relationship between customer experience clues and loyalty. Indeed, the humanic clues (based on the number and appearance of employees within the mechanic clue context) can also influence perceptions of interpersonal quality and behavioural intentions such as loyalty (Baker et al., 2002). Rowley (1999) found that the customer and loyalty were inextricably related through quality and satisfaction. Hence, these studies argue that each of the experience clues can have a direct and/or mediated relationship with loyalty. The mediated relationship between these clues and loyalty incorporates quality, value and satisfaction.

Based on the foregoing and as delineated in the paths outlined in Figure 3.3, the following hypotheses are presented:

H_1: There is a direct relationship between humanic clues and loyalty.

H_2: The relationship between humanic clues and loyalty is mediated by the variables value, quality and satisfaction.

H_3: There is a direct relationship between mechanic clues and loyalty.

H_4: The relationship between mechanic clues and loyalty is mediated by value, quality and satisfaction.

H_5: There is a direct relationship between functional clues and loyalty.

H_6: The relationship between functional clues and loyalty is mediated by value, quality and satisfaction.

$H_{7:}$ Quality has a direct relationship with loyalty.

$H_{8:}$ Quality has a mediated relationship with loyalty through satisfaction.

$H_{9:}$ Value has a direct relationship with loyalty.

$H_{10:}$ Value has a mediated relationship with loyalty through satisfaction.

3.8 Conclusion

This chapter has reviewed the extant concept of customer loyalty and has argued that although much has been written about the relationships between service quality, customer satisfaction and loyalty, researchers in this field have not been successful in totally explaining how loyalty is built. The discussion in this chapter argues that researchers need to move away from reliance and focus on traditional loyalty models to an approach which incorporates newer variables such as customer experiences. Consumers now desire experiences and, in order to fully capitalise on this, businesses must deliberately orchestrate engaging memorable experiences. Indeed, Dube and Renaghan's (2000) research determined that loyalty in the hotel business is strongly influenced by customers' experiences and loyalty diminished considerably when customers did not experience 'visible value'. Therefore using the principles of customer relationship management as a basis, the author has proposed a model that builds customer loyalty through customers' experiences – Customer Experience Loyalty (CEL) Model. It is the author's contention that experiences are critical in building loyalty in conjunction with other key determinants: quality, value and satisfaction. To the best of the researchers' knowledge, no research has previously incorporated all four critical variables into one loyalty-building model. Based on the foregoing, it is anticipated that this study will make a major contribution to substantive knowledge with regard to building customer loyalty within an Irish tourism context.

Finally, based on an extensive review of the literature, this chapter has presented a new loyalty model and its related hypotheses, that will be examined in the methodological stage of this thesis. The following chapter presents the philosophical perspective, the objectives and the methodological approach utilised for this study.

Chapter Four

Philosophical Underpinning and Methodology

4.1 Introduction

This chapter will outline the philosophical and methodological stance of the current study in relation to other possible approaches to social science. It will commence with an outline and discussion of the wide range of philosophical perspectives. Alternative approaches will be considered and a philosophical stance selected. Accounting for the philosophical position adopted, the main research methodologies will be reviewed and the justification for those methods for achieving the objectives of this research will be discussed. To ensure that the information gathered is consistent with the research objectives, the research design, to which the data collection and analysis phases of the research must adhere to, will also be reviewed. The main research methodologies will be reviewed and the rationale for the chosen methodology for achieving the research objectives will then be discussed. In summary, the current study will adopt a mixed methodological strategy primarily based on in-depth interviews, a blueprint and customer surveys, which shall be interpreted from an intermediate perspective.

4.2 Philosophical Perspectives

In order to select the most appropriate methodology with which to carry out the objectives, it is crucial that this researcher firstly understands the philosophical perspective of the study (Holden and Lynch, 2004). The philosophical approach underpins the methodology, as it allows the researcher to ascertain the most effective approach needed to meet the objectives of the study. Indeed, accurately defining a philosophical position helps to clarify the design and overall structure of the research. Looking at different philosophical perspectives may lead to a new research design, and/or adaptation of an existing one (Henderson, 2004). Over the past twenty years there has been a lacuna of models developed in an attempt to describe paradigms in social and organisational theory; however, Burrell and Morgan's (1979) model has received the most attention (Smith and Dainty, 1991, Morgan, 1989). These authors outline four paradigms for organisational analysis based on the researcher's conflicting assumptions in relation to two main philosophical dimensions namely: the nature of society and the nature of science (Burrell and Morgan, 1979). Firstly, the nature of society is based on the rate of change which can be either radical or regulatory. The regulatory view of society assumes that society evolves rationally in a unified cohesive manner (Holden and Lynch, 2004), whereas a radical sociological change perceives society as being in constant conflict in order to liberate itself from the constraints of societal boundaries (Burrell and Morgan, 1979). Secondly, the nature of science is concerned with two opposing extremes, namely: objectivist and subjectivist (Burrell and Morgan, 1979). Figure 4.1 illustrates these two extremes below. The subjective approach on the left could be regarded as relating to theory building whereas the objective approach on the right could be regarded as theory testing. These two extremes are discussed in greater detail in Section 4.2.1. (1979:23).

Figure 4.1: Four Paradigms for the Analysis of Social Theory
Source: Burrell and Morgan (1979)

The Sociology of Radical Change

Subjective	Radical Humanists	Radical Structuralist	**Objective**
	Interpretive	Functionalists	

The Sociology of Regulation

Burrell and Morgan's (1979) scheme of classification produces four paradigms, which are used to analyse a wide selection of both social and science theories, namely: radical, humanist, radical structuralist, interpretive, and functionalist as depicted in Figure 4.1 below (Burrell and Morgan, 1979:23). Furthermore, the four paradigms illustrated are divided in to a subjective and objective dichotomy involving assumptions in relation to the nature of science (Korukonda and Hunt, 1991). Burrell and Morgan analyse social science using “the philosopher’s tool kit of ontology and epistemology” (Smith and Dainty, 1991:25). After the researcher has identified the sub-objectives which underpin the overarching objective, various philosophical positions are outlined on the four paradigms.

In summary, the paradigms can be described as follows: the functionalist paradigm views the social world as being real, systematic orderly and regulated. This paradigm supports the notion that researchers can distance themselves from the study matter for the rigour of the research. The interpretive paradigm is based on the premise that society holds a "precarious ontological status” (Smith and Dainty, 1991:27). This paradigm advocates that the researcher seeks “to deconstruct the phenomenological process through which shared realities are created, sustained and changed” (Smith and Dainty, 1991:27). Figure 4.1 clearly illustrates that the functionalist paradigm advocates the view that the study of social science is positioned within the sociology of regulation, assuming an objectivist perspective; whereas the interpretive paradigm adopts the sociology of regulation position but with an opposing view of social reality which is subjectivist. In essence, the key distinction between these two paradigms is that they both adopt opposing views with reference to their perspective in relation to their same social reality. The radical humanist paradigm is similar to the interpretive paradigm in that it believes that the world is created and maintained within its own social reality. In the radical structuralist paradigm, the social world is centred on inherent conflicts and contradictions which result in radical change to the entire social structure (Burrell and Morgan, 1979).

A review of the literature revealed the considerable tensions and contrasts that exist between the two major philosophies, i.e. the older objectivist view and the more novel subjective stance. Figure 4.2 indicates that the objectivist and subjectivist perspectives form a continuum of two opposing extremes, objectivist at one end and subjectivist at the other (Holden and Lynch, 2004). The spectrum of positions that researchers may adopt can range from that of an insider to that of an outsider in the study (Herr and Anderson, 2005). The spectrum position adopted is defined by several key assumptions which are based on a number of aspects of social science: ontology (essence of the phenomena under study), epistemology (the grounds of knowledge), human nature (the relationships between human beings, pre-determined or not) and methodology (the approach one uses in order to examine and attain knowledge about the real world) (Smith and Dainty, 1991). Whatever sociological stance the researcher chooses to adopt, Holden and Lynch (2004:398) maintain that “these assumptions are consequential to other, that is, their view of ontology effects their epistemological persuasion which, in turn, affects their view of human nature, consequently, choice of methodology logically follows the assumptions the researcher has already made”. Figure 4.2 presents a philosophical framework based on the key assumptions developed by Burrell and Morgan (1979). This framework illustrates the various approaches to sociological research utilising the subjective-objective dimensions as polars to a spectrum of varying perspectives.

Figure 4.2 Assumptions about the Nature of Social Science
Source: Burrell and Morgan (1979); modified by author

The Subjective-Objective Dimension

The Subjectivist Approach to Social Science	←	**Assumptions**	→	**The Objectivist Approach to Social Science**
Nominalism	←	**Ontology**	→	**Realism**
Anti-positivism	←	**Epistemology**	→	**Positivism**
Voluntarism	←	**Human Nature**	→	**Determinism**
Ideographic	←	**Methodology**	→	**Nomotheic**

Consumer behaviour and marketing research (which emerged many decades ago as distinct fields of study within the applied social sciences) are generally characterised by these two broad perspectives of objectivists (positivism) and subjectivists (phenomenology) (Wohlfeil, 2004). Indeed, these two philosophical perspectives have a number of labels which are depicted in Table 4.3.

Table 4.1: Alternative Philosophical Names
Source: Hussey and Hussey (1997)

Objectivist	**Subjectivist**
Quantitative	Qualitative
Positivist	Phenomenological
Scientific	Humanistic
Traditionalist	Interpretivist

The objectivist/positivist approach is predominately a quantitative based research approach, whereas phenomenology/interpretivist/subjectivist is the opposite approach, examining situations from a qualitative perspective (Crossan, 2003). Denscombe (2003:20) describes positivism/objectivism as “an approach to social science research that seeks to apply the natural science model of research to investigations of social phenomena and explanations of the social world”. The acknowledged founder of positivism or the ‘positive philosophy’ was the French philosopher and social scientist Auguste Comte (1978-1857), who outlined positivism in his work ‘Course of Positive Philosophy’ (Remenyi et al., 1998). Positivism is a paradigm based on the assumption that the researcher is independent of, and is neither influenced by, nor influences the study setting/subject (Remenyi et al., 1998). In other words, the researcher is a completely objective, impartial observer of a tangible social reality. The positivist paradigm is based on a few key assumptions: (1) the world is external and objective where the observer is independent; (2) researchers should base assumptions on fact and seek causality from variables to generalise fundamental laws; and (3) positivist research should be specific and hypothetically tested using quantitative methods on large samples in order to increase objectivity (Easterby-Smith et al., 2001).

On the other end of the spectrum is the interpretivism/subjectivism/phenomenological approach. The father of this perspective is deemed to be Franz Brentano (1838-1938), with Edmund Husserl (1859-1938) accountable for its development. This perspective emerged during the 1980s in an attempt to contest the older, traditional and popular positivist view (Wohlfeil, 2004). Cohen and Manion (1989:133) define subjectivist/ phenomenology as ‘a theoretical point of view that advocates the study of direct experience taken at face value; and one which sees behaviour as determined by the phenomena of experience rather than by external, objective and physically described reality’. In absolute contrast to objectivist/positivist, a subjectivist/phenomenologist looks at the world from a subjective, biased viewpoint (Remenyi et al., 1998) and believes that they can shape their own reality within the realm of their own experience (Morgan and Smircich 1980:494). A key distinguishing factor between the phenomenologist and the positivist is that the former does not regard the researcher to be independent but instead considers them to be inherent in the study (Remenyi et al., 1998). In general, the phenomenologist/subjectivist researcher is characterised by the following: (1) they are subjective and are actively engaged in the research; (2) focused on understanding what is happening by looking at the phenomena in their full context in order to achieve a more accurate perspective (Holden and Lynch, 2004); and (3) the research is centred on smaller samples utilising qualitative measures for increased validity (Easterby-Smith et al., 2001). With regard to the position adopted, identifying a researcher who subscribes to all aspects of one extreme, completing opposing all aspects of the other view, is rare. Today, few researchers make such extreme assumptions (Lynch, 2008). Therefore, the next section presents the debate on the four assumptions underlying the nature of science and the position adopted.

4.2.1 The Subjectivist-Objectivist Debate

Most business research has been from a moderate objective position, where "it is often the case that the advocates of any given position may attempt to incorporate insights from others" (Morgan and Smircich, 1980:493). Indeed, for Morgan and Smircich (1980) this extremist perspective is a rough and over simplified one, which has resulted in the authors arguing that there are several classifications that lie between the philosophical positions as illustrated in Figure 4.3 below. Following the Morgan and Smircich (1980) model, this research adopts an intermediate philosophical position which is later explained in Section 4.3. In order, to understand the position adopted for this study, it is first necessary to explain and present the Morgan and Smircich (1980) model, shown below in Figure 4.3.

Figure 4.3: Basic Assumptions Characterising the Subjectivist-Objectivist Debate
Source: Morgan and Smirich (1980)

	Subjectivist					**Objectivist**
Ontological Assumptions	Reality as a projection of human imagination	Reality as a social construction	Reality as a realm of symbolic discourse	Reality as a contextual field of information	Reality as a concrete process	Reality a concrete structure
	Nominalism					**Realism**
Epistemological Stance	To obtain phenomenological insight, revelation	To understand how social reality is credited	To understand patterns of symbolic discourse	To map contexts	To study systems process, change	To construct a positivist science
	Anti-positivism					**Positivism**
Assumptions about Human	Man as pure spirit, consciousness	Man as a social constructor, the symbol creator	Man as actor, the symbol user	Man as an information processor	Man as an adaptor	Man as a responder
	Voluntarism					**Determinist**

Morgan and Smirich's (1980) model is a spectrum of six major philosophical perspectives that exist between the two opposing philosophical stances as illustrated in Figure 4.3. Firstly, ontology is described as "the study of essence" which is at the core of the research phenomena; it gives an individual the belief about their world (De Burca, 1995:118). It describes the nature of the world, an important question in this area being: is reality a given or is it a product of the individual's mind? The stance taken can be either one of two extremes: a nominalist or a realist perspective, as illustrated in Figure 4.3. From a nominalist's viewpoint, the individual creates their own external world through a social process whereas a realist believes that the world is created independently without any input from the individual (De Burca, 1995).

Epistemology is "the assumptions about the grounds of knowledge – about how one might begin to understand the world and communicate this as knowledge to fellow human beings" (Burrell and Morgan, 1979:1). Epistemology relates to the nature, validity and limits of inquiry of social science (Rosenau, 1992). An understanding of epistemology is necessary to ensure an appropriate approach to the research with due consideration of the researcher's own knowledge, skills, style and purpose (Evered and Louis, 1981). As illustrated in Figure 4.3, the epistemology debate centres on two further opposing perspectives - anti-positivism and positivism. A positivistic view seeks explanation about the external world by looking at the incidences and the behaviours between interacting components (Burrell and Morgan, 1979). Positivism is concerned with observing the phenomena in its simplest form disregarding subjectivism. It tests theories based on observable facts in a hypothetical-deductive fashion and measures concepts using large samples (Easterby-Smith et al, 1997). On the other end of the spectrum is anti-positivism which seeks to create new theory rather then expand and synthesise existing theory. Anti-positivists believe that the world is socially created and subjective, and the observer is intrinsic in the research setting (Easterby-Smith et al, 1997). An anti-positivist looks at the meaning of each situation holistically and produces ideas based on the data observed from smaller samples.

The human nature debate looks at the relationships between human beings and their surrounding environment. Indeed, this dimension also has two extremist views - voluntarism and determinism. The determinist perceives that the individual is controlled, and maintains that the individual and their activities are determined by the situation and surrounding environment. In complete contrast, voluntarism views the individual as the controller and views the world as being liberal and autonomous (Easterby- Smith et al, 1997).

Finally, the three arguments discussed above have an impact on the methodological position. While the nomothetic perspective lies on the objectivist side, the subjectivist perspective lends itself to the opposing extreme – the ideographic position. According to Burrell and Morgan (1979), the nomothetic stance is chosen based on the researcher being predominately objectivist, with an emphasis on the testing of hypotheses scientifically, reflecting the natural science method. The nomothetic approach adopts mainly quantitative data collection techniques such as surveys, questionnaires and personality tests.

Conversely, Burrell and Morgan (1979) describe the ideographic method as being subjective, delving inside the setting of the phenomena to gain subjective primary data.

This data is mainly qualitative and includes diaries and participant observation via ethnography and action research. In recent times, there have been attempts to overcome this debate on paradigmatic boundaries and extremists' views. Researchers have shifted the focus towards the similarities and engaging aspects that exist between the perspectives in order to advance knowledge and scientific progress (Reed, 1985). Indeed, for Johnson (1997), a multi-method approach produces more holistic and valid results through cross-checking, likewise, Martin (1990) suggests that methodological liberalism specific to the research study's requirements produces more accurate results. The following section explains the rationale for adopting the intermediate philosophical position for this present study, based on each of the previously discussed underlying assumptions.

4.2.2 Philosophical Stance Adopted

As previously indicated, the philosophical position adopted for this study is an intermediate position. This section presents the rationale for this chosen stance. For the purpose of the study's philosophical argument, this researcher will focus on the interpretive and the functionalist paradigms of Figure 4.1 previously presented. The rationale for selecting this stance is that it is more applicable to organisational and industry research, whereas the radical humanist and the radical structuralist research methods are considered less significant in this area and are more related to political studies (Morgan and Smircich, 1980). This study's researcher is a realist, but not an extremist and believes that the world is an external reality waiting to be explored. From an ontological standpoint the researcher assumes the second positivist position "reality as a concrete process", which implies that humans are involved in the concreteness of reality.

This researcher is also a relativist and believes in the existence of one reality, her own, despite the existence of other realities. Again the researcher's epistemological perspective is positivistic without being extreme, believing that knowledge is acquired, interpreted, retained or discarded and accumulated over time. This study adopts the epistemological perspective "to study systems, processes, change". In the context of this work, the customers' experience is studied, with reference to building customer loyalty. The researcher agrees with the stance that knowledge is improved over time through theory confirmation/disconfirmation, both quantitatively and qualitatively. This researcher utilises an intermediate approach to the deterministic and voluntaristic extremes, as the focus of this research (as previously indicated) is on the relationship between customer experiences and building loyalty in hotels in the South East of Ireland at one point in time, where societal and organisational structures do not change dramatically overnight, except in the case of an extreme circumstance or event.

The researcher also assumes the intermediate position between "man as an the symbol user" and "man as an information processor" from the human nature perspective, as this is more suited to the current research study, which utilises aspects of both the nomothetic objectivist research methodology based upon procedures, techniques and structured lines of enquiry, that is, quantitative, and the ideographic method which seeks to get inside the research setting to gain first hand information in a qualitative approach. This position is also more relevant to the objectives of this research, specifically with regard to exploring the nature of the customer experience and analysing the role of the functional, humanic, and mechanic clues as derived from the literature. Also, based on the study's objectives, this researcher has had to obtain the attitudes, perceptions and feelings of both sides of the dyad, that is, the employees and the customers (symbol user and information processor) of hotels located in the south-east of Ireland.

The aforementioned assumptions are sequentially interdependent, that is, whatever ontological stance the researcher adopts directly impacts their epistemological viewpoint and so on. Indeed, the intermediary positions adopted for this study allows the researcher to utilise a mixed methodology. This study's methodological approach is a mixed method approach which is discussed and justified in the next sections.

4.3 Qualitative versus Quantitative Research Methodologies

In this section, the quantitative, qualitative and the triangulation/mixed research methodologies are explored and discussed. Primary research has two broad approaches, either qualitative or quantitative. The debate on these two research methods follows a similar approach to the debate surrounding the various philosophical perspectives (Palys, 1997; Morgan and Smircich, 1980; Remenyi et al. 1998). Qualitative and quantitative research methodologies exist along a spectrum, and are not “strict alternatives” and they “never actually exist empirically, in their pure states” (Balnaves and Caputi, 2001:4).

Van Maanen (1983:9) defines qualitative methods as “an array of interpretative techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency of certain more or less naturally occurring phenomena”. Within a marketing, management and consumer context, qualitative methods are valuable for providing greater in-depth understanding of the phenomena being examined (Carson, Gilmore, Perry and Gronhaug, 2001). The quality of understanding, and qualitative methods utilised, are dependent on both the immersion of the researcher within the context of study setting and the collection of relevant, detailed accounts of the events, situations, people and things involved (Patton, 1980). Indeed, qualitative research methods by and large fall under the interpretivist/subjectivist philosophical viewpoint (Carson, et al., 2001). A qualitative enquiry seeks to provide information on deeper issues and seeks to determine the underlying cause of specific human behaviours (Chisnall, 1997). In order to achieve good qualitative results and findings, the researcher must have: (1) a strong theoretical and social sensitivity; (2) the ability to remain objective while still considering past experience; (3) a good knowledge of the theory underpinning the research phenomena to analyse what is observed; and (4) good communication skills (Strauss and Corbin, 1990). However, qualitative research is not without its criticisms: the data obtained from qualitative research is generally complex in nature. It can’t be generalised across different sectors (Carson et al., 2001), and the main aim usually is not to test a concept, but to expand on existing concepts or to create an entirely new perspective by exploring the area of interest. The three primary qualitative research tools include focus groups, in-depth interviews and projective techniques (Domegan and Fleming, 2007).

In contrast to a qualitative methodology, quantitative research produces numerical results and findings that can be readily illustrated on a range of graphs, models and diagrams (Strauss and Corbin, 1990). A quantitative approach deduces that “prior knowledge exists and background information is readily available. To this end, hypothesis testing is indicative of quantitative research” (Domegan and Fleming, 2007:67). Quantitative research is analysed via basic statistics (means, percentages, and frequencies) and advanced statistics (bivariate and multivariate statistical techniques such as multiple regression, perceptual mapping, structural equation modelling, etc.) (Strauss and Corbin, 1990). According to Bryman (2004), quantitative research is useful for deciphering the relative importance of a number of different causes within the context of the research study. Indeed, Saunders et al., (1997) asserts that the results produced and techniques utilised are more precise and provide for greater analysis. Quantitative methods can be used to explain cause and effect relationships while qualitative research involves in-depth analysis through asking how and why questions.

In addition, another important differentiator between these two research approaches is the researcher’s level of involvement in the research phenomena; a quantitative researcher is completely impartial and objective whereas the qualitative researcher is more involved and subjective (Cassell and Symon, 1994). Based on the research objectives of this study, in relation to customer experiences and building loyalty, it was necessary to conduct both a qualitative and a quantitative enquiry. Firstly, a qualitative approach was necessary to investigate, explore and identify the current customer experience process from the management perspective. Secondly, a quantitative approach was fundamental, in order to examine the customers’ perceptions of their experience clues and to analyse the relationship between these experience clues and loyalty. Thus, the researcher believed that by utilising both quantitative and qualitative approaches, to support and complement each other, the objectives of the research would be achieved. Justification for the selected methodological approach will now be discussed in the next section under Triangulation.

4.3.1 Triangulation and A Mixed-Method Approach Justification

Triangulation is the use of more then one method to either cross-check results or because it is necessary for the research design (Jankowicz, 2005). This method employs more then one type of research approach and produces separate results which reinforce each other (Bryman, 2004). Triangulation is also referred to as the "multi-method approach" or the "mixed-method approach" because it involves data being collected, using more then one technique at a different point in time; thus increasing reliability and subjectivity. Indeed, according to Jankowicz (2005) triangulation is classified as follows:

1. Within-method triangulation which is the use of two or more quantitative methods only or the use of two or more qualitative methods only in the research study.

2. Between or across method triangulation which is the use of both quantitative and qualitative methods in the study (Jankowicz, 2005).

The mixed-method research label has become the most favourable term utilised to explain the above triangulation method as it "in many ways better expresses the fact that in many cases, using both quantitative and qualitative research should involve a mixing of the research methods involved and not just using them in tandem" (Bryman and Bell, 2007:642).

The main argument against the mixed method approach is that these research methods carry "epistemological and ontological impediments to the combination of quantitative and qualitative research commitments" (Bryman and Bell, 2007:658).Yet despite these arguments, the mixed method approach is still becoming the far more popular and utilised approach (Bryman and Bell, 2007:642). It has been argued that the mixed method approach leads to the increased reliability and generalisation of findings (Schroder, 1999). In addition, it provides a better understanding of the research area than simply applying just one approach. In addition, "the in-depth knowledge of social contexts acquired through qualitative research can be used to inform the design of survey questions for structured interviewing and self- completion questionnaires"

(Bryman and Bell, 2007:648). As previously indicated, the mixed method research approach was deemed the most suitable in order to achieve the objectives of this research investigation. The first phase of research for this study was qualitative and the results of this phase were used to: explore and gain a deep understanding of the customer experience process, the experience clues (functional, mechanic, and humanic) and to identify the current customer experience in the hotel sector. The second phase of this study utilised a quantitative data collection vehicle, to examine the relationship between the customer experience clues, value, quality, satisfaction and loyalty. Preceding and during the entire research process, the collection of primary data was complimented with secondary data collection; to this end, the next section distinguishes between the two, both of which have been utilised in this study. The subsequent sections will follow with a discussion the research design and each phase of the mixed approach utilised in this study. This next section distinguishes between secondary and primary research, both of which have been utilised in this research.

4.4 Secondary Research versus Primary Research

Secondary data is defined as "data that is developed for some purpose other than helping to solve the problem at hand" (Tull and Hawkins, 1993:102). It is data that is collected from readily available sources (Sekaran, 1992). Secondary data was utilised initially in order to obtain a greater understanding of the research area, to define the research problem and to develop the research approach. Secondary data may be obtained from numerous resources such as academic journals, electronic databases, academic research and books, etc. Subsequently, secondary data is considered to be a relatively inexpensive, quick and easy method of data collection to obtain (Tull and Hawkins, 1993) and is a useful source of information on the area of interest. For Cooper (1989), secondary sources should form the backbone of any efficient comprehensive research study. Hence, before primary research is conducted it is imperative that secondary data relating to the subject area is thoroughly examined. Secondary data was used extensively at the beginning of this research project. The sources utilised included academic literature, books, online articles, electronic databases and library catalogues relating to the topic area at Waterford Institute Library and Dungarvan Town Library. The secondary data that is utilised must be judged on its relevance, accuracy, availability or on the amount of sufficient information on the research topic at hand (Tull and Hawkins, 1993). Extensive secondary research informed the researcher about existing knowledge in the area of customer experience and customer loyalty. This research indicated major gaps in the literature; therefore primary research was also conducted.

Primary data is defined as "data that has been generated by an individual or organisation for the specific problem at hand", (Chisnall, 1997:45); this is first hand information originated by the researcher (Malhotra and Birks, 1999). It entails the gathering and assembly of specific information to the area of research in relation to the research objectives. The next section discusses the research design and presents the research objectives and a blueprint which illustrates the research design.

4.5 Research Design

"A research design is the logical sequence that connects the empirical data to the study's initial research questions and ultimately its conclusions" (Yin, 1994).

For Aaker et al. (2001), a research design acts as a blueprint that directs the researcher on what methodology to employ in order to achieve the objectives of the research study. Indeed, a good research design results in the collection of relevant data (Green and Krieger, 1987). Therefore, the main purpose of the research design is to avoid gathering irrelevant information that has no fundamental pertinence to the research enquiry. The research design stage is at the core of the research activity and provides a framework to follow throughout the entire research process. It is the glue that brings all of the elements of the research investigation together (Chisnell, 2001). Therefore, any researcher that does not follow a clear framework or blueprint is likely to produce results that are not relevant to the research problem. Hence, it is imperative that a clear strategy is developed, one which outlines in detail each phase of the research process and ensures that the data gathered is relevant to the research study (Gill and Johnson, 2002). In this respect, the research objectives after an extensive review of the literature are as follows:

1. To examine the relationship between customer experiences and customer loyalty.
2. To identify and examine current customer experiences with regard to functional, mechanic and humanic clues within the hotel sector in the South East of Ireland.
3. To develop a detailed blueprint of the customer experience in relation to the hotel stay.
4. To identify and explore the interrelationships that exist between the variables - perceived customer experience, service quality, customer value, customer satisfaction and customer loyalty.
5. To develop a new and more dynamic loyalty building model.
6. To develop an extensive list of 'best practice' guidelines on managing loyalty-building customer experiences.

4.5.1 Research Design Types

Research design and research methodology differ in that the "methodology has to do with principles" and "designs are concerned with more concrete operational aspects of a study", (Sim and Wright, 2002:7). There are three categories of research designs: exploratory, descriptive, and casual (Malhotra, 2002; Aaker et al, 2001; Chisnell, 2001). The selection of research design involves decisions in relation to the nature of the research and the level of advanced knowledge obtained in the area of interest. The nature of the design increases in rigour as one moves from exploratory to casual (Sekaran, 2003). The type of research questions being asked tend to determine the type of research design, for example, a 'what' question is related to an exploratory research design, the 'when, where and who' questions relate to a descriptive research design and the 'how or why' questions indicate a casual research design (Brannick, 2000). As the name would suggest, exploratory research aims to explore and to gain new insights and a deeper understanding of the research problem (Malhotra and Birk, 1999). It is usually conducted in situations where little is known and where there is limited data available in relation to the research phenomena, usually requiring extensive preliminary investigations. In general, exploratory studies are qualitative in nature where the data exhibits patterns in the research phenomena and hypotheses are developed for further testing (Sekaran, 2003). The descriptive research design describes the characteristics, functions, relationships and patterns of the research phenomena. Descriptive research is generally quantitative, more formal, very structured, produces hard data and uses larger samples (Malhotra, 1999). The third type of research design is causal research, which is generally considered an experimental design, proving the cause and effect relationships between variables (Domegan and Flemming, 2007).

This study utilised aspects of all three research design types to achieve the research objectives of the study. Firstly, exploratory research was utilised as it assisted the researcher in exploring and identifying the three clues that impact the perceived customer experience, in addition to identifying the three critical variables – value, quality and satisfaction that impact loyalty. Based on the data derived from the exploratory research design, the researcher was able to formulate a conceptual model for building loyalty, having gained a deep understanding of each of the variables previously mentioned. In addition, an exploratory design was also considered suitable for this particular study as it generally complements quantitative research (Amartunga et al., 2001). Therefore, the researcher deemed the exploratory approach the most pertinent, in order to achieve the objectives of the research study specifically in relation to exploring and understanding the customer experience clues, identifying the current experience process in order to create a customer experience blueprint, and in formulating the CEL Model for building loyalty.

Secondly, the research design of this was also descriptive in nature, as this study identified and described the customer experience process in relation to the three experience clues and also examined the relationships as derived from the CEL Model – between various variables between customer experiences, value, quality, satisfaction and loyalty. This research design allowed the researcher to make future predictions, for example, the impact experience clues and other variables on loyalty (Malhotra, 1999). Thus, to a certain degree, this research entailed a descriptive design as the objectives were achieved using a mixed method approach. The researcher examined the relationships between variables, the aim being to describe and to quantify these relationships, and hypothesis were both generated and tested – Refer to Table 4.2 below.

The third research design involves causality. Causal research is a form of conclusive research where the main aim is to examine the cause and effect relationships that exist with regard to the research phenomena (Malhotra, 1999). In the case of this research the interrelationships that exist between the customer experience, quality, value, satisfaction and loyalty variables have been investigated. Casual research is by far the best design type for understanding which variable is the cause (independent variables) and which variables are the effect (dependent variables) of the phenomena, and as in the case of this work, for identifying the nature of the relationship that exists between the variables (Malhotra, 1999). Similar to a descriptive research design, casual research is planned, more formal, quantitative and structured.

In summary, this study utilised three phases or data collection. The exploratory research design informed the collection of data in Phase One, while Phase Two involved an integration of both descriptive and causal research designs. The application of a mixed research design provides a more holistic and systematic perspective of the research problem and each of these design types fully complement and support one another specifically with regard to the objectives of the research (Amartunga, et al., 2001). Table 4.2 provides a summary of the issues that relate to each category of the research designs in relation to selecting the most appropriate design:

Table 4.2: Selecting the Appropriate Research Design
Adapted from Domegan and Fleming, (1999)

	Exploratory Research	**Descriptive Research**	**Causal Research**
Data Type	Qualitative	Qualitative or Quantitative	Quantitative
Data	Literature Review Expert Survey Focus Groups In-depth interviews Projective Techniques	Literature Review Expert Survey Surveys Observation Panels Focus Groups	Literature Review Expert Survey Experiments (Surveys) (Observation)
Sample Size	Small	Small to Large	Large
Question Types	Probing Responsive Driven	Some Probing Interviewer Driven	No Probing
Hypothesis	Generates. Develops	Tests and/or Generates, Develops	Tests

4.6 Data Collection Methods

The choice of research design strategy is not only limited by issues such as the nature of the research problem or the philosophical stance adopted. Practical issues such as time and budgets also play a critical role in the research design decision (Brannick, 2000). There are three data collection tools usually associated with qualitative research: in-depth interviews, focus groups, and projective techniques (Domegan and Fleming, 2007). Similarly, there are four main tools associated with quantitative research: surveys, observation, panels and experimentation (Domegan and Fleming, 2007). In addition, specific data collection tools have been utilised for examining the customer experience and these are also discussed and presented in this section. The following presents a brief overview of the major data collection tools and the rationale for the actual tools that were employed in Phase One and Phase Two of this study. The first three sections discuss the major tools related to a qualitative methodology (Phase One) while the next three sections discuss the major tools related to a quantitative methodology (Phase Two).[4]

4.6.1 Focus Groups

Patton (2002) described the focus group as a form of interview process with a small group of people who share similar characteristics and discuss a specific topic for an hour or so. A focus group is composed of 8 to 12 respondents who have a detailed discussion on a particular phenomenon and are questioned and probed by a moderator. The main objective of a focus group is to explore and gain a greater understanding of the target group's perspectives and opinions on the specific phenomena or topic under investigation (Domegan and Fleming, 2007; Hussey and Hussey 1997). The main

[4] Note that experimentation is not discussed as it was deemed to be extraneous to research objectives. Although experiments are generally applied in a causal research design and their point is to evaluate "whether a given factor X has an impact on another factor Y or whether changes in one variable produce changes in another" (Hakim, 2000:127) while individual factors are isolated so as to observe their impact on other factors, this study (based on the actual customer experience) required an uncontrived and natural setting to obtain realistic, meaningful and broader results and perspectives specifically in relation to exploring the customer experience variable in relation to building loyalty. This objective could only be achieved based on obtaining the attitudes and perceptions of the respondents after they had gone through their own authentic and unique experience. In addition, it would be too costly and timely to orchestrate such experimentation.

advantage associated with focus groups is their efficiency and the generation of in-depth information on the specific topic of discussion. In terms of cost-effectiveness, the focus group session produces more in-depth information in two hours than would be gathered from an individual interview over a much longer time frame (Krueger, 1994). The main weaknesses associated with conducting focus groups is that considerable skill is required by the moderator to ensure that all participants have equal opportunity to respond, and that the group is not controlled by one or two participants. Confidentiality is also difficult to guarantee in the focus group session due to the amount of participants present (Krueger and Casey, 2000). "A related problem with focus groups is also the inevitable small sample size" and "the results can be more easily misjudged than other data collection- methods"(Domegan and Fleming, 2007: 171).

In order to achieve the objectives of this research, the researcher required a large sample of respondents to provide detailed and objective responses while at the same time providing a high level of confidentiality. The researcher perceived that there would be a high probability of respondents choosing not to be open and honest in a group setting, especially in relating specific details regarding their perceptions on their customers' experiences in their hotel. In addition, for busy executives with varying schedules (especially due to the nature of the tourism hotel sector), it would have been extremely difficult to schedule a time and place convenient for a sufficient number of them to gather at one time in one place (Blumberg et al. 2005). As such, the focus group as a data collection tool was deemed inappropriate.

4.6.2 Participant Observation

Participant observation involves personal involvement by the researcher with the participants in the study. It is a classic example of ethnography research, which lies towards the extreme end of the subjectivist perspective (Easterby-Smith et al. 1991). When undertaking this type of research, the researcher must retain 'critical subjectivity' in their role as both participant and researcher (Maylor and Blackburn, 2005: 236) otherwise the research is prone to bias. Participant observation focuses on the measurement of "behaviour patterns which the respondent is unaware of or unable to communicate" (Domegan and Fleming, 2007). Although participant observation was initially considered for this study in the form of a walk-through audit, it was deemed inappropriate as it was perceived that the data collected would be inconsistent in regards to research objectives, that is, the research objectives required the attitudes, feelings and perspectives of employees (managers) and customers to be collected and not their behaviours in relation to the customer experience process and its role in building loyalty. Further, hotel managers had problems with the ethical issues surrounding observation. The time constraints of the study also impacted method choice. Because participant observation requires large time commitments compared to other research strategies in terms of preparation, collection and analysing data, it was deemed that this method could not be used.

4.6.3 Interviews

According to Macionas and Plummer (2002) "an interview is a series of questions a researcher addresses personally to respondents" (cited in McDonald, 2006: 43). There are three main forms of interviewing: structured, semi-structured, and unstructured. Denscombe (2003) describes a structured interview as having tight control over format of the questions and answers. Under this method, the researcher has a pre-determined list of questions to which the respondent is invited to offer responses. A semi-structured interview is more flexible in that the questions and their order may differ in order to gain the same data from different people (McDonald, 2006). Researchers use unstructured interviews when trying to gain more in-depth and qualitative data. The researcher has a list of topics to cover and uses these to try and guide the interview rather then following a structured set of questions. For this type of interview, rather then following a structured set of questions, the interviewee has a guide of topics. The researcher must be able to manage the interview and prevent the interviewee from going off-track (McDonald, 2006). The interview process is a qualitative research method and involves an individual interview (i.e. an interviewer and one interviewee) (Bryman, 2004). The validity of the interview, or indeed the previously discussed focus group, depends on the skills of the interviewer and the design (Krueger, 1994) and limited standardisation, unsurprisingly, can cause concern as to the reliability of the findings (Maylor and Blackburn, 2005).

Other weaknesses include: costly, physically exhausting for the interviewer and the interpretation of results may have some interviewer bias (Domegan and Fleming, 2007).

However, a key strength of in-depth interviews is in their ability to probe into topics and gain more complete responses. The face-to-face interview also reveals the attitudes and emotions of the respondents which are essential to identifying and describing the customer experience in relation to building loyalty (Domegan and Fleming, 2007). This data collection method has also been identified as appropriate for busy professionals as it allows the researcher to schedule the interview at a time of the respondent's choosing (Blumberg et al. 2005). Hence, the researcher decided on utilising semi-structured interviews for Phase one.

4.6.4 Survey Research

Survey research is defined as the "systematic gathering of specific information about particular persons or entities" (Brannick, 2000:11). According to Balnaves and Caputi (2001: 76) "a survey is a method of collecting data from people about who they are (education, finances, etc.), how they think (motivations, beliefs, etc.) and what they do (behaviour)". It is generally descriptive and quantitative in nature (Zikmund, 1997). A survey serves to measure customers' attitudes towards, opinions about and perceptions of the quality of a service (Koljonen and Reid, 2000); indeed, "the survey method is one of the most common approaches used in the social sciences to empirically study the characteristics and interrelationships of sociological and psychological variables" (Roberts, 1999: 53). In addition, surveys are a quick, relatively inexpensive, and accurate method to investigate a research phenomena (Zikmund, 2000:168), and are used when it is necessary to collect a large number of responses (Creswell, 2003). The distinguishing features of surveys from other data collection methods are the form of data collection and the method of analysis. In relation to the former, in most instances surveys involve collecting very specific data from a large number of cases, whereas case studies or focus groups collect more in-depth data from a smaller group of cases. In terms of the way data is analysed, De Vaus, (1995) maintains that surveys identify relationships, variations, and patterns between variables in their natural setting whereas other, more experimental research methods, tend to manipulate the research environment. In addition, there are many modes in which to administer surveys such as telephone, face-to-face, mail, and electronically (Domegan and Fleming, 2007).

Indicative of both casual and descriptive research is the predominant use of surveys as a data collection tool (Bryman, 2004) and, given the descriptive and causal nature of the research objectives, a customer survey was deemed the most suitable for Phase Two of the study as the gathering of a large number of responses is necessary to the testing of this study's hypothesised relationships (cf. Hair et al. 2006). Based on discussions with hotel managers in Phase Two, it was decided to implement the survey utilising self-administered questionnaires - an emerging survey approach (Domegan and Fleming, 2007). These questionnaires were left in the hotel bedrooms with instructions, a pen and an envelope into which customers insert the completed questionnaire. Chocolate sweets were also provided as incentive for the customer to complete the questionnaire.

In summary, both the interview approach and the survey approach were seen as the most suitable tools of data collection based on the researcher's intermediate philosophical stance, the research design and objectives, and the qualitative and quantitative mixed methodology. However, the researcher also employed a "blueprint" technique (Phase One) in order to aid the development of the survey which was implemented in Phase Two. The next section discusses this tool.

4.6.5 Customer Experience "Blueprint"

Today, there are numerous techniques that can be utilised to investigate the customer experience as it unfolds, such as blueprinting, service mapping, mystery shopping, service journey audits and walk-through audits (Gyimóthy, 2000). Blueprinting (Shostack, 1992) and service mapping (Kingman-Brundage, 1989) monitor and analyse the service offering along a flowchart. These methods are useful for designing service operations and processes (Gyimóthy, 2000). Similarly, Johns and Clark (1993) developed a service journey audit which analyses the service via the series of customer-service provider encounters. Mattsson and associates developed these sequential service processes further; they maintained that the service process could be broken down into a sequence of standard events that are universal to all customers (as cited in Danaher and Mattsson, 1994). For example, at holiday destinations visitors encounter a journey consisting of accommodation, transportation, attractions and food services phases (Chadec and Mattsson, 1996), whereas a hotel stay may be broken down further into check-in, bedroom, breakfast and check-out phases (Danaher and Mattsson, 1994). The foregoing research studies imply that for each destination or indeed hotel visit, there are a number of encounters that lead to each customer's overall level of satisfaction. Therefore, the customer's satisfaction with the service journey is based on their evaluations of the sum of these accrued service encounters.

The understanding of any service experience specifically in the tourism sector begins with a comprehensive description of the service process and delivery (Koljonen and Reid, 2000); this approach is perceived by the researcher to be particularly relevant in the context of this study due to the nature of the hotel business. In addition, Bitner et al. (2007) have also suggested the need for more innovative and dynamic methods or techniques to obtain data on the customer experience. Hence, this research study adopted one such technique "Service Blueprinting" which is a customer-oriented strategy for both service innovation and improvement. Service blueprinting came into existence over twenty years ago and since then has evolved and grown significantly; it is now used by businesses for service innovation, quality improvement, customer experience design and strategic change (Bitner et al., 2007). It allows businesses "to visualize the service processes, points of customer contact and the physical evidence associated with their services from their customers' perspective" (Fache, 2000: 362). Thus, this study adopted the blueprint technique as it allowed this researcher to explore the composition of the service encounters that a customer experiences during their hotel stay. The blueprinting tool allowed the researcher to gather data on one of the key objectives of the research, namely exploring the customer experience process specifically in relation to the functional, mechanic and humanic clues. The blueprint technique was applied in the survey's design from the results derived from Phase One involving employee interviews.

The next section describes the various sampling processes available and the sample that was utilised in this research.

4.7 Sample Design

In most research, sampling is utilised as it is too time-consuming and costly to survey entire populations of interest (Hair et al. 2006). A sample refers to the selection of targeted respondents from an overall population of interest to be investigated (Salant and Dillman, 1994). Sampling provides "a range of methods that enable you to reduce the amount of data you need to collect by considering only data from a sub-group rather than all possible cases" (Saunders et al., 1996: 124). The main consideration when carrying out a survey is the sample type and size (Salant and Dillman, 1994). There are two main sampling techniques' labeled as probability and non-probability sampling (Sekaran, 2000; Zikmund, 1996). Domegan and Fleming (2007) provide a useful classification of each of these sampling methods which is outlined in Table 4.3.

Table 4.3: Sampling Techniques
Source: Domegan and Fleming (2007)

Sampling Techniques	
A	**Probability-based samples**
	Simple random sampling
	Stratified random sampling
	Cluster and area random sampling
	Systematic random sampling
	Multi-stage random sampling
B	**Non-Probability based or purposive samples**
	Judgment sampling
	Purposive sampling
	Quota sampling
	Convenience sampling

Probability sampling is seen as being completely random and objective where each individual within the population has a known and equal chance of being chosen in the sampling process. The purpose is to "ensure that those who participate are a representative sub-set of the research population and thus any findings can be generalised or extrapolated to that target population with confidence" (Gill and Johnson, 2002: 101). Fink and Koseff (1998) describe the first three methods of probability sampling which are illustrated in Table 4.3 as follows:

1. Simple random sampling – it is the simplest method, in which each person is chosen at random from the total population, so that there is an equal opportunity for selection.
2. Stratified random sampling – the population is first divided into subgroups or strata and a given number or a proportion of respondents from each strata are selected at random. In order to produce meaningful statistical results a larger sample size is necessary compared to the random sampling method.
3. Systematic sampling – it is a variant of random sampling except that some system, order or list is introduced to select the participants e.g. every fifth person is chosen.
4. Cluster random sampling – this involves the random sampling technique applied to groups, as selecting individuals maybe inconvenient or unethical.

Domegan and Flemming (1997) describe the other two forms of probability sampling as:

5. Area sampling – this is based on cluster sampling but in more densely populated areas.
6. Multi-stage sampling – this is where "probability selection methods are pursued at a number of different stages within a sampling procedure" (369).

Bryman (2004:87) defines the second main sampling technique which is non-probability sampling as a "sample that has not been selected using a random selection method. Essentially this implies that some units in the population are more likely to be selected than others". Non-probability sampling is a non-random, subjective and more convenient form of sampling, as specific people are selected to participate, however the sample may not be representative of the population of interest (Bryman, 2004).

Non-probability sampling is less costly in relation to time and finances, easier to carry out, convenient and doesn't require a sampling frame (Domegan and Fleming, 2007). Domegan and Fleming (2007) also outline the different techniques of non-probability sampling as follows:

1. Convenience sampling – people are available and willing to participate. It can involve either groups or individuals. "Respondents are chosen because they are

there or by accident, because they are walking down a street, hence the name, convenience" (Domegan and Fleming, 2007:370)

2. Purposive sampling - where respondents are selected because they are not typical to the general population; they are chosen because they hold an extreme position with regard to a product or service.
3. Judgment sampling - where the burden lies on the researcher to select the most appropriate sample with regard to the research.
4. Quota sampling – this is one form of non-probability that "attempts to replicate the population without using random selection" ((Domegan and Fleming, 2007: 372).

A further non probability sample is described by Fink and Koseff (1998):

5. Snowball samples – this involves a process of an identified person recommending other participants.

Regardless of what sampling technique is adopted, it is important for this researcher to justify the technique adopted (Gill and Johnson, 1997). Baker (2003:179) states that often probability sampling can be "difficult, complex, time-consuming and expensive to execute" and it maybe easier to utilise techniques associated with non-probability sampling.

Tourism and hospitality sectors are complex and wide ranging (for instance, tourists may have numerous encounters while visiting a destination such as accommodation, transportation, attractions and restaurants), hence it was necessary to narrowly define the context of this study. The customer experience within the hotel sector in the south-east region of Ireland was selected for this research. The rationale for choosing the hotel sector in this region was based on its easy access, good geographic location, popularity among a large sample of tourists (domestic, international, business, leisure and transient), and becauses it facilitates a wide range of amenities (accommodation, bar, restaurant, spa, golf courses, conference centre, and so on) under one roof. Further, time and resources did not allow for a national hotel study. Based on the foregoing, the population of interest for Phase One is defined as all three-star and four-star hotels in the south-east region of Ireland.

In relation to selecting the hotels, a non-probability judgment sampling technique was applied in which four three-star and four four-star hotels for each city were identified and selected from the target population by the researcher. Non three-star and four-star hotels that were located more then 2 miles from the city centre were excluded due to the researcher's lack of private transport as well as the lack of resources in terms of time and costs. In addition, the researcher wanted consistent and comparative findings, hence, the choice of city centre hotels. Choice of hotels was also dependent on the hotel manager's willingness to participate. In order to try and obtain a near representative sample of the population of interest, six three-star and six four-star hotels were selected overall: (1) two three-star and two four-star hotels in Waterford, (2) one three-star and three four-star hotels in Wexford, and (3) two three-star and two four-star hotels in Kilkenny. These star ratings were based on Fáilte Ireland's ratings. These hotels represent the larger size hotels in each of the cities; the larger hotels were chosen as it was expected that the likelihood of obtaining a large response rate would be higher due to volume of customers. These hotels represented the sample for both research phases. Table 4.4 describes the sample by hotel name, city and star rating.

Table 4.4 Hotel Sample Profile

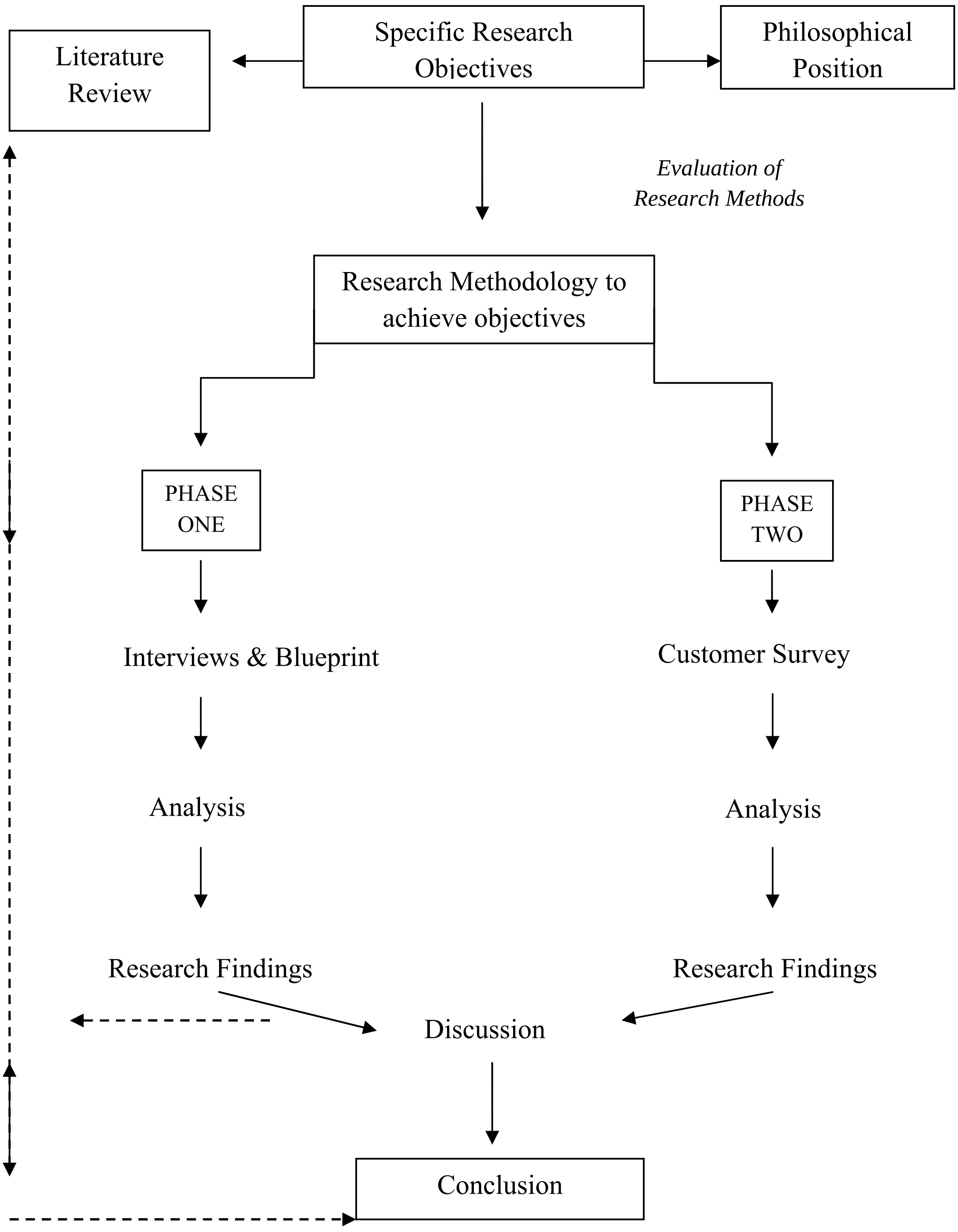
Hotel	Fáilte Ireland Star Rating	City
Tower	3 Star	Waterford
Marina	3 Star	Waterford
Faithlegg House	4 Star	Waterford
Athenaeum House	4 Star	Waterford
Ferrycarrig	4 Star	Wexford
Talbot	4 Star	Wexford
Whites	4 Star	Wexford
Maldron	3 Star	Wexford
Days	3 Star	Kilkenny
Hibernian	4 Star	Kilkenny
Rivercourt	4 Star	Kilkenny
Spring Hill Court	3 Star	Kilkenny

As Table 4.4 indicates, the hotels are are comparable and measurable in terms of: (1) location – three of the major cities in Ireland's south-east region as well as proximity to city centre; (2) similarities – in terms of amenities and facilities; and (3) profile –

similar in terms of size and star rating, and all attracted a large share of the leisure and city breaks market.

Figure 4.5 provides a detailed blueprint of this study's research process; this is presented in order to provide the reader with a clear and systematic overview of the overall research process used to achieve the research objectives. The rest of the chapter and thesis are structured as illustrated. The section following the sechematic commences to describe the phase one interview design.

Figure 4.5: Overview of Research Structure
Adapted from Lynch (2008)



4.8 Phase One – Interviews and Blueprint Design

As previously discussed, the mixed-methodological approach of this study allows for the research problem to be investigated from a number of perspectives (such as the hotel managers/staff and the hotel customer) and reflects the intermediate philosophical stance adopted by this researcher. The main focus of this study is to examine the customer experience in relation to building customer loyalty within the tourism sector in the South East region of Ireland. The findings of the semi-structured interviews from this phase are intended to not only provide a more holistic, exploratory and qualitative understanding of the hotel managers' perspective on the customer experience but also as a basis for building a detailed blueprint of the customer experience process in order to inform the study's overall customer loyalty model in respect to customer experience as well as the development of Phase Two's questionnaire.

4.8.1 Interview Sample

The sample involved interviews with the hotel staff/managers in the hotels previously highlighted. In order to fully understand the customer experience journey and to achieve the study's objectives, the researcher identified, through discussions with each hotel's manager, a number of knowledgeable staff. Key informant interviews involved selecting respondents based on their level of knowledge of the hotel's operations and processes as well as the encounters that a guest experiences throughout their hotel stay. First, in most hotels, the general manager was identified as a key informant. Managers were asked about their perceptions of the customer's experience from the moment a customer makes a reservation to the time they leave the car park. The central focus of the interviews was to gain more informed knowledge on the interactions and encounters that customers experience as well as providing information on the humanic, functional, and mechanic clues (blueprint) as a basis for the customer survey. Based on discussions, the researcher was also able to identify the best possible time to administer Phase Two's surveys to the hotel's customers. Next, the snowballing sampling technique was applied whereby other hotel key informants were identified following recommendations from the first interviewee (Jankowicz, 2005). The total number of interviews conducted was 16, with one interview in each of the 12 hotels as well as a second interview in four of the hotels. The researcher followed a semi-structured interview format, thereby allowing scope for the researcher to ask more probing questions where necessary and vary the sequencing of the questions. Table 4.5 below provides a detailed description of the interviews.

Table 4.5: Profile of Interviewees

Interview	Hotel	Positions	Date	Duration
1	Tower	General Manager	4th December 2008	1hr 30mins
2	Marina	General Manager & Front Office Manager	18th December 2008	1hr – 1st Interview 30mins – 2nd Interview
3	Talbot	General Manger & Sales and Marketing Manager	14th January 2008	45 mins –1st Interview 30 mins – 2nd Interview
4	Whites	General Manager & Assistant General Manager	14th January 2008	45 mins –1st Interview 30 mins – 2nd Interview
5	Ferrycarrig	General Manager	15th January 2009	45 mins
6	Days	General Manager & Front Office Manager	22nd January 2009	45 mins –1st Interview 30 mins – 2nd Interview
7	Hibernian	General Manager	22nd January 2009	30 mins
8	Faithlegg	Facilities Manager	26th January 2008	45 mins
9	Athenaeum	General Manager/Proprietor	27th January 2008	1hr
10	Maldron	General Manager	5th February 2009	1hr
11	Rivercourt	General Manager & Division Facilities Manager	9th February 2009	45 mins –1st Interview 30 mins – 2nd Interview
12	Spring Hill Court	General Manager	9th February 2009	1hr

4.8.2 Interview Access, Protocol and Interview Guide

This researcher made contact with the Waterford and Wexford hotels through Mr. Paul McDaid (currently the head of the Tower Hotel Group and the 2006 Southeast Chairman of the Irish Hotels Federation) and the hotels in Kilkenny were accessed via Mr. Colin Aherne (currently the Southeast Chairman of the Irish Hotels Federation). These individuals provided names of key contacts in the South East. A number of telephone calls and emails were sent in order to select participation, inform the hotels' general managers of the research, supply them with a protocol of the research, and to arrange interview times and dates. The protocol structured the researcher's thoughts on how the data was going to be collected, and so, from the outset hones the sampling process and selection (Yin, 2003). However, there was an additional and even more practical need for a protocol to be utilised in this study, that is, the sample hotels wanted to know in advance of the researcher's entry into the hotel: (1) What does the project entail? (2) What are the actual research instruments going to be? (3) What the impact of the research instruments was going to be on the hotel and their customers? (4) Will a participant's anonymity be maintained? (5) Is information confidential? (6) What are the benefits to the informants and to the researcher? and (7) What would be a rough estimate of the time span for the investigation? The research protocol contained answers to all these questions and is presented in Appendix A. For this study, the research protocol was an extremely useful mechanism, because it facilitated a discussion between the researcher and the manager(s) on the basics for the study and potential access to the hotels. This ensured that both parties understood what was expected of each other and, in essence, clarified any misunderstandings that existed prior to conducting the research. As a follow up, the researcher again contacted each of the managers to identify if they were still willing to participate. The researcher then arranged for interviews with these managers. Based on these interviews, the researcher was able to organise second interviews with a different member of staff in four of the hotels. These interviews were conducted over the months of December 2008 and January and February 2009.

The interview guide outlining the objectives of the interview and the topics to be discussed on the day of the interview was sent in advance to ensure productive and beneficial interviewing time (please refer to Appendix B for interview guide). The preparation of an interview guide involved a list of pre-determined questions or topics that were to be explored during the interviews. This guide served as a checklist during the interview and ensured that basically the same information was obtained from the each of the interviews (Denscombe, 2003). In addition, logical gaps in the data collected could be anticipated and closed, while the interviews remained fairly conversational and situational (Denscombe, 2003).

The interview guide focused on obtaining information on each of the hotels, their customer profiles, their amenities and facilities, marketing activities, customers' values, the customer experience, their key stages, encounters, interactions, and the three sets of clues.

As indicated earlier, the interviews were used to obtain information in order to create a clear blueprint of the customer experience from the moment the customer makes a reservation to the point that they leave the car park (Rowley, 1999). The interviews were also used as basis for the customer survey questionnaire development and enhanced its design as areas particularly relevant to the hotel experience were brought to the researcher's attention prior to the design of the survey. The advantages associated with in-depth interviews include: (1) its flexibility as it can be applied at any stage during the research process; (2) the collection of in-depth information owing to the knowledge and experience of the interviewee; and (3) the probing opportunity presented to the interviewer. The disadvantages associated with this type of interview are: (1) the likelihood of becoming distracted with unimportant or outside issues; (2) losing control during the interview process; and (3) the undermining of reliability due to the non-standardised nature of the interview (Yates, 2004).

4.8.3 Customer Experience Blueprint

As previously discussed, the data collected from the interviews resulted in the development of a generalised or typical customer experience for a hotel stay, that is, a customer experience blueprint. This approach is consistent with Shostack's (1984: cited from Czepiel, 1985:245) flow process for monitoring operations and processes. For example, he maintains that blueprinting "provides for people-rendered services that require judgment and a less mechanical approach". Similarly, Jones (1988) utilises a flowchart as a method of evaluating significant trends in the provision of the UK service catering sector. Subsequently, after analysing the results and findings from the semi-structured interviews with the management, this researcher created a customer experience blueprint for a weekend hotel stay. Illustrating each of the stages (such as reservations, check in and out etc) and the encounters (customer and employee touch points/interactions) as a flow of processes enabled the researcher to gain a better understanding of the mutual dependence between activities, people and other elements such as the experience clues (Functional, Humanic and Mechanic) that together constitute the customer experience of the service (Fache, 2000). This customer experience blueprint is illustrated in Figure 5.1 in Chapter Five. The section clearly describes the phase two survey design.

4.9 Phase Two – Customer Survey

The nature of this research phase enabled the researcher to examine each variable in building customer loyalty from a customer's perspective. As discussed in an earlier section, this research utilised a self-administered questionnaire approach in order to be able to empirically examine the study's hypotheses (see next chapter).

4.9.1 Survey Sample and Implementation

As noted earlier, the first phase of research identified the 12 hotels to be investigated and surveyed for this study. The survey method adopted was a questionnaire administered by hotel employees who left the survey into each of the customers' rooms; hence a non-probability convenience sampling was used, where each customer just happened to be staying in the hotel for that weekend (Domegan and Fleming, 2007). Over a period of two weekends a total of 80 questionnaires per hotel were distributed, which totalled 960 questionnaires. The survey was distributed at the weekend as it was felt it would be a better time of the week to capture leisure guests or city-breakers based on data from Phase One interviews. The hotel employees were instructed by management to leave the questionnaire (see Appendix E), along with a detailed cover letter (see Appendix C) and a cover page (see Appendix D) and some incentive chocolate sweets in each of the occupied rooms before the guests' arrival (as per Dillman's, 2000 recommendation in order to increase response rate). The hotels' receptionists were also prompted by management to inform and encourage guests to complete the questionnaire when possible. The survey questionnaire consisted of a number of Likert scale questions and examined the customer experience variable (Functional, Mechanic, and Humanic clues) in depth along with quality, value, satisfaction and loyalty variables in relation to their hotel stay, concluding with demographic questions. The questionnaire is described in the next section.

4.9.2 Questionnaire Design

Dillman (2000) suggests that questionnaire design should be seen to achieve two key objectives, to reduce non-response and reduce measurement error. Sekaran (2000) outlines some guidelines that should be considered when designing the questionnaire:

1. The wording of the questionnaire in terms of type and sequencing of questions; the content and purpose of questionnaire and the language used in the questionnaire.
2. The principles of measurement, reliability and validity, coding and questionnaire scales.
3. The appearance of the questionnaire in terms of length and instructions to respondents.

As discussed in greater detail below, the foregoing guided the questionnaire's design. Additionally, Gill and Johnson (1997) outline four issues to be considered during the questionnaire design process which also impacted the design of this study's survey: (1) decide upon the format of the questionnaire in terms of presentation and sequencing of questions; (2) fieldwork issues and sampling; (3) analysis of returned data; and (4) writing up findings.

4.9.2.1 Questionnaire Format

In relation to formatting the questionnaire, Brannick, (1997: 17) maintains that the "nature of the information being sought will determine what kind of questions will be asked". The structure of the questionnaire is very important for unsupervised questionnaires and it is critical to carefully plan the following with the target sample in mind: wording of the questionnaire; aesthetics such as length, size, shape and colour; and the cover letter used to encourage the recipient to respond (Jobber and O'Reilly, 1998).

4.9.2.2 Wording

When designing questions, it is critical for the researcher to consider the wording to ensure that both respondent and the researcher ascertain the same meaning to the question (Baker, 1991). Thus two of the most fundamental questions that the researcher should consider are as follows: (1) Are the words, singularly and in total, understandable to the respondents? and (2) Are the words biased or 'loaded' in any respect? (Tull and Hawkins, 1987). While keeping these questions in mind, and to ensure sensitivity in the wording of the questions, each question and statement in the survey was clearly explained and the wording was simple, clear and unambiguous.

4.9.2.3 Question Sequence

Following Dillman's (2000) caution concerning classification and demographic questions which individuals may find sensitive (thereby negatively impacting the likelihood of the respondent completing the questionnaire), this questionnaire's demographic questions were placed at the end of the survey and the survey utilised a similar table format throughout the beginning sections of the questionnaire using a five point Likert scale where 1 = strongly disagree and 5 = strongly agree. Hence, the formatting was very similar allowing ease of completion for the respondent. The survey began with a set of questions involving the functional, mechanic, and humanic clues. For the majority of the questionnaire, except a few areas in the demographics, the respondents were required only to tick a box or circle a number. The scales and questions covered the customer experience clues (functional, humanic and mechanic), quality, value, satisfaction and loyalty, in that sequence, to allow for flow and continuity in the questionnaire (Baker, 1991).

4.9.2.4 Instructions

In independently administered questionnaires where there is no researcher present to help the respondent to understand a question or how it should be completed, the instructions are critical (Bryman, 2004). Two kinds of instructions are used in this questionnaire - general and transitional. General instructions are used at the start of the questionnaire itself: to explain its purpose, whom the questionnaire is targeted at and how/where the respondent's answers should be recorded (Denscombe, 2001). This type of instruction also informs the respondent what they are supposed to do with the questionnaire when they were finished with it – namely, in the case of this study, "place in the envelope provided and either leave in bedroom or at reception". The second kind of instructions utilised in the questionnaire are those that introduce a section and provide a brief transition between the sections. These instructions can be found on either the cover letter (see Appendix C), the cover page (see Appendix D) or on the questionnaire itself (see Appendix E).

4.9.2.5 Aesthetics

The physical appearance and layout of a questionnaire is labelled as its aesthetics and they have a significant impact on the response rate (Malhotra and Birks, 1999). In designing the appearance and layout of this survey, a number of aspects were considered such as its length and overall appearance. Per Dillman's (2000) recommendations, a six page (one sided) questionnaire was printed on regular A4 paper in black and white while the cover page and letter were also printed on regular A4 paper but in colour. Each of the question sets were given plenty of white space and the researcher avoided an appearance of overcrowding. The instructions were placed as close as possible to the specific question to avoid confusion. The questionnaire and cover letter were designed to give a positive first impression (Bourque and Fielder, 1995). Both the Waterford Institute of Technology (WIT) and Fáilte Ireland logos were printed on the cover page. This gave it both a credible and professional appearance (Malhotra and Birks, 1999). The front cover also contained the study's title, general instructions emphasising confidentiality and contact details for the researcher.

The cover letter was printed on high quality A4 WIT headed paper in order to, once again, assure the respondent of the study's professionalism, credibility and security through the researcher's association with the Institute – research has indicated that an association with a university or college tends to add greater legitimacy to the study and increases the rate of response (Jobber and O'Reilly, 1998).

4.9.2.6 The Cover Letter

Based on Dillman's (2000) guidelines for creating the ideal cover letter, the cover letter informed the respondents about the study and motivated their response by indicating the researcher's great appreciation for their assistance as well as outlining an appeal for their assistance in order to complete a Masters by Research. The cover letter was relatively short, kept to one page and, as indicated above, printed in colour on WIT's headed paper. In addition, every sentence had a specific purpose and the cover letter was stapled on top of the cover page and the questionnaire so it would not be misplaced. This cover letter can be found in Appendix C.

4.9.2.7 Measurement Scales

There are four types of measurement scales that can be utilised in questionnaires: nominal scales, ordinal scales, interval scales, and ratio scales (Gill and Johnson, 1997). The use of scales in questionnaires limits the respondents to a fixed set of responses and can readily be subject to quantitative analysis, facilitating comparison and tabulation. Scales to measure the study's concepts were selected from previous studies based on the definition of the study's variables as presented in the literature review. These measures utilise interval scaling (most were Likert-type – see Sections One and Two) employing either five or seven scale points. The scales provided respondents with a number of brief statements associated with measuring each category within the variable – Likert-type scales measure the "intensity of the feelings about an area in question" (Bryman, 2004:68); categories are arranged in accordance with scale position and respondents are expected to select the category that best describes their feelings and the variable being measured (Malhotra and Birks, 2000). Likert scaling assesses the level of agreement for each item, with 1 = strongly disagree and 5 = strongly agree. The advantage of using Likert scaling is that it enables attitudinal responses to be summated and facilitates the researcher to examine trends in the responses to particular responses (Bryman, 2004).

The following variables were measured using the items listed (the source for each set of items is discussed after the listing):

Section One: Customer Experience:

Functional Clue Variables:

Tangible Items

1. The hotel was kept clean (*such as bar, restaurant, lobby, reception, bedrooms etc).*
2. The hotel had clean walkways, halls, exits/entrances.
3. The hotel had clean toilets.
4. The hotel was not kept clean.
5. This hotel's facilities *(such as room service, bar, leisure, restaurant, crèche, housekeeping etc.)* were up to date.
6. The lobby/reception area was comfortable.
7. The restaurant was comfortable.
8. The bar/lounge was comfortable.
9. The bedrooms were comfortable.

Reliability Items

1. The reservation system *(e.g. telephone/internet/website)* was easy to use.
2. The hotels facilities *(such as room service, bar, leisure, restaurant, crèche, housekeeping etc.)* were easy to use.
3. The hotel performed its services right the first time.
4. The hotel's services were delivered at the promised time.
5. The hotel's services were dependable.
6. The hotel was successful in providing the service.
7. The hotel was successful in completing the service.
8. You experienced interference during your hotel service *(such as the receptionist was distracted by phone or another individual, there was loud noise coming from another place in the hotel, there was restoration work going on in the hotel etc.).*

Accessibility Items

1. The hotel was conveniently located.
2. The employees were easily accessible when needed.
3. Express checkouts were available for guests and for times of overcrowding.
4. Services were accessible to disabled guests.

Mechanic Clue Variables:

Music Items

1. The music played throughout the hotel was appropriate.
2. The music in the hotel was played at an appropriate volume.
3. The music played in the hotel was pleasant.
4. The music played in the hotel was not pleasant.

Aroma Items

1. The aroma in the hotel was inappropriate.
2. The aroma in the hotel was fitting.

Lighting Items

1. The lighting in the hotel was inappropriate.
2. The lighting in the hotel was fitting.

Design Items

1. The interior and exterior of the hotel was not attractive.
2. The hotel interior and exterior was appealing.
3. The hotel's interior architecture gave it an appealing character.
4. The hotel's interior was decorated in an appealing fashion.
5. The hotel's interior was painted in colours that did not appeal to you.

Furnishing Items

1. There was appropriate leg room in the seats and tables of the hotel.

2. There was appropriate elbow room in the seats and tables of the hotel *(such as the lobby area, bedroom, restaurant etc.).*

Humanic Clue Variables:

Responsiveness Items

1. The employees were courteous
2. The employees gave me/ us special attention.
3. Your requests were handled promptly.
4. Room maintenance was adequate.
5. The employees adapted in handling peak customer traffic.

Knowledge Items

1. Employees' knowledge of hotel procedures made me feel comfortable.
2. The employees were knowledgeable about hotel equipment *(e.g. computer system and exercise facilities).*
3. The employees were aware of group rates/special packages.
4. The employees provided error-free receipts.

Service Recovery Items

1. The employees were empowered to provide compensations for inaccurate service.
2. The employees quickly apologised when service mistakes were made.
3. Alternative rooms/arrangements were provided to accommodate error in room booking.

Customer Orientation

1. You felt dissatisfied with the treatment you received from the hotel's service staff.
2. The service staff understood your needs.
3. The service staff showed a commitment to satisfying your needs.

Credibility

1. You felt secure in your dealings with the service staff.
2. The service staff had a positive attitude.
3. You did not feel deceived by the service staff *(Such as with pricing, room booking, special deals or packages etc.).*

Competence Items

1. The service staff were unhelpful.
2. The quality of service delivered was low.
3. The service staff performed the service right the first time.
4. The service staff were able to solve your problems.

Physical Appearance Items

1. The service staff/employees were attractive.
2. The service staff/employees looked classy.
3. The service staff/employees looked elegant.
4. The staff/employees had neat dress and appearance.

Employee Effort Items

1. The service staff exerted a lot of energy to make my hotel experience enjoyable.
2. The service staff were very persistent in relation to any issues or requests that I made *(Such as booking special treatments elsewhere, arranging postage, fax and special deliveries, arranging for taxi service, flower delivery etc).*
3. The service staff did not spend much time in dealing with my issues.
4. The staff did not try very hard to rectify my issues/requests.
5. The staff put a lot of effort into any issues/requests that I had.

Section Two: Customer Quality

1. Poor – Excellent
2. Inferior – Superior
3. High quality – Low Quality
4. Low Standards – High Standards
5. One of the best - One of the worst

Section Two: Customer Value

Overall Value Items

1. Overall, the value of this hotel's service to me was…
2. Compared to other hotels in the area that I could have stayed at, the overall ability of this hotel to satisfy my needs and wants is…

Monetary Value Items

1. The hotel service offer was reasonably priced.
2. This hotel offers value for money based on my previous experience with other hotels.
3. The service offering of this hotel was economical.
4. This hotel's service offering is value for money compared with that of competitor hotels.
5. You paid a reasonable price for the quality of the hotel experience that you received.
6. Your stay at this hotel gave you superior net value.

Section Two: Customer Satisfaction

1. You were satisfied with your decision to stay in this hotel.
2. Your choice to stay in this hotel was a wise one.
3. You think you did the right thing when you chose to stay in this hotel.
4. You feel that your experience with the hotel has been enjoyable.

Section Two: Customer Loyalty

1. You will recommend staying in this hotel to others.
2. You will say positive things about this hotel.
3. You will choose this hotel as your first choice if staying in this area again.
4. You will do more business with this hotel again in the next few years.

Section Three: Customer Demographics

As per the literature reviewed for this study, the following subsections outline a brief justification for the scales used to measure each variable of interest in this study (refer to CEL Model, Figure 3.3 in Chapter Five).

Customer Experience

For the purpose of this study the researcher has adopted Berry et al's (2006) conceptualisation of the customer experience which is composed of three sets of clues: functional, mechanic, and humanic. As noted from the literature review, no previous studies have been identified that have empirically measured the three sets of functional, humanic, and mechanic clues in relation to customer experiences[5]. However, the researcher of this study identified a number of studies which have examined aspects of each of the sets of clues. In addition, there was an obvious overlap in perceived quality measures and experience clues measures. The measures used to measure each of the sets of clues were derived from Olurunniwo et al's (2006) revised version of Parasuraman et al's (1994) SERVPERF model, that is, the functional clues are measured utilising the dimensions of tangibles, reliability and accessibility involving hotel operations, while the mechanic clues are assessed based on tangible servicescapes, and the humanic clues are measured utilising the responsiveness, knowledge, service recovery, customer orientation, credibility, competence, physical appearance and effort of employees. In addition, the functional measures were also operationalised based on Gronroos' (1982) measures of technical and functional quality.

Customer Quality

Service quality is a widely studied and argued concept as noted in the literature review. Due to the comprehensive nature of the study, the number of items used to measure each variable became a concern and since the customer experience variable was the main focus of the study, this variable received more attention in terms of the number of items used in its measurement. The quality measure consisted of five overall direct measures of service quality that were adapted from Oliver's (1997) work, but are also similar to other indicators used in the extant literature (Cronin et al., 2000; Cronin et al, 1997; Cronin and Taylor, 1992). The quality measures utilised were semantic differential scales (Bryman and Bell, 2007).

Customer Value

Two direct measures of value were included in the survey to capture the value construct. A five-point Likert-type scale was used ranging from "very low" to "very high". This

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[5] The researcher communicated with Dr. Berry on 24th 9th 2008 via email in relation to previous empirical studies and measures for each of the clues. He informed the researcher that no empirical studies had been conducted on the clues previously and that no measures had been created specifically for the clues.

scale is based on Zeithaml's (1988:14) definition that "…perceived value is the consumers' overall assessment of the utility of a product based on perceptions of what is received and what is given". The items to measure monetary values were mainly adapted from Sheth *et al.* (1991) and Sweeney and Soutar (2001)**.**

Customer Satisfaction

Due to its impact on consumer behavioural intentions such as loyalty and customer retention, customer satisfaction has received much attention in the literature (Cronin et al, 2000; Cronin and Taylor, 1992; Oliver, 1980). For this study satisfaction is seen as both an evaluative and emotional response to a service encounter (Oliver, 1980). Thus this study based its satisfaction measures on Olurunniwo et al's (2006) study which adapted measures from Westbrook and Oliver's (1991) four emotion-laden items. The scale applied was again a five point Likert ranging from "strongly disagree" to "strongly agree".

Customer Loyalty

This study utilised the composite loyalty position as is indicated in the literature review: behavioural and attitudinal (Pritchard and Howard, 1997). Four items were adapted from Chitty et al., (2007) which operationalised customer loyalty based on intention to recommend (attitudinal) and intention to repurchase (behavioural). Again a five point Likert scale ranging from "strongly disagree" to "strongly agree" was applied.

The final section of the questionnaire, that is, Section Three investigates relevant customer demographics such as sex, age, income, amenities or facilities used, number of repeat visits, etc. To elicit this information, dichotomous and category scales were used (see questionnaire in Appendix E).

4.9.3 Validity and Reliability of Surveys

A major strength in utilising the survey instrument in research is that scales can be tested in regards to their validity and reliability. Surveys are highly structured data collection vehicles thereby allowing findings to be easily reproduced which, in turn, increases a study's reliability and validity. However this may also result in a more contrived research investigation (Gill and Johnson 1997). In addition, it is important to select the most appropriate sampling method in order to achieve a high level of reliability and validity. A way to assess validity is to evaluate results obtained against some other validated criteria. This can be achieved through triangulation of methods as discussed earlier. In addition, a highly structured approach (as utilised in this study's second research phase) means that "…varying perspectives and experiences of people can be fit into limited number of predetermined response categories to which numbers are assigned" (Patton 1990:14), resulting in data that is timely, and that can be tested rigorously for validity and reliability.

Reliability measures the consistency of responses under particular circumstances (Hair et al. 2003). The most straightforward way to test the reliability of a survey is to replicate it by either asking the same questions to the same respondents at a different time or having in-built checks within the survey, where the same question is phrased differently in separate sections of the survey (Gill and Johnson, 1997:91). It should also be noted that reliability does not always imply validity, whereas validity always carries with it reliability (Gill and Johnson 1997:92). In this study, reliability of the measurement items was completed by running a reliability analysis utilising SPSS (Statistical Package for the Social Sciences) in order to obtain the Cronbach Alpha for each scale and checking the item to total correlations. The subsequent sections further explain the validity, reliability and factor analysis utilised in this study.

4.10 Data Analysis

The results and findings from the interviews (blueprint) and the customer survey are presented in chapter five of the study and are organised into coherent text under each theme and variable and indeed illustrated using a detailed blueprint. The data was analysed using data analysis packages such as N-Vivo7 and SPSS version 15.

In relation to qualitative data analysis, Easterby-Smith et al. (2002) divide it into two categories - either content analysis or grounded theory analysis. Content analysis is a "technique that is applied to non-statistical material and that it allows you to analyse such material in a systematic way" (Finn et al, 2000:131)". The grounded theory analytical approach is concerned with producing "common or contradictory themes and patterns from the data" (Easterby-Smith et al. 1991:105). For this research the grounded theory or thematic approach was employed. As indicated, this approach is concerned with the analysis of themes involving "higher-level abstractions inferred from their connection to a unique structure or pattern in the content" (Cooper and Schindler, 1998: 417). The thematic approach was more appropriate in this study than the content analysis approach as it was necessary to analyse the qualitative data generated from the first phase interviews in order to profile each of the hotels under specific themes and to blueprint each of the stages and encounters of the customer experience; the purpose of the first phase of research was not quantification.

The identification of themes was aided by the use of N-Vivo 7 computer software. Initially the interviews were recorded using a dictaphone. Once recorded, the findings were then transcribed and edited into a word document and transferred into N-Vivo 7. The key areas such as Waterford, Wexford and Kilkenny hotels were classed as nodes and from these nodes various tree nodes such as customer profile, the main reasons for staying at the hotel, the marketing and advertising activities, customer value and the customer experience blueprint (functional, humanic and mechanic clues) were gathered. The structure for the system was taking from the semi-structured interview guide (see Appendix B). The tree nodes were then put into sets, and from these sets an analysis was conducted in order to identify any themes and patterns. Similarities and differences were detected from these sets and relationship links between the 12 hotels in each of the three counties were made. In this way, this researcher was able to apply a generalised approach to the hotel experience blueprint.

In relation to the quantitative research, the next section describes the main aspects of data analysis including data cleaning followed by descriptive and multivariate data analysis.

4.11 Data Preparation and Analysis for Quantitative Research

Before the actual data analysis, the data must be prepared accordingly (Hair et al. 2006). Prior to data collection, a general codebook for the questionnaire was developed containing coding instructions and necessary information about all variables in the data set. A numerical code was assigned for each specific response to a specific question and each questionnaire was also identified with a variable specific to the hotel it came from (Bryman and Cramer, 2001). Each questionnaire's set of responses was then entered into an SPSS datasheet. The entered questionnaires were screened in order to identify illegible, incomplete, inconsistent or ambiguous responses. The researcher assigned "not applicable values (coded: 888)" where appropriate (not applicable or don't know responses) and "missing values (coded: 999)" to the questions that respondents left unanswered. Next, validity, reliability and factor analysis was conducted on each of the variables which are discussed in following sections.

Validity

Validity is the degree to which a variable actually measures what it has intended to measure (Nunnally and Burnstein, 1994). For the purpose of this study two forms of validity were utilised - face validity and factoral validity. Face validity, also known as content validity, involves the systematic and subjective evaluation of the scales ability to measure what it is supposed to measure, based on the judgements of a small number of potential respondents and experts. Content validity measures that the items utilised in the measurement scale of a variable reflect what they are supposed to be measuring, based on the researcher's knowledge of literature (Hair et al., 2003). For this study, content validity of each of the variable scales was conducted and assessed item-by-item.

However content validity alone is a very basic and informal approach to evaluate the validity of a measurement scale and is not considered a sufficient measure (Hair et al., 2003). Thus, the researcher also conducted a factorial validity analysis on each of the variables examined in the questionnaire. Similarly, factorial validity, also known as construct validity, is also an analysis of what the scale is supposed to measure (Hair et al., 2003). In other words, factorial validity measures the degree to which the items within the scale actually measure the same variable. Factorial validity incorporates two types of control processes namely convergent and discriminant validity. Convergent validity refers to where the results acquired from one scale are correlated with those of a different measure of the same variable: and if the results are high, convergent validity has been achieved. Conversely, discriminant validity involves correlating the results of a measure to a different variable and in this case a low result indicates discriminant validity (Hair et al., 2003).

Reliability

Reliability refers to the degree to which the items that were used to measure a variable can consistently measure that variable (Tabachnik and Fidell, 2001). The first step of analysis was to test the reliability of how the variables were measured. Before the reliability analysis could be conducted, each of the negatively worded questions or items had to be reversed coded. This was used in order to avoid a "cancelling out" effect of items and to ensure that the results were accurate (Hair et al., 1998). Reliability is the extent to which the measurement is error free and produces the same results over diverse samples and periods of time (Peter, 1979).

Hair et al (2003) indicate three methods of reliability measurement of a scale - test-retest reliability, alternative forms reliability or internal consistency reliability. Test-retest reliability is used with more longitudinal studies and is applied to the same target respondents a number of times in similar conditions. The alternative form approach is applied to cross-sectional research and applies to two of the same scales, based on similar topics to the same respondents, at different points in time. In the case of this research the internal consistency method is the most relevant, as it is employed to measure summated or computed scales composed of a number of items that make up a broader variable.

The measure utilised for examining this type of reliability is the Cronbach's alpha and was applied to this study, as it is the most widely utilised and recognised measure of reliability (Tabachnik and Fidell, 2001, Hair et al, 1998). As a general rule of thumb the Cronbach's alpha should be greater than 0.70, however in some cases such as in exploratory studies greater than 0.60 is also accepted (Hair et al., 1998, Nunnally, 1978). This present study is indeed exploratory, thus results of greater than 0.60 and 0.70 are considered acceptable.

Factor Analysis

Factor analysis is refers to a group of multivariate statistical methods whose principle objective is to define the underlying structure of data, (Hair et al., 1998). In other words, factor analysis investigates the structure of the interrelationships between variables; this is done by identifying a number of common themes and underlying aspects which are factors or items. Certain items that are strongly related are significant to the larger variable (Tabachnik and Fidell, 2001). Factor analysis is also a method for developing scales.

There are two types of factor analysis - confirmatory and exploratory. As in the case of this study the analysis is exploratory, which is where the researcher has limited or no knowledge as to: "(1) the number of factors or dimensions of the research phenomena; (2) whether these dimensions are orthogonal or oblique ; (3) the number of indicators of each factor; and (4) which indicators represent which factor" (Sharma, 1996:128). For this study, factor analysis is conducted on each of the items/factors employed to measure each of the following broader variables:

- Functional Variables (Tangibles, Reliability, Accessibility)
- Mechanic Variables (Music, Aroma, Lighting, Design, Furnishings)

- Humanic Variables (Responsiveness, Knowledge, Service Recovery, Customer Orientation, Credibility, Competence, Physical Appearance, Employee Effort)
- Quality
- Value
- Monetary Value
- Satisfaction
- Loyalty

After testing for reliability and factoral validity which resulted in some scales being modified and/or eliminated from further analyses (see next chapter), each scale's items were amalgamated utilising SPSS' compute function so that one measure was determined to represent each variable in further statistical analyses. In order to conduct the necessary statistical analyses pertinent to research objectives (correlation, regression and the Soble Test (see footnote 6, Chapter Five for explanation of this technique)), the data was checked for the underlying data assumptions involving these techniques (linearity, normally distributed data, collinearity, and outliers). Tabachnik and Fidell (2001:66) define an outlier as "an extreme value on one variable (a univarate outlier) or such a strange combination of scores on two or more variables (multivariate outlier) that they distort statistics". At this stage, histograms, scatter plots, and partial correlations indicated all data assumptions were met (subsequently, as will be seen in the next chapter, problems arose in connection with an outlier as well as muticollinearity).

The next step involved examining the hypotheses. Two other types of analysis were further completed on the data. Firstly, multiple regression analysis was used, as it is one of the most powerful and flexible procedures for analysing associative relationships between a dependent variable and multiple independent variables; in addition, multiple regression analysis also incorporates diagnostics in which to further check underlying data assumptions (Hair et al. 2006) (as will be explained in the next chapter, this was the main rationale for utilising multiple regression in this study). However, regression analysis as a statistical tool does not easily examine mediated relationships between variables. Thus, as this study calls for the analysis of mediated relationships, a second type of analysis was completed which is based on regression and is similar to structural equation modelling – the Sobel test.

4.12 Research Limitations

There are a number of limitations to the methodological approach of this study such as the general time constraints of the research project itself, specifically in relation to administering the customer survey. The response rate is considered low (105 surveys; see Chapter Five for discussion on) and it is perceived that it would have been far higher had the researcher distributed the surveys over a longer period of time and in a busier time of the year such as over the summer season. Unfortunately, the surveys were administered over the months of February and March which, for the hotel sector, is one of the quietest times of their year. Also, in light of the current economic climate, the hotel sector has less business this year than it has had in the past five years. It is also perceived that the response rate was impacted due to access issues. The management of the hotels were reluctant to allow the researcher to administer the surveys face-to-face with the customers – it is perceived that this method of implementation would have achieved a much higher response rate than leaving the surveys in the customers' hotel rooms (the researcher was not present to encourage survey completion or to provide assistance should the customers have any queries about the questionnaire). Additionally, the survey length was also a limitation, as customers were reluctant to spend the time completing it; however the researcher felt it was necessary, as each of the clue variables had to be covered extensively. A further issue was the use of 1 to 5 Likert scale range points utilised throughout the survey, it was later discovered that the respondents stayed between the 3 to 5 ranges which resulted in having to drop one of the key determinants satisfaction due to multicollinearity.

4.13 Conclusion

This chapter began by describing the various philosophical assumptions and the philosophical stance adopted by the researcher, which in turn determined the research's methodological approach. In light of the researcher's philosophical stance and the research objectives, the merits of adopting a qualitative, quantitative or a mixed method approach were examined and the rationale for this study's mixed method approach was explained. The various methods of data collection were explored, with the researcher utilising semi-structured interviews in order to collect data from hotel managers and a survey of the hotels' customers was also completed. Issues surrounding the deployment of such techniques were also investigated, particularly in relation to the research design and the customer survey. The next chapter presents the research findings of the mixed method approach.

Chapter Five

Research Findings

5.1 Introduction

This chapter presents the findings from both the qualitative and quantitative methodological phases of the research. The chapter commences with the qualitative findings and offers a profile and analysis of each hotel. Following this are the qualitative findings pertaining to each encounter and stage that a hotel customer experiences throughout their stay, from the time they make a hotel reservation to the time they leave the hotel car park. The qualitative findings conclude with a detailed explanation and illustration of the hotel experience blueprint. The overriding contribution of this analysis is to provide an understanding of the current customer's experience process, within the context of the hotel sector in the South East region of Ireland. In addition the preliminary management/employee interviews and the hotel experience blueprint has assisted in the development of the customer survey, which has also been utilised in Phase Two.

The second part of this chapter presents the quantitative findings of the Phase Two which involved a customer survey. The purpose of this section is to identify and describe the relationships that exist between each of the critical variables involved in building customer loyalty - the customer experience (functional, mechanic and humanic clues), value, quality and satisfaction. In addition, the sample population, the number of respondents and their demographics are also conveyed. Moreover, the researcher has run a number of analyses to identify: the means, the reliability and validity of the measures. And, finally, the Sobel Test results are presented, which examine the individual relationships between each of the variables. The results from the multiple regression models are also conveyed in relation to the underlying data assumptions concerning regression - linearity, normal distribution of data, multicollinearity, heteroscedasticity, and outliers (Hair et al. 2006; Field 2009).

5.2 Phase One: Qualitative Findings

The subsequent sections present the qualitative findings derived from Phase One of the research - the management/employee interviews. The 12 hotels investigated in this study have been previously presented in Table 4.4, Chapter Four. An overall profile of these hotels is presented in this section based on the management/employee interviews. The hotels areprofiled as follows - customer profile, the main reasons customers stay, marketing and advertising activities and what customers value about their stay.

5.2.1 Hotel Customer Profile

In general, across the hotels, customers can be classified into four categories - leisure, corporate/conference/business, function and tour groups. For the majority of the hotels, the leisure customer tends to stay at the weekends, corporate and conference is midweek, while functions and the tour groups can be both midweek and weekends.

For the majority of the hotels, their customers were predominately Irish, domestic leisure customers. In light of the current economic climate, the number of leisure guests is less relative to hotels compared to the boom years of the Irish economy, subsequently a number of the hotels are now targeting the corporate customer more so.

The customer profile for each of the hotels was quite similar. All 12 hotels were mainly leisure at the weekend with some corporate midweek customers. However, during holidays such as Christmas, Easter and the Summer months, there are more families and indeed more midweek leisure customers. White's Hotel in Wexford is primarily leisure, and was the only hotel that does not really attract families, as the general manager maintained, "We are not really a family hotel. We get city breakers, leisure guests, corporate and holidaymakers mainly". To a lesser extent, all the hotels attract function and tour group based customers, the Tower Hotel's general manager explained:

> We have function business like weddings, private dinners, dinner dances, soccer socials and all that kind of stuff…then ten percent would be ad hoc business like our American bus tours, CIE and Globus. They would generally stay one night and head off on the tour the next day, the circuit from Cork to Dublin.

5.2.2 Main Reasons Customers Stay

Each of the hotel managers suggested a variety of reasons why customers chose to stay at their specific hotel. The hotels located just outside the very heart of each of the respective cities, e.g. Faithlegg House Hotel and Athenaeum House Hotel, indicated that the major attraction was their location, coupled with the design and décor of their hotel. As the facilities manager of Faithlegg House Hotel commented:

> It's close to the city centre but not in the middle of the city centre and again the grounds around the hotel are a big draw and the old house. It's a mix of modern and old world feel to it, so that would probably be it as well.

Location, value for money, price, complimentary car park facilities, the amenities and facilities offered were the other major draws for the customers staying in the hotels in city centre. For the Ferrycarrig Hotel and the Springhill Court Hotel, the customers choose their hotel based on the family facilities:

> …with the pool itself, our rooms are very suited to families. We also have different categories of rooms, you can offer different types of rooms to a guest…that attracts families, and on Saturdays we have the crazy clubbers facility for the kids…Also the location with the water sitting by its edge, the scenery and proximity to city centre (General manager of the Ferrycarrig Hotel).

Similarly, a number of the hotels indicated that a major draw factor is the destination of their city, e.g. Waterford, Wexford and Kilkenny. The managers firmly believed that each of their respective cities has plenty to offer in terms of attractions, scenery, heritage, entertainment, nightlife and so forth. Indeed, the manager of the Talbot Hotel commented:

> …Its destination, Wexford first and foremost, its proximity to Wexford, is the first thing they are looking at and the first thing that they are Googling on the Internet is Wexford…Its got lots to offer, fishing villages, shopping, beaches, very nice town, board walks… it is a nice town to socialise in. In recent times it's introduced another bow with the whole nightclub scene…competing a little bit with Kilkenny on that…

Likewise, the general manager of the River Court Hotel felt that the destination of Kilkenny was the major attraction:

> Because of the city of Kilkenny, popular tourist destination - good for nightlife and everything, so we have a lot to offer city breakers. It's

> very popular for stags and hens, so we have a lot of those staying in the hotel; there's some golf courses nearby as well.

5.2.3 Marketing and Advertising Activities

In terms of marketing and advertising activities, there are a number of strategies utilised by each of the hotels, such as regular running adverts on both local and national newspapers, local and national radio, industry publications, website, special offers, promotions, corporate/leisure DVDs and travelling sales representatives. All the hotels investigated indicated a firm belief in marketing and advertising activities, as the general manager of the Tower Hotel stated, "We strongly believe in regular advertising, we use everything national and local newspaper". In addition, the hotels within a group (Tower Hotel, Faithlegg House Hotel, and Days Hotel) benefit from advertising through the group's headquarters and with affiliated hotels in the group. Furthermore, all managers indicated the importance of loyalty programs in drawing in repeat business, as it less costly to retain the customers they have rather than attracting new customers.

5.2.4 Value Most about the Customer Experience

All managers unanimously agreed that staff/employee behaviour and interaction, coupled with value for money, were the aspects of the hotel experience that their customers valued the most. In relation to the staff behaviours, employee courtesy, politeness, effort and knowledge were the most important from the management's perspective. Indeed, the majority of the managers stated that their employees' behaviour was a critical factor in customers enjoying their stay and also for repeat business. The general manager of Faithlegg House Hotel emphasised the importance of employees in sustaining successful business, as she argued that:

> The industry has suffered drastically from complacency and I think that we do try to instil our people with the basics, which are fundamental to the industry going forward. If you don't have that you may as well shut your doors. It's about the people, and our employees are dedicated to service, which is vital.

In addition, the general consensus among the managers, with regard to a further major enticement, is that the hotel provides a high quality service at a reasonable price and that the hotel is consistent with their delivery of the service. Consistency was considered crucial by a number of the managers, as they felt that this is what brings customers back time and time again. The general manager of the Rivercourt Hotel encapsulates this eloquently when he stated that:

> …We have a huge return of people that come back to us because we are consistent. I am not saying that we are the best hotel in Kilkenny but what guests get, and if they are happy with that service, the next time that they come back they get exactly the same service. At the very least we will meet their expectations and sometimes we will exceed them, but we will never disappoint them.

In summary, the above section has presented the hotel findings in terms of their customer profile, the leisure customer departure, the main reasons for staying in the hotel, their marketing and advertising activities and what their customers value most about their experience with them. These results were obtained in order to gain a more holistic understanding of the hotels involved in the study, based on managements' evaluations. The following Table 5.1 provides a full profile summary of each of the hotels based on the above findings.

Table: 5.1 Summary of each of the Hotels' Profiles

Hotel Name	Customer Profile	Main Reasons for Staying	Marketing & Advertising	Value Most about Experience
Tower	Mainly domestic, Irish leisure and some corporate customers	Central location, proximity to amenities, free car park & leisure centre	Local & national papers, industry publications, website, special offers & promotions, corporate and leisure DVDs, travelling sales representative &loyalty programs	Staff interaction and good customer service
Marina	Mainly leisure (families during school breaks) & some corporate & bus tour customers	City centre location, free car park & Wi Fi, proximity to amenities	Website, sponsored link with Google, adverts in Dublin Airport, local city channel, Fáilte Ireland & loyalty programs	Staff friendliness & a warm welcome
Faithlegg	Leisure, functions (weddings) some corporate	Location, décor, design, surroundings & good reputation	Website, Super valu promotions, cross-selling, word of mouth & loyalty programs	Staff courtesy & customer service
Athenaeum	Leisure weekend breakers	Location Scenery & surroundings, value for money & good food	Local newspaper ,website & loyalty programs	Staff personalized approach
Talbot	Domestic leisure (Golden Era)	Central location, destination Wexford & reputation	Sales & marketing manager, print media (Independent) Aertel website & loyalty programs,	Employee & staff interaction & rapport & good quality service for money & reliability
Whites	Both leisure & corporate	City centre location, good rates, staff & user friendly website	Local, national newspapers, local radio, internet/ Website & loyalty programs	Staff friendliness & value for money
Ferrycarrig	Leisure (families on breaks), functions (wedding) and some corporate	Family facilities, variety of rooms, location & scenery	National newspapers, internet, website , word of mouth & loyalty programs	Staff attention & value for money
Maldron	Leisure (families on breaks),some corporate & tours	Value for money	Local & national newspapers, radio, fliers, trade shows , shopping centre promotions & loyalty programs	Value for money & employee behaviour
Days	Both leisure & corporate	Low rates, location & free car park	Website, Prem Group, Windom and Worldwide Group & loyalty programs	Good staff, cleanliness and value for money
Hibernian	Leisure & city breakers	Central location, proximity to amenities, value for money	Website, Google, newspapers, contacts & loyalty programs	Staff, good reputation & value
Rivercourt	Domestic leisure & some corporate	Location, proximity to amenities& reputation	National newspaper, radio, brochures, internet , website & loyalty programs	Staff, good quality services, location & consistency
Spring Hill Court	Leisure (families), some corporate , tours & functions	Location, proximity to amenities& the facilities of the hotel	Marketing manager, national newspapers, hotels group, internet, mail shots& loyalty programs	Good rates, value for money & customer care

5.3 The Hotel Customer Experience Blueprint

Based on the results from the management interviews, a detailed blueprint of the customer experience journey was created. These key informant interviewees were selected based on their level of knowledge in relation to hotel operations, processes and indeed their experience in relation to their customers' encounters and interactions. This was critical for obtaining the data necessary to create the blueprint. Indeed, this blueprint was divided into two parts. Part One identified and examined the sequence of stages that a customer typically encounters throughout their hotel stay, whereas Part Two identified and explored the clues which underpin each of these experience stages. While there are always idiosyncratic differences among the views of managers in relation to the stages and clues of the customer experience, there were also underlying commonalities that facilitated the creation of the blueprint.

The next section describes Part One, which identified each of the stages and touch points that the customer goes through, as derived from the interviews. This section is followed, by a detailed account of Part Two which is a full breakdown of the clues (functional, humanic, and mechanic) in relation to the stages identified in Part One. Finally, the researcher then concludes the qualitative findings by providing a detailed blueprint of the overall customer experience in Figure 5.1.

5.3.1 Part One: The Hotel Experience Stages

The following is the sequence of stages that the customer generally encounters throughout their hotel stay:

- Stage 1: Reservation
- Stage 2: Arrival/Check-in
- Stage 3: In-house (which is the staying customer)
- Stage 4: Check-out/Departure

Each of these will now be discussed in turn.

5.3.1.1 Stage 1: Reservation

The first point of contact with the hotel is the reservation stage, where the customer interacts with the hotel initially; it is a critical stage as it forms the first impression for the customer. This stage can be carried out in a number of ways - customers can book online, over the telephone or in person. For all hotels, online and telephone reservations were the principle methods utilised, thus these are the two booking vehicles discussed in this study.

Online reservations are a popular and commonly utilised form of booking; indeed for some hotels over half of the bookings are online. The online booking uses an automated system, so there is no employee interaction. However for most of the managers, it is critical that the online booking method is appealing, portrays a realistic view of the hotel and is user friendly, as it impacts the customers' perceptions of the hotel specifically in relation to design, image and quality standards.

With the online bookings method, the customer selects the nights, the package they wish to avail of, checks availability, then proceeds to input their own details on the website. This is then transferred to the reservations section of the hotel. After the hotel receives the customers' reservation details, they send out a confirmation letter to the customer.

In the case of the telephone reservation, this would be the first employee encounter that the customer experiences with hotel staff and employees. The telephone bookings are generally received by the hotel receptionist or the employee working specifically in reservations. When they book over the telephone, the first point of contact is either with the receptionist or the employee working in reservations. The group hotels often have one centre for taking bookings for all the affiliated hotels.

Next, the customer rings up either reservations or the reception. The hotel employee answers the phone with the appropriate greeting; the customer may ask information about the hotel and check on the availability of a room on a certain date. If the group hotels have no availability in their own hotel, they may offer the customer a room in an affiliated group hotel. If there is availability for that date they may proceed with the booking. At this point a customer may be asked some questions about the purpose of the customer's stay. A number of managers emphasised the importance of asking specific questions about the purpose of the customer's stay, so that they could try to match the customer's service expectations with service delivery. This also allowed the employee to up sell certain packages that they felt would meet or exceed the customer's requirements. Indeed, the general manager of the Maldron Hotel summarises the rationale behind such questions:

> …To really try and sell the benefits to particular people and to match it to their personal likes. So a few key questions like 'have you been here before? What are you interested in? What are you doing here?' are asked.

In addition, the hotels felt that this was a good way of obtaining feedback in relation to advertising and promotional activities by identifying where the customer had sourced the hotel.

In all the hotels, the customer selects the deal or package that they want. They then provide their details and their reservation is input into the computer system. This is followed up by a confirmation which is either emailed or posted out to the customer depending on whether they have an email or not. The confirmation letter provides all the booking details, information about the hotel and directions to the hotel. This concludes the reservations stage. The next significant stage identified was the Arrival/Check-in stage.

5.3.1.2 Stage 2: Arrival/ Check-in

Customers follow directions to the hotel as detailed on the hotel's website and/or on the confirmation letter. However, the majority of managers stated that customers regularly forgot to print off the directions from the website or forget the confirmation letter so the customer would ring the hotel for directions. Management highlighted the importance of their employees being fully knowledgeable and capable of communicating the directions to the customer. Indeed, management felt that this was another critical touch point that would impact on the customers' perceptions of not only the employee but the hotel in general.

Once they arrive, they enter the car park. Car park entry varied from hotel to hotel: some had barriers where the customer pressed a buzzer and gave their details before entry, such as the Marina Hotel, some car parks were open where customers parked at their own discretion such as Days Hotel, Athenaeum House Hotel, Faithlegg House Hotel, Spring Hill Court Hotel, Talbot Hotel, and Maldron Hotel. With regard to the hotels located in the heart of the city centre, the car parks were connected to the city public car parks, such as the Hibernian Hotel, Whites Hotel, and the Tower Hotel. The Tower Hotel utilised the city public car park as an overspill car park. The Ferrycarrig Hotel general manager pointed out that they have "an area in the front of the hotel where guests can park, unload luggage and once they have checked in and brought the luggage in, they can drive the car round to the main car park". All 11 of the hotels car parks are complimentary, excluding Whites Hotel which charges a two euro fee each time the customer exits the car park. Next, the customer arrives into the car park; sometimes the hotels may have had a car park attendant, however as the general manager of the Rivercourt Hotel asserted, "I don't generally have someone in the car park unless it is particularly busy, maybe at the weekend". This may be another point of contact or encounter with the hotel employees.

The next part of stage two is critical - the check-in process. The customer enters the reception area with their luggage for check-in. Customers are met and warmly greeted by the front house team. This is another major point of interaction - from the moment they come in the door and go through the check-in process with the receptionist or front desk employee. At this stage, the customer may have encounters with the front house team, namely the receptionist, and any other members of staff that happen to be present. At the front desk the customer gives their details and the receptionist verifies their booking. For Whites Hotel, the general manager explained the importance of providing the customer with a letter outlining all the necessary details on arrival in order to speed up the check in process and also as reference guide throughout their stay:

> …Everything is explained to them and they are given a welcome letter with all the details about the hotel, times of the restaurant, the bar and bed and breakfast, dinner times. And it speeds up the process; and if the guest misses something when the information is explained they can refer back to the cover letter.

Whites Hotel was the only hotel that provided this cover letter. For the rest of the hotels, the customer was verbally informed of all the relevant information pertaining to their stay, such as the hotel facilities and amenities, hours of business (dining times). Also the customers were given directions to their bedroom, bar, restaurant and other facilities in the hotel such leisure centre, spa, crèche and so forth. All the hotel managers commented on the importance of employees being well informed as regards all the details about the hotel and also of activities and events happening outside of the hotel, as employees' level of knowledge reflected strongly on the total hotel experience. Moreover, one manager highlighted the importance of employees' possessing strong communication skills, specifically at the reception desk where customers tend to have the most interaction with the employees.

Next, the receptionist has a registration card with the guest's details already printed from the system, so then the customer is asked to sign and give their car registration number; , they are then asked for their payment details, be it cash, cheque or credit card. If a customer pays by cash, they don't have a credit facility within the hotel generally, so if they ring down for room service they have to pay when they get it.
The customer then completes the registration and check-in is complete. The customer may be offered assistance with luggage or portering, which is another employee touch point. Finally, the general manager of the River Court Hotel did comment that, "The receptionist is very important as they are at the key point of contact and it is crucial that they are well able to speak the English language. There is nothing worse than non-English speakers, particularly when they can't understand or solve a problem".

5.3.1.3 Stage 3: In-house

After check-in, the customer retires to their bedroom to unpack and freshen up. On the journey to the bedroom, the customer may experience a number of touch points with other members of the hotel staff. Throughout their stay, they may decide to utilise some of the hotel amenities, indeed, they may do so on several occasions. Subsequently, a number of points of contact arise with staff, such as the bar staff, the restaurant staff, and the leisure centre staff; they may come across a whole variety of staff members in a informal/unplanned way throughout their stay: in the lounge, the reception area, and the corridors.

The Rivercourt Hotel's general manager stated:

> Then the guests usually stroll down into the leisure club and meet the people to book something. Then, they may book a reservation for dinner or not, or else down to the bar. After that, the only other interactions would be in the bar, restaurant, leisure centre during their stay.

Hence, all hotel managers indicated that their staff at every level and department were trained and encouraged to be polite, friendly and helpful to all customers. A number of the hotels are members of the Fáilte Ireland Optimus Best Practice progamme, where employees are encouraged to build a rapport with the customers and each customer is referred to as a guest. Indeed, all the interviews indicated the importance of building strong customer relationships with customers in obtaining repeat business and loyal customers.

The next major point of interaction that customers typically experience would be breakfast in the morning, as bed and breakfast is an added benefit with most packages. They may meet restaurant staff involving waiters, waitresses, chefs, receptionists and management. In addition, the customer may also order room service facilities; with the exception of the Days Hotel, all hotels provided the room service facility. The porter or hotel employee who delivers the room service would be another key touch point. The Springhill Court Hotel manager also indicated a further customer employee interaction would be "…If service facilities break down or need to be replenished, the guest may come into contact with porters or maintenance staff or one of the managers." Each manager interviewed emphasised that each experience touch point is enhanced greatly through the employee's knowledge, courtesy and effort.

5.3.1.4 Stage 4: Check-out/Departure

The check-out stage is the final critical point of contact. The customer arrives at the reception desk and requests to be checked out. The employee at the desk, usually the front office receptionist, will ask the customer if they have enjoyed their stay. Occasionally, leaflets are left in the customers' rooms to encourage them to stay an extra night or two, as well as to advertise and promote offers. This promotional activity was carried out in the Talbot Hotel, the Spring Hill Court Hotel and the Tower Hotel. Thereafter, the receptionist presents an itemised bill of all the charges and goes through each item with the customer. If everything is satisfactory, the customer concludes payment either by credit, laser card, cash or cheque. Once payment is complete, some hotels give cards or codes to exit the car park. The customer is offered assistance with luggage which is a further touch point. They leave the hotel and depart from the car park. A number of the hotels indicated that they would contact the customer after their stay, to inform them of any promotional offers that were available. Some hotels also stated that they sent a follow-up satisfaction survey to their customers, in order to gain feedback on the customers stay. The managers felt that this was critical in identifying areas that need improvement as well as the areas that are working well for them.

The four main stages, as explained above, are the basis for developing and structuring the customer experience blueprint on the hotel sector. Figure 5.1, presented in the next section, is a blueprint of the hotel customer experience stay. The next section outlines each of these stages on a detailed blueprint which is created around the experience clues.

5.3.2 Part Two: The Experience Clues

This section provides an overview of the three experience clues, functional, mechanic and humanic, in relation to the 12 hotels involved in this research study as detailed in Figure 5.1.

5.3.2.1 Functional Clues

The functional clue findings are presented in relation to the following areas - hotel signage and directions, car park facilities, services and amenities provided, manning hours of reception desk, room service facilities, bedroom facilities and cleanliness of hotel.

Hotel Signage and Directions

The general consensus among the hotel managers was that due to constraints imposed by the city and county councils, signage to the hotel, specifically on primary and secondary national roads, was limited. This issue was highlighted by all the hotels investigated in each of the three cities - Waterford, Wexford and Kilkenny. The general manager of the Marina Hotel summed the issues up by stating that:

> …We have a battle with the county council in terms of signage. We are looking to put up a billboard at the main road. We do have a couple of signs but people who are not use to Waterford or Ireland would have difficulty finding the hotel.

In order to overcome this issue, as previously mentioned, each of the hotels have directions to the hotel on their websites and on their confirmation letter; in addition, all staff are fully knowledgeable and trained to communicate the directions to the customer. As one manager indicated, locating the hotel is the beginning of the customer experience and poor signage impacts the customer experience, specifically in relation to accessibility. The hotel signage and directions would fall under the accessibility variable of the functional clues, which is one of the variables utilised in the quantitative research phase of this research study.

Car Park Facilities

The predominant view among managers is that the accessibility, size and cost of the hotel parking facilities are critical functional clues considered by customers. Each of the hotels' parking facilities was large enough to cover their room capacity. Car parking only becomes an issue for most hotels in the event of a wedding or a major function being held, or if facilities such as the leisure centre are open to the public.

The hotels which had problems with car parking were those mainly in the heart of the city centre such as the Tower Hotel, Rivercourt Hotel, Hibernian Hotel, Talbot Hotel and Whites Hotel. These hotels' expansion opportunities are limited due to the surrounding buildings in the city centre. To overcome this issue, some hotels utilise the public car parks. The manager of the Rivercourt Hotel stated an alternative approach to combat parking issues:

> …As the restaurant and bar and, indeed, the leisure centre are open to the outside, public parking can sometimes be an issue. If it is, we tell

> the guests to leave the car in and give us the keys and we will park it for them once a space becomes available

The car park facility is a factor of both the tangible and accessibility variables of the functional clues examined in the quantitative phase of the research.

Services and Amenities Provided

The principle amenities provided by each of the hotels were bar, restaurant, conference rooms, and function rooms. Others that were mentioned included: spa, massage therapy and treatment rooms, leisure centre with pool, steam rooms, sauna, Jacuzzies and gymnasiums, hair salon, beauty salon, crèche and child minding facilities, children’s or kiddies clubs. Other services were provided such as room service, ordering taxis, booking restaurants or treatments elsewhere, free newspapers, providing umbrellas should it rain and wake up calls. Each of these amenities and services were mentioned by one or more of the hotels that were interviewed. The services and amenities are aspects of the tangibles variable used to measure functional clues in Phase Two.

Manning Hours of Reception

Most interviewees stated that the manning of the reception desk is 24 hours/7 days of the week. In all hotels the reception desk employees rotated shifts to ensure that there was someone available at all times. The majority of managers felt it was important that the reception desk was manned at all times for the customers’ convenience, in the case of emergencies. It was indicated that it was important to gain customer confidence by providing a consistent, reliable round-the-clock service. For instance, one manager explained the importance of having a night porter on duty in case a guest needed medical attention during the night. The manning hours of reception would be considered a critical factor of the reliability variable of functional clues.

Room Service Facilities

All hotels that were examined provided room service facilities with the exception of Days Hotel in Kilkenny. In general, warm food is served up to 10.00 pm or until the restaurant closes and after that it is snack food such as sandwiches. The general manager of the Tower Hotel described the process as follows, “During restaurant hours you dial the restaurant and after that you call reception. If you pay by cash you pay for room service on arrival otherwise it is charged to the credit card". Some of the hotels add a tray charge to the service and the tip is generally included in the charge. All managers indicated that room service faculties were important as customers see this now as part of the core product and service. Indeed, customers now expect room service to be available and managers further stressed the criticality of meeting their customer expectations. Again room service facilities would be considered a key aspect of both the tangible and reliability variables of the functional clues for any hotel.

Bedroom Facilities

The typical facilities provided in the rooms included television, DVD player, internet, iron and ironing board, trouser press, tea and coffee making facilities, lockers, lamps, dressers, desks, wardrobes, chair and en-suite. In the more recently renovated, extended or built hotels such as Whites Hotel, air conditioning was also mentioned. The majority of interviewees explained that customers expect each of these facilities to be present in their bedrooms, and to be of a high standard of quality. They also indicated that the absence of any of the above facilities would impact negatively on the functional aspect of their customers' experience with the hotel. The bedroom facilities would fall under the tangibles and the reliability variables of the functional clues.

Cleanliness of Hotel

All managers predominately indicated that the cleanliness of the customers' bedrooms, and the hotel as whole, was a critical factor that impacts the customers' perceived experience. It not only impacts their perceptions of the core products or service (functional clues) but also their perceptions of their surroundings (mechanic clues). The cleaning procedures of all the hotels investigated were similar. Bedrooms are cleaned everyday and if the customer is staying for three nights, the towels and linens are changed every second day and when the customer leaves. The managers also mentioned that the hotel's lobby, hallways and public areas were cleaned, dusted, and vacuumed every day. Hotel cleanliness was a priority for the majority of the hotels as one manager commented:

> Rooms are cleaned everyday and towels and linens are changed every other day, all public areas are cleaned everyday, hotel cleanliness is critical as this impacts our customers perceptions of the hotel quality and also the hotel image (General manager of Talbot Hotel)

Hotel cleanliness comes under the tangibles of the functional clues.

5.3.2.2 Mechanic Clues

The mechanic clue findings are presented in relation to the following areas - image, hotel exterior and interior appearance, design and décor, hotel atmosphere, music, aroma, and lighting.

Image

Most of the hotels stated that image was critical in attracting customers, and that the image portrayed was underpinned by the hotel design and décor, the employees and the service quality. There were mixed views in relation to the image that each hotel tried to portray. For instance (1) the Tower Hotel's image is one of professionalism and friendliness, (2) the Marina Hotel's is clean, bright and inviting, (3) Faithlegg House Hotel is about an old-worldly experience and luxury, (4) the Athenaeum House Hotel's is classic, luxurious but comfortable, (5) the Talbot Hotel's is four star hospitality, local, cosy, welcoming and traditional, (6) Whites Hotel's is a modernised hotel with good quality service and customer care, (7) the Ferrycarrig Hotel's is contemporary leisure, (8) Maldron Hotel's is a good value for money and a quality hotel, (9) Days Hotel's is a comfortable, budget hotel (10) the Hibernian Hotel's is homely, cosy, centrally located and accessible, (11) the Rivercourt Hotel's is leisure, corporate, function and top end of the market, and (12) the Spring Hill Court is value for money and a comfortable hotel. Image is considered as part of the design variable of the mechanic clues in Phase Two.

Hotel Exterior and Interior Appearance, Design and Décor

Again in terms of the exterior and interior design and décor of each of the hotels, they varied from more contemporary, to traditional, to a more period design such as Georgian or Victorian. For instance, the Hibernian Hotel's general manager indicated that, "It's a Victorian building which cannot be altered and we go with that theme inside the interior of the hotel as well, so it's warm and welcoming; it's a 300 year old building so we can't do much", whereas Whites Hotel's general manager described that, "The design originally was minimalist and cold but over the last few years we have tried to warm it up a little and make it cosy and relaxed. It's generally modern with large open spaces. The exterior again, is a modern looking more contemporary design". Interviewees predominately indicated the importance of getting the interior and exterior design and décor right, as this is the first and last thing that the customer sees as regards their experience. In essence, it impacts both the customer's first impression and their take-away impression. Additionally, a number of managers indicated that the design and décor were key to creating the hotel image. Some interviewees also stated that design and décor can determine the type of guest that the hotel attracts hence it is important to consider this when decorating the hotel.

Hotel exterior and interior appearance, design and décor ties in with the image aspect above and is one of the variables used to measure mechanic clues in Phase Two.

Hotel Atmosphere

The majority of the hotel managers indicated that they aimed to create a warm, comfortable and relaxing atmosphere. In addition, an interesting point in relation to atmosphere was mentioned by three of the managers (Days Hotel, Faithlegg House Hotel and Spring Hill Court Hotel). They indicated that the atmosphere was greatly impacted by the type of customer that was staying in the hotel at any one time. For instance, as the manager of Days Hotel explained, "During the week for corporate guests, relaxing after a day's work and at the weekend there is always a buzz around. They have a few drinks in the bar before they head into town, and the staff accommodate for that". This clearly highlights the importance of atmosphere in relation to the mechanic clues. The hotel atmosphere also ties in with all aspects of the mechanic clues such as lighting, music, aroma and design. This aspect would be associated with each of the variables used to measure the mechanic clues in Phase Two.

Music

In all the hotels visited there was music played in the background of the public areas such as in the reception area, bar, restaurant and public toilets. The music played in the bar, restaurant and reception area all differed and appropriate style music was played in each. Some of the hotels hired a company to take care of the music throughout the hotel, whereas others played their own music. A couple of the managers explained that the music was played at an appropriate volume, allowing customers to speak and interact with ease. Indeed, most managers stated that music was important in creating the hotel atmosphere and ambience. Music was a measure utilised in the quantitative phase of this study under the mechanic clues.

Aroma

Most of the hotels used either fresh flowers or air fresheners or both, in order to create a nice aroma or smell. A number of the hotels interviewed contended that they preferred using natural aromas such as flowers over using air freshener which they considered over-powering. The Talbot Hotel's general manager explained that they used natural aromas as it helps to relax their customers. He stated that:

> From time to time, I'll say to my people 'mulled wine, make mulled wine and walk through an area', create that and that's lovely, at this time of year, from November to February. Just use the smell of mulled wine, it relaxes people, it's calming you know at Christmas time. Again, we'd have pine cone scents and that kind of thing.

Indeed, all managers agreed on the importance of creating aromas as they impact considerably on the atmosphere and ambient conditions of the customers' experience. Again aroma was a measure utilised in Phase Two.

Lighting

In general, the lighting levels in the bar and restaurant are dimmed in the evening time and candles are lit around each of the tables in order to create an atmosphere. All interviewees were of the opinion that appropriate lighting is necessary to create an atmosphere, and that different atmospheres can be created from day to night just by adjusting the lighting. A few of the interviewees maintained that lighting has such impact on the atmosphere that it can result in both customers staying for longer and in repeat business. The general manager of the Talbot Hotel encapsulates this in the following quotation:

> …You have a window of opportunity of about two hours to convert people to have dinner, that's from about 4.30 to 6.30. If they haven't decided where they are going for dinner, you have from 4.30 to 6.30 to get them. And if that tone, that atmosphere that they are experiencing throughout, isn't conducive to dining, they will go elsewhere. So we need to get the lighting right down and it becomes, without making it sound romantic, but it virtually becomes romantic with the use of lower lighting candles in the evening. This results in the customer staying for longer and them coming back again and again for the atmosphere…

5.3.2.3 Humanic Clues

The humanic clue findings are presented in relation to the following areas: employee/staff training and employee dress and appearance.

Employee/Staff Training

All 12 hotels provide regular employee training, whether it is an induction or training on new systems and operations. In addition, they provide training on the meeting and greeting of customers, although the general manager of the Tower Hotel indicated that, "Yes, all of our employees receive thorough training, but there is only so much training that we can do. Employees have to be naturally friendly and courteous, which is picked up at interview stage". As previously indicated, a number of the hotels were also part of the Fáilte Ireland Optimus Best Practice Programme. The general manager of the Tower Hotel explained the programme which is based "…on the meeting and greeting of guests. And we like to build a personal rapport with our guests". The assistant manager of Whites Hotel informed the researcher of the training style which they follow. He explained, "Yes, we all follow the Optimus programme which is customer-oriented, and we have a highly trained management team who train their own. So we have a trainer-to-trainer management type system". In addition, the manager of the Rivercourt Hotel also informed the researcher of the latest Fáilte Ireland programme, as he cited, "We've been in the Optimus programme for five years and we moved up to Ireland's best practice programme this year. We are lucky here though, our staff are here a long time". The general consensus among all the hotels was that employee knowledge, courtesy and interaction with customers was greatly enhanced by regular employee training.

Employee/Staff Dress and Appearance

Most interviewees stated that employee appearance and dress was a priority for them, as this is one of the first things that a customer sees. Hence it impacts on the customer's first impression of the hotel. They also stated that this affects the hotel's image and that all staff are required to look professional, credible and neat in dress and appearance at all times. Each hotel had a specific uniform for their hotel staff, name badges and so on. As the general manager of the Tower Hotel pointed out, "All departments have a dress code, we have a specific uniform and name badges and a neat appearance is a must".

5.3.3 Blueprint Design of the Hotel Customer Experience

Based on the foregoing, Figure 5.1 presents a blueprint of the hotel stay, detailing each of the stages as previously outlined with regard to Part One, the sequence of customer experience stages, and Part Two, the underlying functional, humanic and mechanic clues of the hotel experience. This is a concept blueprint as it depicts only the typical steps in the overall experience process. The direction of the experience blueprint is clearly illustrated by the arrows which lead the reader through each of the stages. Although this blueprint only provides a general conceptualisation of the customer experience, it is important in terms of gaining a greater understanding of the customer experience from the employee perspective.

Figure 5.1: Blueprint of Weekend Hotel Experience Based on Each of the above Stages and Experience Clues

EXPECTATIONS & SOURCES FOR SELECTING HOTEL:

- Personal needs
- Past experiences
- Hotel's external communications – adverts in newspapers, Aertel, etc.
- Website/internet such as Google sites
- Referrals/ word-of-mouth
- Reputation/image of hotel

STAGE 1: RESERVATIONS VIA

INTERNET:
Functional:

- Hotel amenities, facilities &services
- Bedroom size & type
- Prices
- Special offers/deals/packages
- Additional services offered
- Dates of availability
- Customer details taken such as Name, address, email, phone number etc.
- Once reservation is made confirmation is emailed out with customer's details of stay, hotel operation times, data on hotel facilities, directions to & location of hotel etc.

Humanic:

- No Human interaction
- Photos/images of employees

Mechanic

- Photos/images of hotels interior & exterior – design, décor & appearance
- Photos/images of bedrooms, facilities & amenities such as bar, restaurant, leisure centre, function or conference rooms, spa etc.
- Design, layout and user friendliness of hotel website.

TELEPHONE:
Functional:

- Warm greeting by hotel employee on reception or reservations
- Information provided by the hotel employee on: hotel amenities, facilities &services, bedroom size & type, prices, special offers/deals/packages, additional services offered, dates of availability
- Customer details taken such as name, address, email, phone number etc.
- Once reservation is made confirmation is emailed out with customer's details of stay, hotel operation times, data on hotel facilities, directions to & location of hotel etc.

Humanic:

- First human interaction with reservationist or receptionist.
- Welcomed with warm greeting, the employee displays knowledge, responsiveness, effort, competence, manners & courtesy in completing the reservations.

Mechanic

- No mechanic clues unless customer has previously viewed website, brochures or adverts of Hotel

STAGE 2: ARRIVAL/CHECK-IN

STAGE 2: ARRIVAL/CHECK-IN

Functional:
- Directions/signage to locate hotel
- Hotel and car park accessibility
- Cart for luggage
- Disabled facilities & access
- Paperwork – registration, verify payment method, cash, credit/laser card, voucher, promotion or cheque
- Key card/key for bedroom
- Cleanliness & maintenance of interior & exterior of hotel

Humanic:
- Staff/employee welcome greeting
- Staff/employee dress & appearance
- Staff/employee courtesy, responsiveness, effort & assistance
- Staff/employee knowledge in relation to check in process, facilities, times & operations and other events
- Most likely to interact with front office team such as receptionist or manager on duty, porter or employee to assist with luggage and perhaps car park attendant

Mechanic:
- Car park design & layout
- Hotel exterior design, décor & appearance
- Hotel interior specifically reception, lobby lounge areas, their design, décor & appearance
- The reception desk design & other focal point in reception area such as fireplace/chandlers
- Lighting, aroma, music & cleanliness in the reception, lobby, lounge area
- Cleanliness & maintenance of interior & exterior of hotel

STAGE 3: IN-HOUSE

Functional:
- Walk through corridors, hallways, stairways & use elevators to get to bedroom & other facilities such as bar, restaurant., leisure centre, spa, crèche, hair salon & beauticians etc.
- Bedroom facilities & services to sleep, shower ,relax & store luggage (tea & coffee facilities, TV, DVD, iron & ironing board, trouser press, wardrobe, lockers, desk, lighting ,lamps. heating, air conditioning, bed, en-suite & complimentary toiletries etc)
- Key card/ key to access room & electricity in some cases
- Cart to bring luggage to room
- Room cleanliness & clean towels provided
- Room service facilities provided such as menu, delivery tray, food, sign for or pay for & eat/drink
- Customer may also visit and use other hotel facilities & amenities many times through the stay such as bar, restaurant, leisure centre, spa etc.

Humanic:
- Multiple interactions with various staff/employees throughout the stay such as front office team, receptionist, porter, managers, cleaners, bar staff, restaurant staff, leisure centre and staff of other amenities provide
- Room service employees or maintenance staff/mangers should there be an issue in the bedroom
- In general all these employees/staff will display some form of friendliness, courtesy, competency, knowledge, effort and responsiveness
- Staff/employee dress and appearance

Mechanic:
- Hotel exterior specifically entrance, car park, gardens, walkways etc & interior specifically reception, lobby lounge areas, hallways, corridors, elevators & bedrooms their design, décor, colour & appearance
- Hotel facilities & amenities such as bar & restaurant their design, décor, colour & appearance
- Lighting, aroma, music & cleanliness in the reception, lobby, lounge area, hallways, elevators, public toilets, bar, restaurant and other amenity areas
- Cleanliness & maintenance of interior & exterior of hotel throughout

STAGE 4: CHECK-OUT/DEPARTURE

STAGE 4: CHECK-OUT/DEPARTURE

Functional:
- Luggage cart
- Check-out process – itemised bill/statement is presented & checked by customer, if okay, customer pays by cash, credit/laser card, cheque, and voucher or in some cases the guest will have provisionally prepaid
- Return key/key card
- Given card park code if necessary otherwise may leave at their own will
- Given assistance with luggage

Humanic:
- Receptionist – ask how was their stay? Present itemised bill, ask for payment & proceed with check-out process. Goodbye & wish well.
- Other members of staff may be present such as front office team, managers etc
- Porter or member of staff may assist with luggage
- A car park attendant maybe on duty if car park busy

Mechanic:
- Design, décor & appearance of reception, lobby, lounge area, hallways, elevators
- Lighting, aroma, music & cleanliness in the reception, lobby, lounge area, hallways, elevators
- Cleanliness & maintenance of interior & exterior of hotel throughout
- Design, décor & appearance of exterior as customer leaves & car park appearance

In summary, for Part One of the blueprint, four critical stages and a number of key touch points or employee encounters were indicated from the interviews conducted. Part Two identified and explored the customer experience process in relation to the functional, mechanic and humanic clues. A detailed blueprint was developed around both these four stages and the clues. The findings from this qualitative phase provide a detailed account of the current customer experience and also contribute to the understanding of the customer experience journey. Furthermore, the results obtained from the interviews and the blueprint were utilised in the development of the customer survey questionnaire in Phase Two. The final few sections of this chapter will now present the quantitative results and findings derived from Phase Two, the customer survey, commencing with the customers' response rate results and demographics.

5.7 Phase Two: Quantitative Findings

An overview of the customers' response rate and demographic profile as well as their responses to various questions, such as amenities participated in, purpose of stay, number of repeat visits and reasons for return has also been ulilised. Next the validity and reliability results for each of the variables scales are outlined. Finally, the results of each of the hypotheses as derived from on the customer experience loyalty model (see Figure 3.3, Chapter Three) are analysed and presented.

5.7.1 Response Rate

The target respondent for this research was predominantly leisure/city breaker. As detailed in Chapter Four, a total of 960 questionnaires were distributed, in four hotels, in each of the cities of Waterford, Wexford and Kilkenny. The number of responses achieved was 105, providing a response rate of 10.94%. The reason for the low response rate was not only due to the timing of the survey distribution, which was at a non-peak time of year for hotels, but also the survey was relatively long for the respondent to complete. Nonetheless, the researcher felt that in order to investigate each of the variables fully, specifically the clue variables, it was necessary for the survey to be quite extensive. Additionally, the researcher would have preferred to have administered the surveys face-to-face with the customer, but hotel management felt it would be too invasive on customers and refused to allow this approach. There were also time constraints for the researcher in relation to this study's completion date, hence administering them in the hotel rooms was deemed the best solution. The following Table 5.2 presents the sample that the surveys were distributed to, and the number of responses from each of the cities.

Table 5.2 Sample Population and Respondents

	Sample Size	No. of Respondents
Waterford	320 (80 x 4 hotels)	**44**
Wexford	320 (80 x 4 hotels)	**41**
Kilkenny	320 (80 x 4 hotels)	**20**
Total	**960 (80 x 12 hotels)**	**105**

5.7.2 Profile of Questionnaire Respondents

Table 5.3 below shows the analysis of the respondents' personal demographics and details about their hotel stay, such as amenities participated in, reasons for their stay and the number of previous stays at the hotel. Table 5.3 presents the overall findings in relation to the three cities of Waterford, Wexford and Kilkenny (see Appendix F for demographic findings divided into Waterford (Table 1), Wexford (Table 2) and Kilkenny (Table 3). The demographic topics asked in this study include gender, age, nationality, income, amenities participated in, purpose of visit, number of previous visits and reasons for return.

Table 5.3 Demographic Variables Overall

WATERFORD, WEXFORD & KILKENNY								
Gender	Male		Female					
	42.2%		***58.8%***					
Age	Under 25	26-34	35-44	45-54	55-64	65 Plus		
	7.6%	27.6%	25.7%	22.9%	4.8%	8.6%		
Nationality	Irish	UK	EU	USA	Other			
	86.7%	7.6%	1.0%	1.0%	1.0%			
Income	Less than 20,000	€20,001-€40,000	€40,001-€60,000	€60,001-€80,000	€80,001-€100,000	€100,001-€125,000	€125,000 Plus	
	4.8%	***17.1%***	***16.2***	***19.0%***	***10.5%***	***8.6%***	***6.7%***	
Amenities Participated in	Restaurant	Bar	Spa	Leisure Centre	Conference	Function	Golf Course	Hair Salon
	90.2%	91.2%	13.7%	32.4%	3.9%	7.8%	3.9%	1.0%
Amenities Participated in (Contd)	Beauticians	Crèche	Other					
	2.0%	1.0%	***3.8%***					
Purpose of Visit	Main Holiday	Pleasure	Leisure	Visiting	Business	City Break	Shops	Other
	-	***25.7%***	***17.1%***	***5.7%***	***9.5%***	***28.6%***	***-***	***10.5%***
Number previous Visits	Never	Once	Twice	Three	Four	Numerous		
	78.1%	***4.8%***	***5.7%***	***5.7%***	***1.0%***	***1.9%***		
Reasons for return	Amenities	Staff	Design	Price	Location	Convenience	Other	
	10.5%	***8.6%***	***1.9%***	***8.6%***	***10.5%***	***5.7%***	***1.9%***	

As the percentages of the individual cities are very small, the researcher decided to present the results based on the overall results as shown in Table 5.3, rather than on the three individual county tables. Female respondents rated slightly higher than the male on the overall table, with females at 58.8% and males at 42.2%. This is consistent with the Waterford and Wexford hotels. However Kilkenny did show the opposite, with male respondents slightly higher than females. On the other hand, Kilkenny's number of responses were a lot lower than the other two counties. Nonetheless, the gender results were fairly even, overall reflecting an equal balance.

The three middle-age categories - 26-34, 35-44, and 45-54 - reflect the most popular age groups that responded at 27.6%, 25.7%, 22.9% respectively. The nationality that predominantly responded to the questionnaire were Irish at 86.7%, followed by a minimal amount of United Kingdom nationalists at 7.6%, followed by one European citizen from Slovakia and one American citizen. Thus, this would indicate that the hotel tourist in the South East region is predominantly domestic Irish.

The respondents predominantly fell in to the following three brackets of income €60,001-€80,001 at 19.0%, €40,001-€60,000 at 16.2% and €80,001-€100,000 at 10.5%. The primary amenities and facilities utilised by the respondents were firstly, the Bar/Lounge, closely followed by the Restaurant, and to a lesser extent the leisure centre. The rest of the amenities showed a poorer response. The purpose of the customer' stays were very similar across all three cities, with city breaks being the most popular, followed by leisure. It is clearly evident that the majority of the respondents fall under one of the leisure categories, thus the researcher was successful in obtaining responses from the target market, which was leisure with a response of 17.1% and short/city breaker with a response of 28.6%. Indeed it would also be perceived that pleasure at 25.7% would also fall into the leisure category. Few business/corporate responses were received at 9.5% relative to leisure, which would indicate that the hotels investigated attract mainly leisure.

The respondents were also asked to indicate if and how many times they had stayed in the hotel in the previous two years - the vast majority said never at 78.1%. Indeed, as the respondents were nearly all Irish and on city breaks, this would indicate that those that stayed twice or more were mainly Irish, repeat visitors and on short/city breaks. The two main reasons for repeat customers returning were the amenities the hotel had to offer and the hotel's location, closely followed by the staff and employees. The subsequent section presents the reliability, validity and factor analysis of each of the variables investigated in this thesis.

5.8 Validity, Reliability and Factor Analysis of Variables

In order to conduct a correlation analysis, and more importantly a multiple regression analysis, the variables in the research model had to be tested with regard to their reliability and validity. Thus the aim of this section is to determine the extent to which the individual measurements of the surveys represent the variables of the model precisely and consistently. Validity refers to the extent to which a scale measures what it is intended to measure (Hair et al.1998). Both face and factorial validity was completed on each scale. Factor analysis, with varimax rotation (as advised by Hair et al. 2006), was conducted on the necessary scales in order to check that concepts were uni-dimensional.

For the purpose of this research study, reliability was assessed with SPSS software using the Cronbach's alpha, item-to-total correlation, factor analysis and factor loadings, to measure factorial validity and reliability for all the variable scales mentioned above (Hair et al., 2003; Bryman and Cramer, 2001). As previously indicated in Chapter Four, the lower limit for Cronbach's alpha is 0.70, except in the case of exploratory research which is 0.60. In addition, the item-to-total correlation should be greater than 0.50 and factor loadings of 0.30 or higher meet minimal requirements, and 0.50 or over equal a major significance. The factor loadings indicate the correlation between an original variable and its factor. These guidelines are followed when the sample response is 100 or greater (Hair et al., 2000; Bryman and Cramer, 2005). For each of the variables, the exploratory factor analysis used the principal component method (SPSS default), including varimax rotations. As indicated in the next section, some scale items did not meet the reliability analysis criteria, hence they were dropped. The next section illustrates Table 5.4, which outlines the Cronbach's alpha of each of the variables investigated; it also indicates the number of items used to produce this Cronbach's alpha and indicates the factor analysis of the item(s) that were deleted in order to increase the reliability and validity of some of the measures, and indeed, the new Cronbach's Alpha utilised thereafter. Refer to Table 1 in Appendix G which displays the item-to-total correlations for each variable and the factor loadings for each variable.

Table 5.4 Cronbach's Alpha of the Variables

Variables	Cronbach's Alpha Before Item(s) Deleted	Number Of Items Before Item(s) Deleted	Cronbach's Alpha After Item(s) Deleted	Number Of Items After Item(s) Deleted	Item(s) Deleted
Tangibles	0.743	9	0.816	5	The hotel was kept clean The hotel had\clean walkways, halls , exits/entrances The hotel was not clean The hotels facilities were up to date
Reliability	0.389	8	0.821	4	The reservation system was easy to use The hotel performed their services right the first time The hotels services were delivered at the promised time You experienced interference during your stay
Accessibility	0.569	4	0.628	3	The hotel was conveniently located
Music	0.740	4	0.801	2	The music in the hotel was played at an appropriate volume The music played in the hotel was not pleasant
Aroma	0.114	2	-	-	-
Lighting	0.249	2	-	-	-
Design	0.608	5	0.659	3	The interior of the hotel was\not attractive The hotel interior was painted in colours that did not appeal to you
Furnishings	0.754	2	-	-	-
Responsiveness	0.720	5	0.772	4	The employees adept in handling peak customer traffic
Knowledge	0.687	5	0.800	3	Employees' knowledge of hotel procedures made me feel comfortable The employees were knowledgeable about hotel equipment
Recovery	0.816	3		-	-.
Customer Orientation	0.618	3	0.676	2	You felt dissatisfied with the treatment you received from the hotel's service staff
Credibility	0.652	3	-	-	-
Competence	0.635	4	-	-	-
Physical Appearance	0.760	4	-	-	-
Employee Effort	0.723	5	0.753	4	The service staff were very persistent in relation to any issues or requests that I made
Quality	0.883	5	-	-	-
Value	0.833	2	-	-	-
Monetary Value	0.933	6	-	-	-
Satisfaction	0.948	4	-	-	-
Loyalty	0.950	4	-	-	-

This section will now present the findings of each variable in terms of the reliability, validity and factor analysis of the scales utilised to measure them. The subsequent section presents the direct and mediated interrelationships of the variables based on the above hypothesis. There are two fundamental aspects involved in the measurement and analysis process: (1) the choice of measures or scales drawn from the literature for each variable and (2) the reliability and validity analysis of the scales selected. As indicated in Chapter 4, an extensive investigation of the past literature was undertaken in order to identify applicable measurement scales. For this study, it is important to note that all measures utilised have face or content validity, as they have not only been tested and presented in extant literature but are also based on the researcher's review of the literature. The researcher deliberates that these measures display and describe the variable they are measuring (Hair et al. 1998). In addition, both the item-to-total correlations and the factor loading results discussed below can be found in Appendix G labelled Table 1.

5.8.1 Functional Clues

As suggested by the literature, the functional clues are composed of the following variables - tangibles, reliability and accessibility. In order to measure the tangible variable, a number of items were drawn and adapted from Parasuraman's SERVQUAL model. The reliability of the tangible measures was deemed acceptable as they exceeded the 0.70 Cronbach's alpha. After factor analysis, the researcher identified that by removing three of the items (refer to Table 5.4) this increased the Cronbach's significantly to over 0.80, hence the items were removed. All the item-to-total correlations were well over the recommended 0.50 guideline. For tangibles, the factor analysis extracted one component and all loadings were above the minimum 0.30 level. Please refer to Table 1, Appendix G, for the results of the item-to-total correlation and factor loadings. The reliability variable again adapted from the SERVQUAL model was measured using eight items initially, which produced a poor Cronbach's of just over 0.30. Consequently, the researcher removed four of the items, (Table 5.4) and the Cronbach's alpha rose to over 0.80, therefore the items were dropped. The item-to-total correlations for the reliability variable all exceeded the minimum expected level (0.50).

The factor analysis for reliability extracted one component with values well over the 0.30 mark. And the finally, accessibility, which was also based on the SERVQUAL, original produced a poor Cronbach's of just under 0.60, after factor analysis one item (refer to Table 5.4) was deleted in order to increase the reliability of the measures to over 0.6 which is acceptable as this study is exploratory. All the items-to-total correlations were above 0.50. The factor loadings for accessibility extracted one component and all loadings were over the 0.30 level.

5.8.2 Mechanic Clues

Similarly, the mechanic clue variables were drawn from a review of the literature and include music, aroma, lighting, design, and furnishings. The music variable was measured using four items. Although the results were over 0.70, factor analysis indicated that by removing two of the items the Cronbach's increased greatly to over 0.80, hence the items shown on Table 5.4 were deleted. From Table 1, Appendix G it is clear to see that the item-to-total correlations are all over 0.60 which is just over the minimum of 0.50. In relation to the factor loadings, they are both over 0.90. Both the aroma and lighting measures were extremely low at 0.114 and 0.249 respectively. As only two items were used to measure these variables, no items could be removed through factor analysis to increase the Cronbach's, and a minimum of two items is necessary for any scale. In addition, for both variables the item-to-total correlations were well below the expected minimum of 0.50. This indicated that there was too much error, as the results were considerably well below the accepted guidelines (Tabachnik and Fidell, 2001; Hair et al, 1998). Hence, these variables were dropped from any further analysis. Although these scales were valid and reliable in other studies, the poor results in this investigation maybe due to the different context in which the study was conducted. The design measures just met the accepted guidelines of over 0.60 for an exploratory analysis. Although the design variable was over the 0.60, it was accepted based on this being an exploratory study. All the item-to-total correlations were below the 0.50 indicating errors in the scale (Refer to Table 1, Appendix G); however based on the Cronbach's it was still accepted. The factor analysis extracted one component and all loadings were over the 0.30 after the varimax rotation was conducted. Furnishings produced a Cronbach's alpha of above 0.70 and the item-to-total correlations were also above the 0.50. The factor loadings for furnishings loaded onto one component with loadings all being greater then 0.90. Therefore it was both reliable and valid.

5.8.3 Humanic Clues

The final set of clues the humanics derived from the literature are composed of the following variables - responsiveness, knowledge, recovery, customer orientation, credibility, competence, physical appearance and employee effort. The first variable responsiveness and its measures were also derived from the SERVQUAL (Parasuraman et al. 1988) and SERVPERF models (Cronin and Taylor, 1992:1994). The Cronbach's alpha for responsiveness was just above the 0.70 after one item was dropped and the item-to-total correlations for items on Table 5.4 (2), (4), (4) were just above the lowest level required and items (1) and (5) were below, which means there was error in this scale. However, based on the Cronbach's, the results were still considered. The factors analysis extracted one component with all loadings over 0.50 and upwards. For the knowledge variable, the Cronbach's variable just met the 0.70 level and the item-to-total correlations where all just over the 0.50, except for item (1) above. The factors loaded onto one component and were all over 0.60. For service recovery the Cronbach's alpha was well above the 0.50 at 0.816 and no items were removed by factor analysis. The item-to-total correlations were all over 0.50. The factor loadings had one component with all loadings over 0.70. Similarly, the Cronbach's alpha of customer orientation also increased to just under 0.70 after deleting one item from the scale. The item-to-total correlations were just over the minimum at over 0.50. Again factors extracted one component over 0.80. In relation to credibility, the Cronbach's alpha for an exploratory study was just met at over 0.60 and the item-to–total correlations were poor with items (1) and (2) being under the 0.50. Again the factors loaded onto one component with all three loadings being over 0.50. The Cronbach's alpha for employee competence was just above the exploratory limit of 0.60, and in the item-to-item correlations, only item (2) was above 0.50 - the others were slightly under. The factor loadings for employee competence loaded onto one component - they were all over 0.50. In relation to the physical appearance variable, the Cronbach's was over the 0.70 and the item-to-total correlations were above the 0.50 except item (3). The factor loadings loaded onto one component with results for the items being greater than 0.60. Finally, the Cronbach's alpha for effort was over 0.70 and three of the items-total correlations were just under the 0.50 limit, with one item-to-total correlation being particularly high at 0.933. The factor analysis again extracted one component. All loadings were over 0.50. Refer to Table 1 in Appendix G for the varimax rotation results.

5.8.4 Value and Monetary Value

For overall value, the Cronbach's alpha was significant at 0.883 and the item-to-total correlations were well above the 0.50, with both items being above 0.70. All factor loadings were significantly higher than the 0.30 minimum. Similarly, for monetary value, items had a noteworthy Cronbach's alpha of over 0.90 and all items in the correlated item-to-total were well over the 0.50. The factor loadings loaded on to one component for both value and monetary value and all loadings were significantly over the minimum requirement.

5.8.5 Quality, Satisfaction and Loyalty

Once again, the quality measures displayed a strong Cronbach's alpha of over 0.80 and all item-to-total correlations were over the 0.50. Similarly, satisfaction produced a substantial Cronbach's alpha of over 0.90 and each of the items in the item-to–total correlations were above 0.80. Finally, the loyalty variable displayed an impressive Cronbach's alpha of over 0.90 and the item-to-total correlations were also over 0.80. The factor analysis extracted only one component for quality, satisfaction and loyalty, and likewise all loadings were significantly over the minimum requirement. The next section now presents the analysis and findings in relation to the hypotheses and the loyalty conceptual model that were presented in Chapter Three.

5.9 Analysis of Hypothesised Conceptual Loyalty Model

For the reader's convenience, the schematic presented in Figure 3.3 is illustrated again in Figure 5.2.

Figure 5.2: Conceptual Loyalty Model

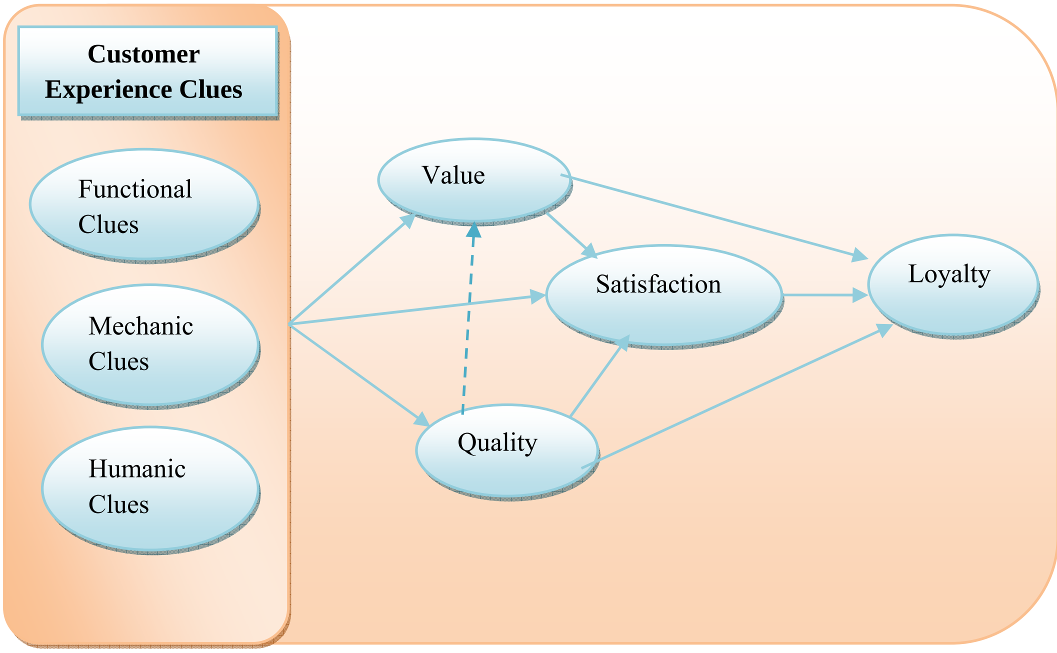


Figure 5.2 indicates the hypothesised relationships between the variables which are outlined as follows:

H_1: There is a direct relationship between humanic clues and loyalty.

H_2: The relationship between humanic clues and loyalty is mediated by the variables value, quality and satisfaction.

H_3: There is a direct relationship between mechanic clues and loyalty.

H_4: The relationship between mechanic clues and loyalty is mediated by value, quality and satisfaction.

H_5: There is a direct relationship between functional clues and loyalty.

H_6: The relationship between functional clues and loyalty is mediated by value, quality and satisfaction.

H_7: Quality has a direct relationship with loyalty.

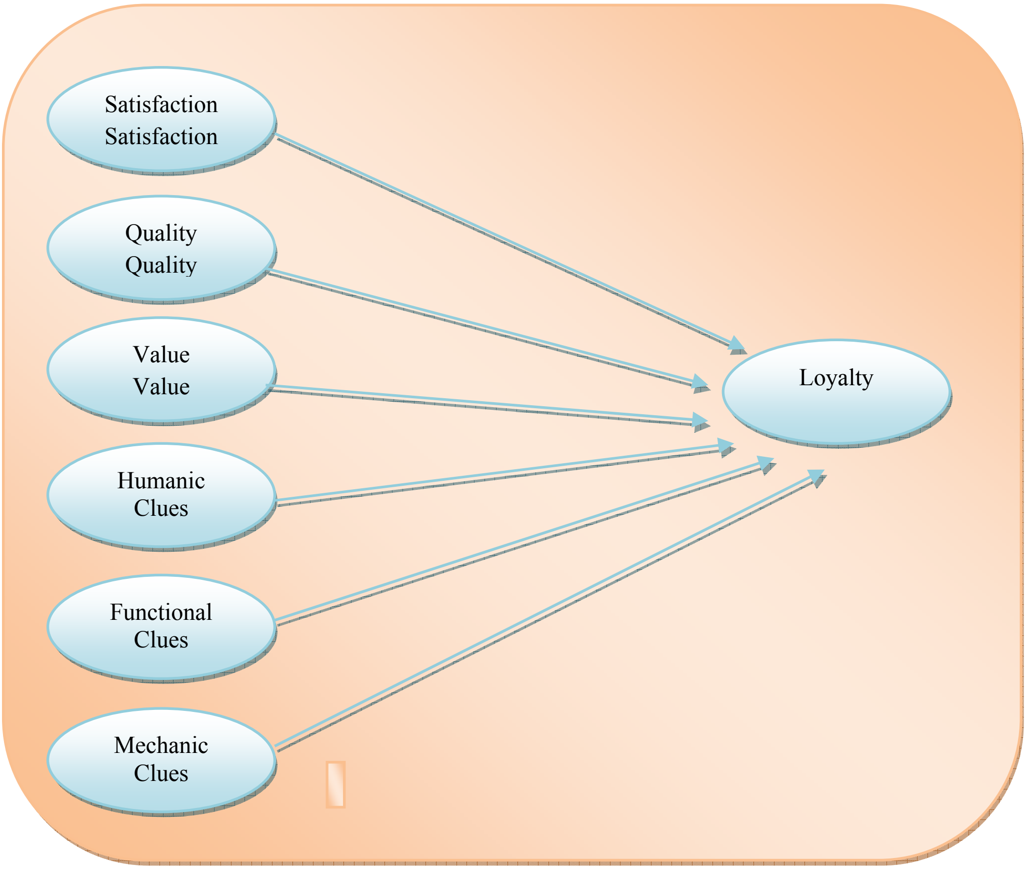
H_8: Quality has a mediated relationship with loyalty through satisfaction.

H_9: Value has a direct relationship with loyalty.

$H_{10:}$ Value has a mediated relationship with loyalty through satisfaction.

The overarching objective of this research is to investigate the relationships presented in the conceptual loyalty model outlined in Chapter Three and previously presented in this chapter, by testing the derived hypotheses. As previously indicated in Chapter Four, the hypotheses were tested by using regression, specifically the Sobel Test by Preacher and Hayes (2008; 2004). Regression is a statistical means to analyse the relationship between variables. The aim of the regression analysis is to use one or more independent variables to predict the single dependent variable (Hair et al. 1998). The next section discusses the analysis of the underlying data assumptions.

Figure 5.3: Testing Underlying Data Assumptions - Model One



5.10 Testing Underlying Data Assumptions: Model One and Model Two

Figure 5.3 represents a multiple regression model which was utilised to test underlying data assumptions concerning regression: linearity, normal distribution of data, multicollinearity, heteroscedasticity, and outliers (Hair et al. 2006; Field 2009). This approach was utilised because the method to test this study's hypotheses - Preacher and Hayes' (2008; 2004) approach which employs a Sobel Test script[6] does not test for data assumptions. Hence, prior to completing the testing of the study's hypotheses utilising Preacher and Hayes' approach, multiple regression was utilised to check data assumptions.

The first running of the model indicated a problem with outliers – Case Number 45 and 80. Case Number 80 was the farthest outlier (standardised residual = -4.478), hence it was deleted and the analysis run again. The deletion of this outlier increased the adjusted R^2 from 88.2% to 90.2%, however the output indicated that Case Number 45 was still an outlier and a new outlier was further identified in this iteration – Case Number 95. Case Number 45 was the further outlier (standardised residual = 3.757), hence it was deleted and the multiple regression was run again. The deletion of this case rose the adjusted R^2 to 91.7%, however the analysis indicated that Case Number 95 was still problematic (standardised residual = 3.545). Case Number 95 was deleted in the third iteration of the regression model. The adjusted R^2 increased to 92.9% and an analysis of the output indicated that there were no further problems with outliers. A

[6] The testing for mediating effects is usually done through structural equation modelling (SEM) (Hair et al. 2006) and, although hierarchical regression can also be employed to test for indirect effects between variables, a superior method to hierarchical regression which reflects SEM analysis and output has been developed by Preacher and Hayes (2004; 2008) for SPSS and SAS; similar to SEM, regression is the statistical technique underlying their approach. These researchers have developed a script for SPSS and SAS which is based on Sobel's work (1982; 1986) (entitled the "Sobel Test" or product-of-coefficent strategy) (as cited in Preacher and Hayes 2008). This test is complemented with bootstrapping results as research by Briggs (2006) (as cited by Preacher and Hayes 2008) has shown that bootstrapping provides better results than the aforementioned strategy in small to moderate sample sizes; further it is also a method for overcoming possible violations of normality (Field 2009). In this chapter, results of both are presented. Preacher and Hayes' script fulfils Baron and Kenny's (1986) guidelines for establishing mediation; Preacher and Hayes (2004) state that a variable is a mediator when "it accounts for the relation between the predictor and the criterion" (p. 1176) - a mediating variable can either partially or totally mediate the relationship between the predictor and criterion variables. SEM was not utilised in this study due to its steep learning curve; Sobel's Test and bootstrapping involve a very short learning curve which suits the Masters by Research timeframe and allows for the testing of the study's hypotheses.

comparison of the three iterations further indicated that as each outlier was deleted from the dataset, an improvement was seen in the histogram - P-P and null plots. The final iteration indicated that the underlying data assumptions for multiple regression were met except for multicollinearity.

Although the Variance Inflation Factor (VIF) and Tolerance values indicated no problem with multicollinearity[7], the Eigenvalues and Condition Index of the Collinearity Diagnostics' listed in Table 5.5 indicated problems. According to Belsely et al. (1980) and Tabachnick and Fidell (2007), Eigenvalues close to 0 indicate problems and values of over 15 in the Condition Index indicate possible problems with values over 30 indicating serious problems. In Table 5.5 many of the Eigenvalues are close to 0 while two of the Condition Index results are over 30 (with another approaching 30) and three more values are over 15. However the Variance Proportions do not indicate where the problem lies.[8]

A review of the correlation table from the last regression iteration indicates: (1) all relationships are significant ($p<.05$) with most relationships highly significant ($p<.000$) and (2) a very high correlation between satisfaction and loyalty (95.4%), value and loyalty (83.9%), satisfaction and value (82.1%) and humanic clues and functional clues (70.2%). According to Hair et al. (2006) and Field (2009), correlation values of over .70 may indicate multicollinearity. Partial correlations were also reviewed in an effort to identify problem variable(s). A review of these values indicated one problem area – the relationship between satisfaction and loyalty. When the effects of all other variables were factored out, the strength of the correlation between these two variables was still very high – 86.1% while all other relationships dropped below 51% ($p<.006$), with the relationship between humanic clues and functional clues becoming insignificant ($p=.375$). Due to the problem with multicollinearity, it was decided to drop satisfaction from further analysis, as this variable had the highest correlation, resulting in utilising Model Two (Figure 5.4) to test data assumptions (the dropping of a problematic

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[7] All were within acceptable guidelines (Tolerance greater than .10 and VIF less than 10) (see Cohen et al. 2003; Hair et al. 2006).

[8] In the Variance Proportions, two or more high loadings on each dimension signify a problem. A review of Table 5.5 indicates that no dimension which has two or more high loadings.

variable(s) is the solution to multicollinearity as suggested in the literature in this area (cf. Cohen et al. 2003, Burt 1976).

Table 5.5: Regression Model Collinearity Diagnostics

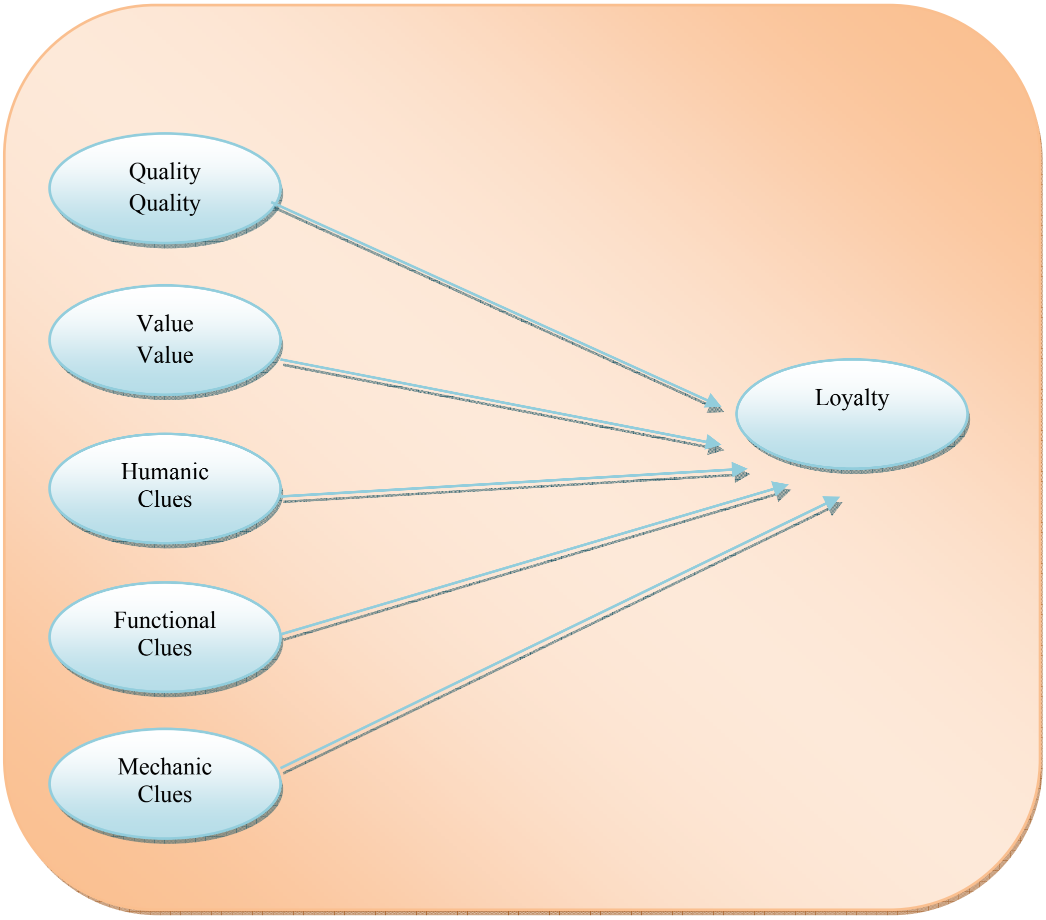
Model	Dimen-sion	Eigenvalue	Condition Index	Variance Proportions					
				(Constant)	Satisfaction	Value	Quality	Humanic Clues	Mechanic Clues	Functional Clues
1	1	6.934	1.000	.00	.00	.00	.00	.00
	2	.023	17.287	.07	.05	.11	.03	.00
	3	.017	20.288	.02	.01	.03	.84	.02
	4	.010	26.115	.09	.01	.09	.03	.45
	5	.008	29.801	.65	.04	.08	.02	.00
	6	.004	40.830	.17	.58	.29	.08	.07
	7	.004	43.830	.01	.31	.39	.00	.45

Dependent Variable: Loyalty

Table 5.6: Regression Model Correlations

		Loyalty	Satisfaction	Value	Quality	Humanic Clues	Mechanic Clues	Functional Clues
Pearson Correlation	Loyalty	1.000	.954	.839	.589	.529	.308	.570
	Satisfaction	.954	1.000	.821	.542	.583	.226	.558
	Value	.839	.821	1.000	.507	.520	.283	.584
	Quality	.589	.542	.507	1.000	.476	.421	.481
	Humanic Clues	.529	.583	.520	.476	1.000	.339	.702
	Mechanic Clues	.308	.226	.283	.421	.339	1.000	.536
	Functional Clues	.570	.558	.584	.481	.702	.536	1.000
Sig. (1-tailed)	Loyalty	.	.000	.000	.000	.000	.001	.000
	Satisfaction	.000	.	.000	.000	.000	.013	.000
	Value	.000	.000	.	.000	.000	.002	.000
	Quality	.000	.000	.000	.	.000	.000	.000
	Humanic Clues	.000	.000	.000	.000	.	.000	.000
	Mechanic Clues	.001	.013	.002	.000	.000	.	.000
	Functional Clues	.000	.000	.000	.000	.000	.000	.
N	Loyalty	98	98	98	98	98	98	98
	Satisfaction	98	98	98	98	98	98	98
	Value	98	98	98	98	98	98	98
	Quality	98	98	98	98	98	98	98
	Humanic Clues	98	98	98	98	98	98	98
	Mechanic Clues	98	98	98	98	98	98	98
	Functional Clues	98	98	98	98	98	98	98

Figure 5.4: Testing Underlying Data Assumptions - Model Two



The results from running Model Two without the inclusion of satisfaction, and using the original dataset, indicated that Case Number 105 was an outlier. The deletion of this outlier increased the adjusted R^2 from 72% to 74.9% and resulted in no other outlier being identified. However, similar to results of running Model One, findings indicated that the underlying data assumptions for multiple regression were met except for multicollinearity. Once again, Eigenvalues and Condition Index values indicate problems with multicollinearity although Tolerance and VIF values are within guidelines and, similar to Model One results, the Variance Proportion values did not indicate where the problem lies. The correlation analysis and partial correlation values indicate that value has a high relationship with loyalty (71.4%, which is the partial correlation value). It was decided to make no further deletions to the model in the interest of testing the study's hypotheses. A review of the model's P-P, null and histogram plots indicated that all other data assumptions were met.

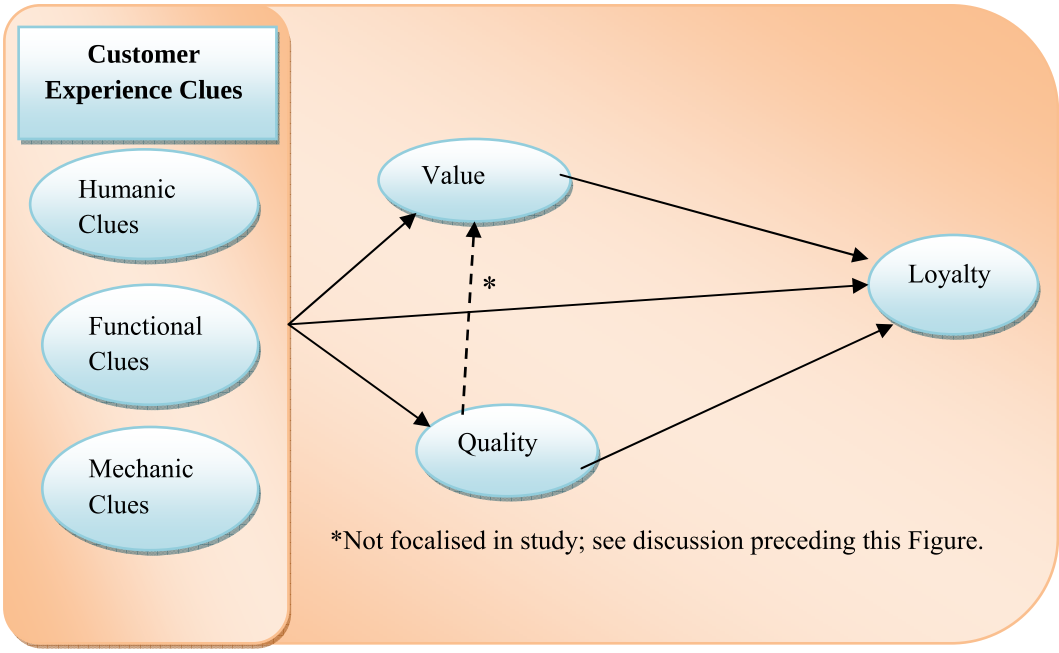
5.11 Study's Objectives and Hypotheses

For the reader's convenience, this study's objectives are reiterated:

1. To examine the relationship between customer experiences and customer loyalty.
2. To identify and examine current customer experiences with regard to functional, mechanic and humanic clues within the hotel sector in the South East of Ireland.
3. To develop a detailed blueprint of the customer experience in relation to the hotel stay.
4. To identify and explore the interrelationships that exist between the variables perceived customer experience, service quality, customer value, customer satisfaction and customer loyalty.
5. To develop a new and more dynamic loyalty building model
6. To develop an extensive list of 'best practice' guidelines on managing loyalty-building customer experiences.

As indicated, the problem with multicollinearity led to the deletion of satisfaction from further analysis. Figure 5.5 illustrates this modification to the original model presented in Figure 5.2. Note that although the literature indicates there is a direct relationship between quality and value, this relationship is not the focus of this study. Further, it would require the utilisation of structural equation modelling to test which is beyond the scope of this study (see Footnote 6). The reader should take the foregoing into account when analysing results.

Figure 5.5: Model with satisfaction deleted from further analysis.



Based on the literature review, the following overarching hypothesis is presented:

The relationship between customer experience clues and loyalty is mediated by quality and value.

Figure 5.5 is a path diagram that illustrates the hypotheses which will be utilised to test the overarching hypothesis. This study's hypotheses are:

H_1: There is a direct relationship between humanic clues and loyalty.

H_2: The relationship between humanic clues and loyalty is mediated by the variables - value and quality.

H_3: There is a direct relationship between mechanic clues and loyalty.

H_4: The relationship between mechanic clues and loyalty is mediated by value and quality.

H_5: There is a direct relationship between functional clues and loyalty.

H_6: The relationship between functional clues and loyalty is mediated by value and quality.

The following sections address the examination of this study's hypotheses. The sections involve testing the effects of each of the 'Clues,' in turn, on the dependent variable, loyalty, starting with 'Functional Clues.'

5.11.1 Testing for Mediating Effects – Functional Clues: Model Three

As indicated, Model Three involves examining the direct and indirect effects between functional clues and loyalty (see Figure 5.6). Table 5.7 presents the results of Sobel's Test as well as results from bootstrapping.

Figure 5.6: Testing Mediating Effects – Functional Clues: Model Five

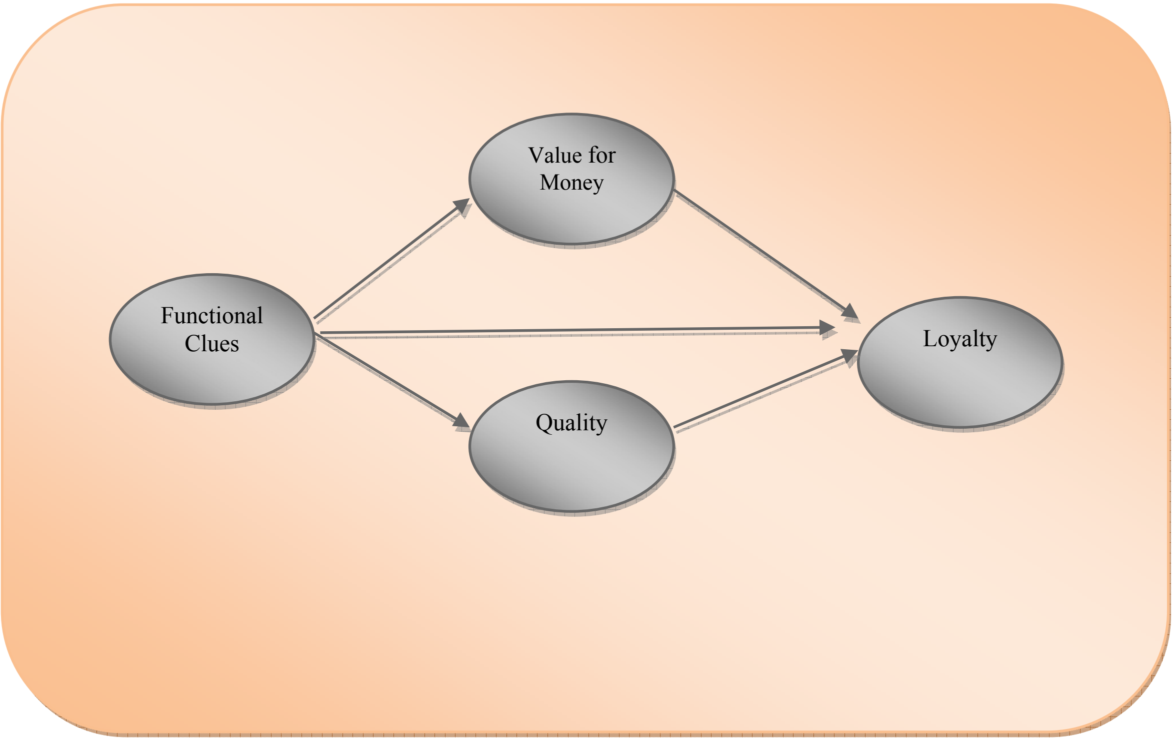
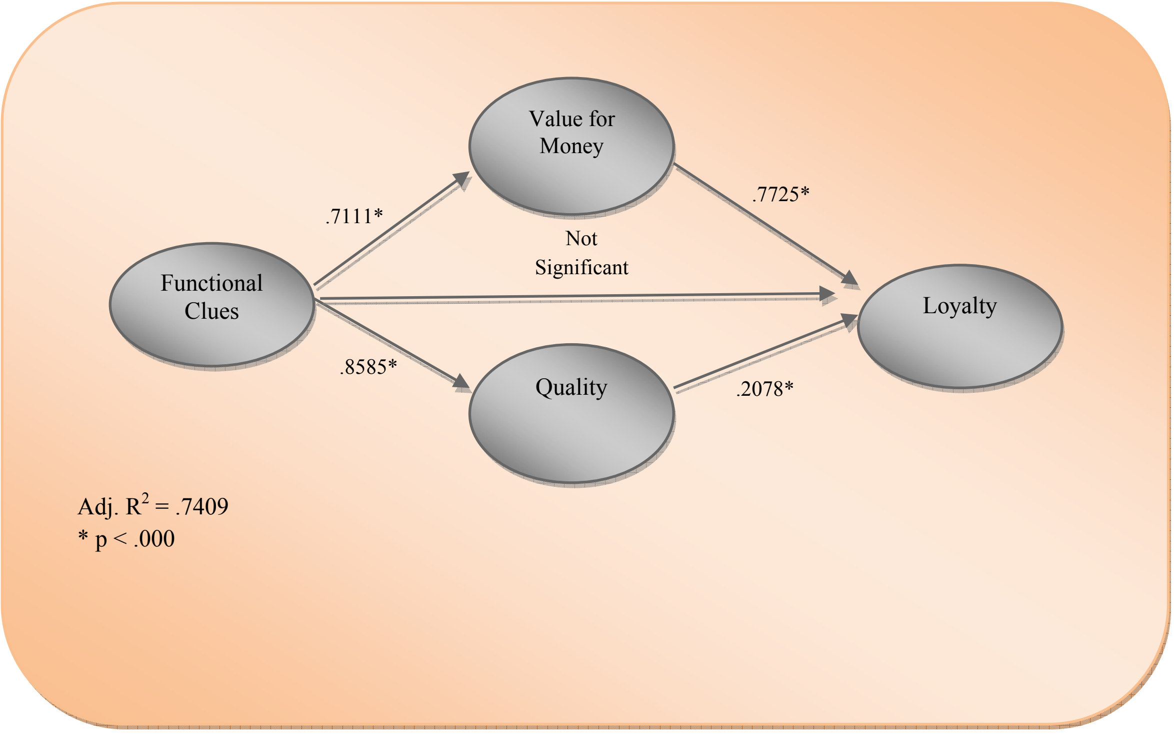


Table 5.7: Mediation Results of the Effect of Functional Clues on Loyalty through Value and Quality

(n=100)					Bootstrapping			
Variable	Coefficient	Standard Error (SE)	Z	*p* value	Coefficient	SE	BCa 95% CI	
Indirect Effects on Loyalty							Lower	Upper
Value	.5493	.0989	5.5537	.0000	.5507	.1638	.2995	.9805
Quality	.1784	.0547	3.2593	.0011	.1805	.0708	.0677	.3387
TOTAL	.7277	.1144	6.3636	.0000	.7311	.1687	.3664	1.0332
Variable	Coefficient	SE	*T*	*p* value				
Direct Effect on Loyalty	.1696	.0982	1.7272	.0874				
Total Effect on Loyalty	.8973	.1270	7.1212	.0000				
Direct Effect of Mediators on Loyalty								
Value	.7725	.0777	9.9406	.0000				
Quality	.2078	.0507	4.0999	.0001				
Direct Effect of Functional Clues on Mediators								
Value	.7111	.1075	6.6170	.0000				
Quality	.8585	.1647	5.2114	.0000				
Model Summary								
R^2/Adj. R^2 .7487/.7409	*F* 95.3608	df1 3	df1 96	*p* value .0000				

Figure 5.7: Testing Mediating Effects – Functional Clues: Model Five Results



The findings for Model Three indicate that it explains approximately 74.1% of the variation in loyalty, which is marginally higher than Model Four (.8%) and 1.2% lower than Model Three (the *F* statistic and its accompanying *p* value (< .0000) indicates that the model is a good fit). The foregoing indicates that Model Three, which centralises humanic clues, explains the variation in loyalty more than either of the other clue models.

Findings from both Figure 5.7 and Table 5.7 show that the hypothesised, direct relationship between functional clues and loyalty, H_5, was not supported; but the hypothesised, indirect relationship between functional clues and loyalty is supported (H_6). Hence the relationship between functional clues and loyalty is totally indirect, that is, the relationship between functional clues and loyalty is fully mediated by value and quality.

The value of the total indirect effect between functional clues and loyalty is equal to .7277. Reflecting the last two model results, most of the indirect effect of functional clues on loyalty is through value (.5493) rather than quality (.1784). In parallel with the bootstrapping results for Models Three and Four, there are only small differences between the coefficients; the BCa results indicate the coefficient values are significant for the indirect relationships but the coefficient value for the direct relationship is insignificant (zero is contained within the lower and upper limits of the 95% confidence interval).

Once again, similar to the previous two models, value has the biggest impact on loyalty (.7725 for value versus .2078 for quality) while functional clues had the bigger impact on quality (.8585) compared to value (.7111).

5.11.2 Testing for Mediating Effects – Mechanic Clues: Model Four

This section examines the relationship between mechanic clues and loyalty. Figure 5.8 presents Model Four which outlines the hypothesised direct and indirect relationships between mechanic clues and loyalty. Table 5.8 presents the results from both Sobel's Test and bootstrapping; Figure 5.9 presents the findings related to the running of the analysis.

Figure 5.8: Testing Mediating Effects – Mechanic Clues: Model Four

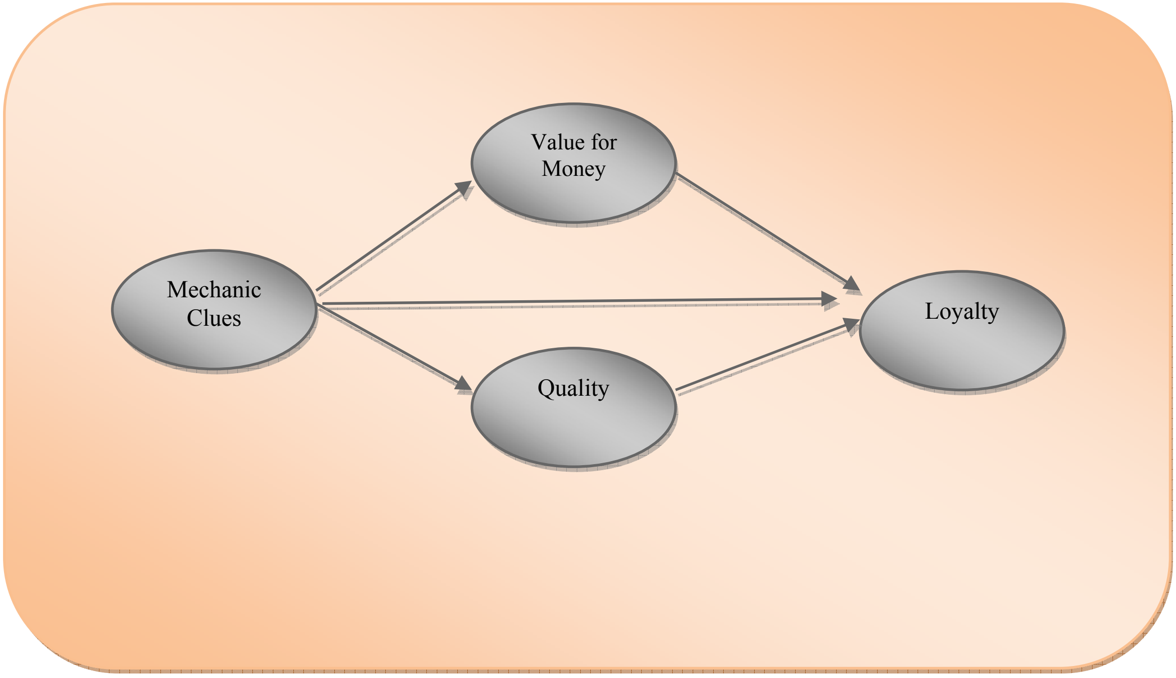
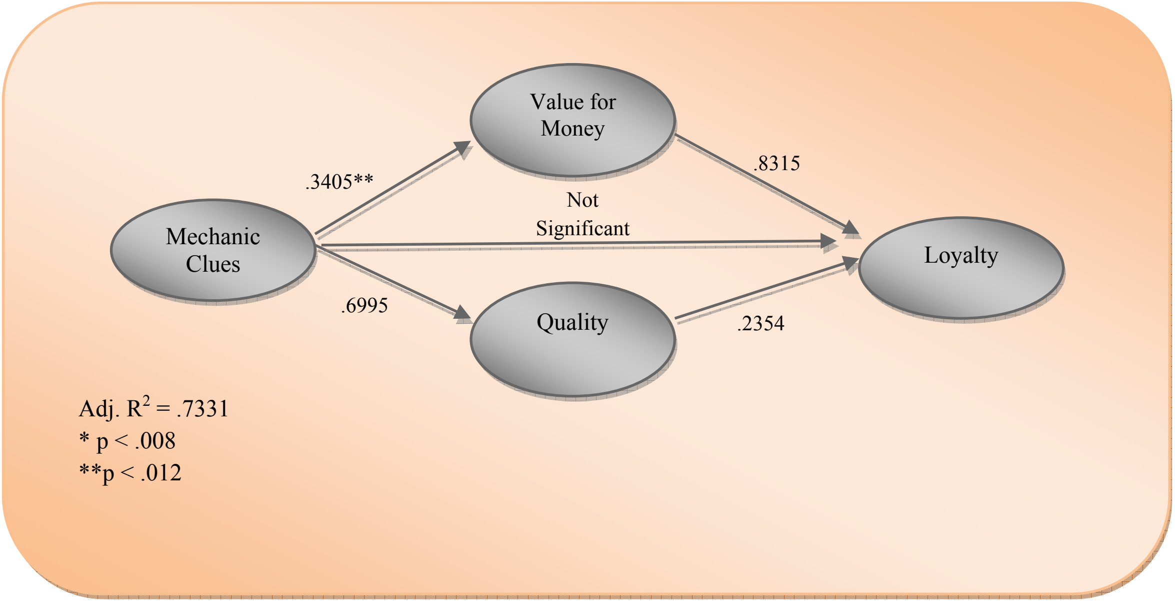


Table 5.8: Mediation Results of the Effect of Mechanic Clues on Loyalty through Value and Quality

(n=100)					Bootstrapping			
Variable	Coefficient	Standard Error (SE)	Z	*p* value	Coefficient	SE	BCa 95% CI	
Indirect Effects on Loyalty							Lower	Upper
Value	.2831	.1119	2.5290	.0114	.2732	.1300	.0588	.5644
Quality	.1647	.0558	2.9516	.0032	.1662	.0719	.0574	.3357
TOTAL	.4478	.1379	3.2470	.0012	.4394	.1700	.1419	.8069
Variable	Coefficient	SE	*t*	*p* value				
Direct Effect on Loyalty	-.2053	.0907	-.2790	.7808				
Total Effect on Loyalty	.4225	.1583	2.6683	.0089				
Direct Effect of Mediators on Loyalty								
Value	.8315	.0717	11.5976	.0000				
Quality	.2354	.0516	4.5607	.0000				
Direct Effect of Mechanic Clues on Mediators								
Value	.3405	.1322	2.5763	.0115				
Quality	.6995	.1835	3.8108	.0002				
Model Summary								
R^2/Adj. R^2 .7411/.7331	*F* 91.6227	df1 3	df1 96	*p* value .0000				

Figure 5.9: Testing Mediating Effects – Mechanic Clues: Model Four Results



A review of the findings highlight that Model Four explains 73.3% of the variation in loyalty, which is only marginally lower than Model Three; the *F* statistic and its accompanying *p* value (< .0000) indicates that the model is a good fit. Both Figure 5.9 and Table 5.8 results indicate that the hypothesised, direct relationship between mechanic clues and loyalty, H_3, was not supported but the hypothesised, indirect relationship between these two variables is supported (H_4). Hence the relationship between mechanic clues and loyalty is totally indirect, that is, the relationship between mechanic clues and loyalty is totally mediated by value and quality. However, there is an inconsistency in the results. Although not significant, the direct relationship between mechanic clues and loyalty is negative. An examination of wording and coding indicates that this relationship should be positive. The negative relationship can be a symptom of multicollinearity (see Cohen et al. 2003), yet problems with the relationship between mechanic clues and other independent variables did not appear problematic when completing correlation analysis between the variables. The reader should keep the foregoing in mind when analysing results.

The total indirect effect between mechanic clues and loyalty is equal to .4478. In addition and similar to results for Model Three, most of the indirect effect of mechanic clues on loyalty is through value (.2831) rather than quality (.1647). The bootstrapping results reflect the preceding findings (once again, similar to Model Three results, there are only small differences between the coefficients; the BCa results indicate the coefficient values are significant (zero is not contained within the lower and upper limits of the 95% confidence interval)) (Field 2009).

Results also indicate that, similar to Model Three, value has the biggest impact on loyalty (.8315 for value compared to .2354 for quality) and mechanic clues had the biggest impact on quality (.6995) compared to its effect on value (.3405).

5.11.3 Testing for Mediating Effects – Humanic Clues: Model Five

Figure 5.6 presents the next model for examining which involves examining the relationship between Humanic clues and loyalty. Results from the analysis are outlined in Figure 5.10 and Table 5.9.

Figure 5.10: Testing Mediating Effects – Humanic Clues: Model Three

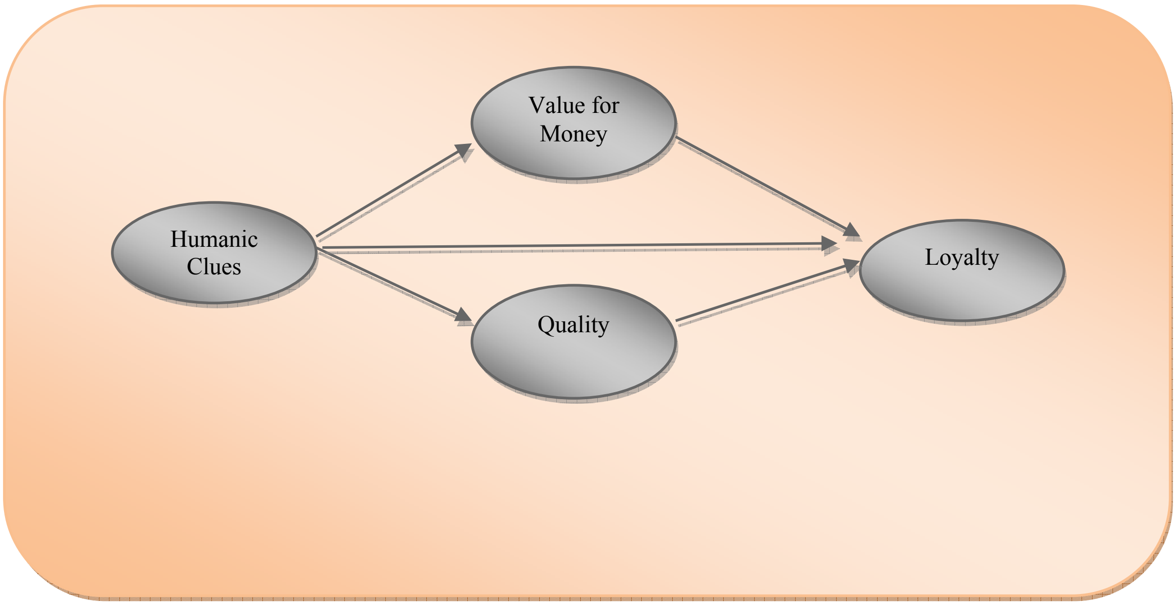
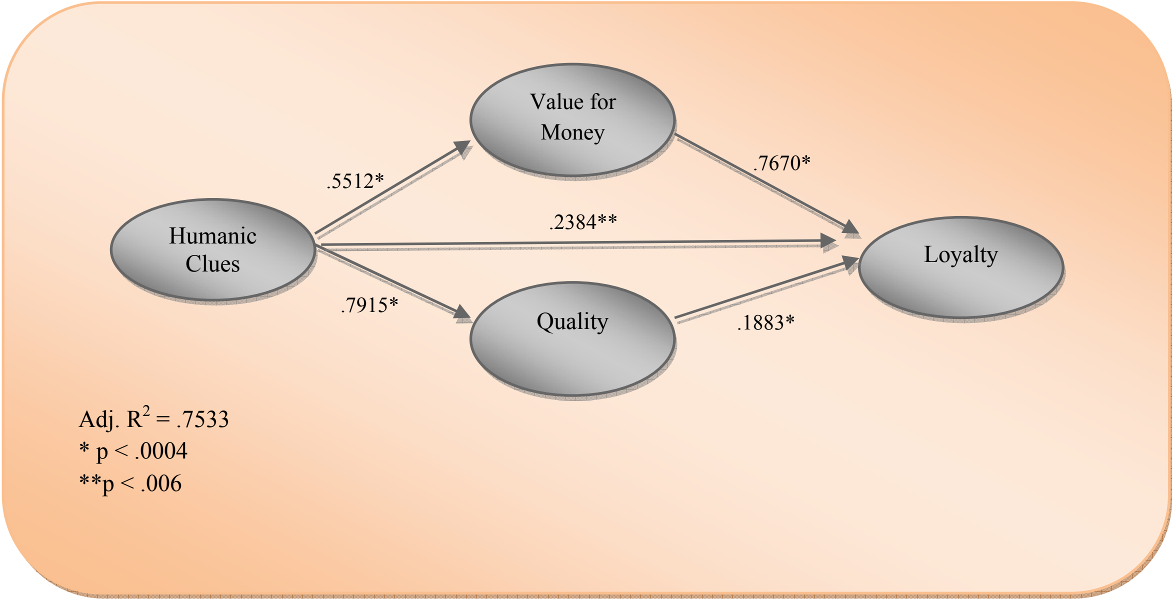


Table 5.9: Mediation Results of the Effect of Humanic Clues on Loyalty through Value and Quality

(n=100)					**Bootstrapping**			
Variable	Coefficient	Standard Error (SE)	Z	*p* value	Coefficient	SE	BCa 95% CI[9]	
Indirect Effects on Loyalty							Lower	Upper
Value	.4228	.0902	4.6882	.0000	.4287	.1410	.1933	.7541
Quality	.1490	.0484	3.0759	.0000	.1527	.0631	.0389	.2979
TOTAL	.5718	.1051	5.4419	.0021	.5814	.1372	.3341	.8717
Variable	Coefficient	SE	*T*	*p* value				
Direct Effect on Loyalty	.2384	.0845	2.8209	.0058				
Total Effect on Loyalty	.8101	.1188	6.8186	.0000				
Direct Effect of Mediators on Loyalty								
Value	.7670	.0721	10.6339	.0000				
Quality	.1883	.0500	3.7629	.0003				
Direct Effect of Humanic Clues on Mediators								
Value	.5512	.1065	5.1779	.0000				
Quality	.7915	.1535	5.1576	.0000				
Model Summary								
R^2/Adj. R^2	*F*	df1	df1	*p* value				
.7608/.7533	101.7611	3	96	.0000				

[9] Read as: Bias Corrected (BCa) and Confidence Interval (CI).

Figure 5.11: Testing Mediating Effects – Humanic Clues: Model Three Results



The results indicate that Model Five explains 75.3% of the variation in loyalty; the *F* statistic and its accompanying *p* value (< .0000) indicates that the model is a good fit (multiple regression ANOVA results). Drawing from both Figure 5.11 and Table 5.9, the hypothesised relationship between humanic clues and loyalty, H_1, was supported as well as H_2. Hence the relationship between humanic clues and loyalty is both direct and indirect. Value and quality are only partial mediators. Furthermore, results indicate most of the relationship between these two variables is mediated and highly significant ($p < .0000$) – the total indirect effect is equal to .5718 while the direct effect is equal to .2384. In addition, most of the indirect effect of humanic clues on loyalty is through value (.4228) rather than quality (.1490). The bootstrapping results also support the foregoing findings (only small differences between the coefficients and the BCa results indicate the coefficient values are significant (zero is not contained within the lower and upper limits of the 95% confidence interval)) (Field 2009).

An examination of the effect of the mediators on loyalty highlights that value has the greater impact on loyalty with a value of .8315 compared to .2354 for the relationship between quality and loyalty while humanic clues had more of an effect on quality (.7915) than value (.5512).

5.12 Analysis of Variable Means

The final analysis completed on the output from the Sobel Test involved an examination of the means for each of the variables which represent the respondents' views in relation to their perceptions of their hotel experience and their perceived level of value (monetary), quality, satisfaction and loyalty realised during their hotel stay in the South East region. The means for each variable are illustrated in Figure 5.12 and are listed in Table 5.10 as well as each mean's standard deviation.

Figure 5.12: Overall Mean Values of Each of the Critical Variables

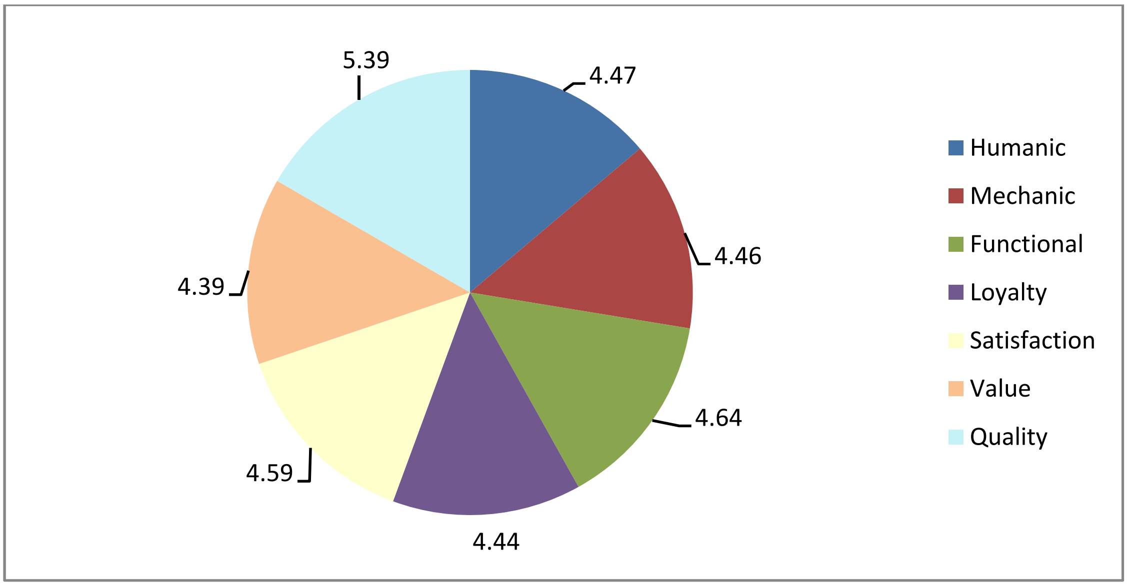


Table 5.10: Mean and Standard Deviation Values for Each Variable

Variables	N	Mean	Std. Deviation
Humanic	104	4.47	.612
Mechanic	104	4.46	.553
Functional	104	4.64	.569
Loyalty	102	4.44	.876
Satisfaction	102	4.59	.697
Value money	102	4.39	.728
Quality	100	5.89	1.058
Valid N (listwise)	100		

It is important to note that all the above variables utilised a five point Likert scale with the exception of the quality variable, where a seven point Likert scale was employed, hence the greater mean value of 5.89. Respondents were asked to indicate their level of agreement on a number of items that were used to measure the dimensions for each variable. These were based around their perceptions of their hotel experience in relation to building loyalty. As clearly illustrated, each of the mean scores are at the high end of the scale indicating that, on average, the respondents perceived their experiences during their hotel stay very positively.

5.13 Summary

The first few sections presented and summarised the findings of the Phase One qualitative research. Hence this chapter will conclude with a final summary of the Phase Two quantitative findings. The hypotheses H_1 through to H_6 are based on the initial research objectives and extant literature. These hypotheses had to be slightly altered from the original hypotheses presented in Chapter Three and earlier in this chapter. This was due to satisfaction variable being dropped from further analysis, due to muticollinearity (Hair et al. 2006). The researcher had to exclude the problematic variable satisfaction as this is the solution to muticollinearity according to the literature (cf. Cohen et al. 2003; Burt 1976). As satisfaction was deleted from research the original research model was modified and was presented in Figure 5.___. In addition, the relationship between quality and values as indicated in the literature and the conceptual model above was not analysed, as this relationship was outside the focus of the research. The hypothesised relationship between humanic clues and loyalty, H_1 and H_2, were supported, hence the relationship between the humanic clues and loyalty are both direct and mediated partially through value and quality. In relation, to H_3 and H_4 - the relationship between the mechanic clues and loyalty - the results indicated that there was no significant direct relationship, thus H_3 was unsupported. However H_4 was fully supported, showing that the relationship between the mechanic clues and loyalty was purely mediated through value and quality. Finally, the relationship between the functional clues and loyalty also indicated that the relationship between the two was fully mediated via value and quality with no significant direct relationship. Subsequently, H_6 was supported, whereas H_5 did not hold up.

The following chapter discusses the results from both the qualitative and quantitative findings presented in this chapter, integrating them with theory and existing literature and academic research studies.

Chapter Six

Discussion

6.1 Introduction

This study's focus is primarily centered upon identifying and exploring the key determinants of building customer loyalty. The literature review highlighted that customer experience is a major determinant of customer loyalty and has three aspects, namely: functional, mechanic, and humanic clues. In addition, three further critical determinants of customer loyalty were revealed which also mediate the relationship between customer experience and loyalty – these variables are: value, quality and satisfaction. These determinants form the basis for the CEL Model as presented below in Figure 6.1. The initial research objective was to examine the relationship that exists between customer experience and loyalty in the hotel sector in the South East region of Ireland. This involved: (1) examining the customer experience process with regard to their hotel stay in order to create a detailed blueprint; this blueprint identified four critical stages of the process underpinned by each of the experience clue sets, (2) investigating each of the experience clue sets – functional, mechanic and humanic with reference to their direct relationship with loyalty and (3) exploring each clue sets' indirect relationship with loyalty mediated by the other critical determinants of loyalty - value , quality and satisfaction.

This chapter discusses in detail the inextricable relationship between customer experience and loyalty with reference to the other key determinants value, quality and satisfaction; the literature, the research findings, and hypotheses will be revisited and discussed under each of the experience clue sets: function, mechanic and humanic.
The subsequent section discusses and re-illustrates the revised CEL Model as was previously presented in Chapter Five for the reader's convenience.

6.3 The Revised CEL Model

A key implication presented in the findings in relation to the initial hypotheses and the original CEL Model (see Chapter Five, Figure 5.2) is that the respondents gave the variables of satisfaction and loyalty an equivalent rating which gives the impression that the respondent considers these two variables to be identical. This was indicated by the high correlation between the two based on the quantitative findings. When the effects of all other variables were factored out, the strength of the correlation between these two variables was very high – 86.1%. Due to the problem with muticollinearity, it was decided to drop satisfaction from further analysis as this variable had the highest correlation, resulting in utilising a revised CEL Model which excluded satisfaction as presented below. It is the view of the researcher that these two variables are quite different and the literature supports this differentiation; Reichheld (1996) argues that although satisfaction is one of the necessary components for building loyalty, it does not necessarily guarantee loyalty. Bennet and Rhundle-Thieles' (2004) found that high satisfaction does not necessarily result in high loyalty which further illustrates that although loyal customers need to be satisfied, satisfied customers are not necessarily loyal. Why respondents perceived them as the same variable is not readily discernible – it may be due to the lack in variation of the data set in that answers ranged from 3 – 5. Furthermore there was no conceptual overlap as the items utilised to measure each variable were significantly dissimilar[10].

As satisfaction was omitted from further analysis due to muticollinearity, it will be excluded for the remainder of the discussion. The original hypotheses presented in Chapter Three were revised accordingly and a modified set of hypotheses were tested (see Chapter Five). In relation to the revised hypotheses, four out of the new six were supported. In addition, the original CEL Model was also revised omitting the satisfaction variable. Further analysis on the variable of satisfaction as a key determinant in the CEL Model is recommended for future research (see Chapter Seven)

[10] A review of the items by the researcher indicates that there was no conceptual overlap with the scales utilised to measure satisfaction and loyalty variables. The loyalty items measured repurchase intentions and willingness to recommend, composite dimensions (behavioural and attitudinal) of loyalty whereas the satisfaction variable employed four emotion-laden items.

For the readers convenience the revised CEL Model is re-illustrated below in Figure 6.1.

Figure 6.1: The Revised CEL Model

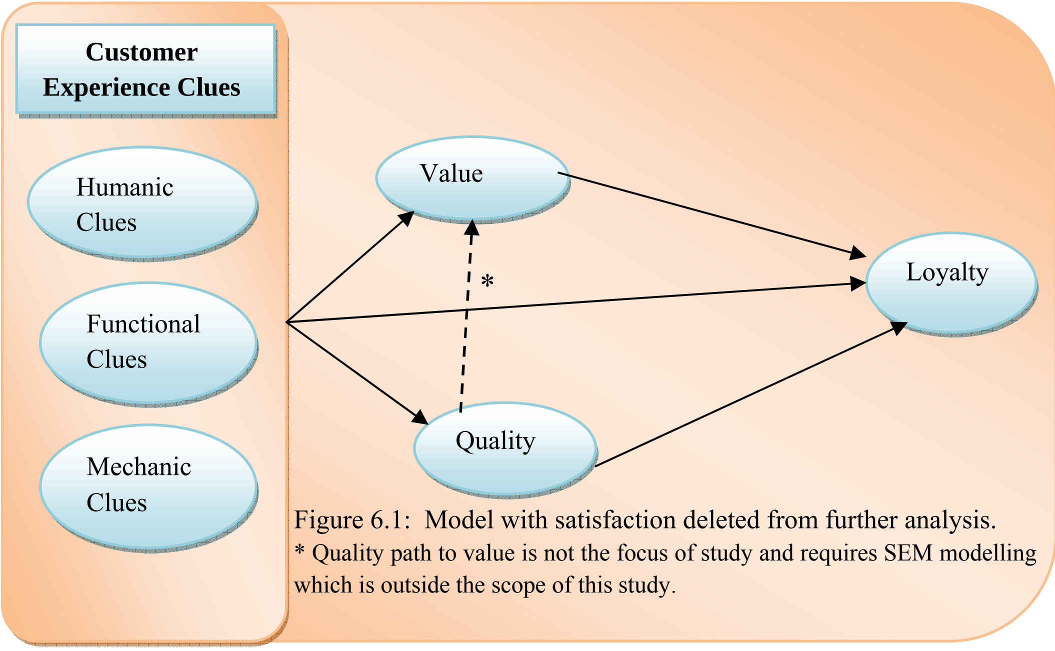


Figure 6.1: Model with satisfaction deleted from further analysis.
* Quality path to value is not the focus of study and requires SEM modelling which is outside the scope of this study.

The subsequent sections discuss each of the hypotheses in relation to this research study's findings and the literature under each of the experience clues – functional, mechanic and humanic.

<u>6.3.1 Functional Clues - Quality, Value and Loyalty</u>

The following hypotheses will now be discussed in relation to the findings emanating from the study and the literature review.

H_1: There is a direct relationship between functional clues and loyalty.
H_2: The relationship between functional clues and loyalty is mediated by value and quality.

Functional clues relate to the core product/service and are concerned with the quality of the service offering, specifically the tangibility, reliability and competence of the actual service (Berry et al., 2006). It is critical that businesses evaluate and manage the

functional clues of their core product/service effectively in order to create the total customer experience which contributes towards building loyalty (Berry et al., 2006).
No previous studies have empirically tested the relationship specifically between these functional clues and loyalty. Emanating from an extensive analysis of the literature, the management interviews and the hotel blueprint, Hypothesis 1, that there is a direct relationship between the functional clues and loyalty and Hypothesis 2, that there is an indirect relationship between functional clues and loyalty, mediated by value and quality, were both formulated.

The results from the investigation of Hypothesis 1, indicate that no direct relationship exists between functional clues and loyalty (p = .0874). However, Hypothesis 2 findings confirm that there is an indirect relationship between functional clues and loyalty which is purely mediated by value and quality - the functional clues contribute to loyalty partially through value and partially through quality, ($P<0.05$), the null hypothesis could not be rejected. Therefore the relationship between functional clues and loyalty is totally indirect, with the total indirect effect between functional clues and loyalty equal to .7277. The findings of this study also indicate that functional clues model explain approximately 74.1% of the variation in loyalty (see Adj. R^2 =.7409, see Table 5.7, Chapter Five). Hence, the quantitative research findings illustrate that while the functional clues are a critical aspect in creating the total customer perceived experience – their contribution to building loyalty is significant and is based on the customers' perceptions of value and quality of the functional clues.

This studies mean scores showed that on average, the respondents perceived the functional clues very positively during their hotel stay (M= 4.64,SD = .569, on a 5-point scale). Likewise, the respondents overall perceptions of quality (M= 5.89, SD= 1.058, on a 7-point scale) and value (M=4.39, SD=.728, on a 5-point scale) were very positive overall for each of the hotels investigated. In addition, these means were reflective of the loyalty mean scores which were also at the high end of the scale (M=4.44, SD=.876, on a 5-point scale). Therefore, overall, the respondents were very positive in relation to their hotel experience with regard to their assessment of the functional clues, and their overall perceptions of value, quality and, indeed, loyalty.

The overall results from the investigation of Hypothesis 1 and Hypotheses 2 are in agreement with Berry et al. (2006) and Carbone (2004) who argue that the perceptions of value and quality in relation to the functional clues impact on the total customer experience which inevitably influences customer loyalty. Moreover, the general consensus in the literature indicates that two critical antecedents of loyalty are perceived value (Dube and Renaghan, 2000; Cronin et al., 2000; Spreng et al., 1997) and quality (Cronin et al. 2000; Sirdeshmukh et al., 2002; Woodruff, 1997), and that these two variables mediate the relationship between the functional clues and loyalty (Berry et al., 2006; Carbone 2004). Notably, the findings of this study not only indicated that that value and quality are critical mediators in the functional clue loyalty relationship but they also show that most of the indirect effect of functional clues on loyalty is through value (ß =.5493) rather than quality (ß =.1784).

Hypotheses 2 findings and the more powerful mediated relationship through value further support the literature, for instance Dube and Renaghan's (2000) research determined that loyalty in the hotel business is strongly influenced by customers experiencing value everyday of their stay. Interestingly, they also found that loyalty diminished for the customer if they did not perceive value consistently throughout their stay. Carbone (2004) also states that experiences and the clues embedded in them are valued or devalued by the customers' emotions when they interact with the experience and that this is how customers decide to build loyalty with certain experiences and not with others. Indeed, Fáilte Ireland has emphasised the importance of value as a key driver and influencer of loyalty and that the value achieved is derived from the customer experience (TPRG, 2003). Therefore, it can be deduced that a critical aspect in creating loyalty relates to the customers perceptions of value with reference to the functional clues of the total customer experience. Hypotheses 2 with regard to quality as a secondary mediator between functional clues and loyalty also supports the literature. The results of this study also found that functional clues had the bigger impact on quality (ß =.8585) compared to value (ß =.7111). This supports much of the extant literature which suggests that the functional clues impact perceived quality directly (Berry et al., 2006; Berry et al., 1994; Rowley, 1999) and in turn quality has a direct relationship with loyalty (Cronin et al., 2000; Zeithaml, 1996). The literature indicates that the customer not only expects these functional clues to be present but also to be of a certain standard of quality that matches their requirements. This ultimately effects their perceptions of the total customer experience and creates repeat business (loyalty) (Berry and Carbone, 2007). Keaveney's research indicated that failure in the quality of the core product/service (functional clue) resulted in customer switching behaviour, which is considered a key measure of loyalty.

Results from the qualitative phase also supported the literature and the quantitative findings of this research study as respondents attributed repeat business (a behavioural measure of loyalty) to customers receiving a high quality service and value for their money. This finding is of particular relevance to the tourism industry in light of the current economic downturn; tourism enterprises need to maintain high quality services at reasonable rates. In relation to the sub-functional clues, the qualitative findings showed that management believe that the tangibles, the accessibility and reliability of the sub functional clues strongly influence the customers' perceptions of their hotel experience with reference to value and quality which contributes to customer loyalty.

With reference to accessibility, a major area of concern for all the hotels was the difficulty of locating the hotel, due to limited and poor signage. This directly affects the customer's perceived value and quality assessment of the hotel. The reason for the poor signage emanates from the constraints imposed by the city and county councils. For Fáilte Ireland (2009), tourism signposting is a critical aspect of the tourist's core or functional service as it informs the tourist that they are welcome and directs them to find their way to a particular tourist destination such as the hotel in the case of this research. Additionally, there was a consensus amongst management that the actual hotel location directly impacts the perceived quality of the hotel and is a key deciding factor for its patrons. Their belief is supported by the literature which concludes that location is a critical component of the functional clues – as proposed by Carbone and Haeckel`s (1994) work.

The research findings of this study fully support the literature and offer new empirical insights into the role of functional clues in building customer loyalty. From the above discussion it can be deduced that functional clues are a critical aspect of the total customer experience and they contribute to customer loyalty through the mediation of value and quality. In addition, a key success strategy for all hotels should be to build customer loyalty by creating perceptions of value and quality through the total customer experience. Therefore hotels need to pay particular attention to the functional clue set in terms of orchestrating the total customer experience and creating high standard customer perceptions of value and quality to ultimately build loyalty.

Although the literature states that the functional clues alone are sufficient to meet customer's expectations, they are not sufficient in themselves to exceed the customers' expectations and so it is important to consider the two other sets of clues: mechanic and humanic (Berry and Carbone, 2007) These two other sets of clues are not only important in relation to exceeding customers' expectations but also in creating a differentiated, unique and memorable experience which contributes to building customer loyalty (Carbone and Haeckel's, 1994). Therefore, as previously indicated each of these clue sets are now discussed sequentially.

6.3.2 Mechanic Clues - Quality, Value and Loyalty

The following hypotheses are in relation to the mechanic clues which were examined.

H_3: There is a direct relationship between mechanic clues and loyalty.

H_4: The relationship between mechanic clues and loyalty is mediated by value and quality.

Mechanic clues are drawn from inanimate objects or environments and offer a physical representation of the service: building design, equipment, furnishings, displays, colours, sounds, smells, lighting and any other sensory, visual or symbolic clues that communicate with customers without the use of words or actions (Haeckel et al., 2003). Mechanic clues are critical as they impact on the customer perceptions of the total customer experience, and they form the initial impression a consumer draws from the consumption setting (Berry and Carbone, 2007). This is the first empirical study that has specifically examined Carbone and Haeckel's (1994) mechanic clues role in creating the total customer experience in order to ultimately build customer loyalty. Therefore, the heretofore untested mechanic clues (as coined by Carbone and Haeckel, 1994) and loyalty relationship forms the basis for Hypothesis 3, that there is a direct relationship between the mechanic clues and loyalty and for Hypothesis 4, that there is an indirect relationship between mechanic clues and loyalty mediated by value and quality.

The results from the investigation of Hypothesis 3, indicate that no direct relationship exists between mechanic clues and loyalty (p = .7808). This contradicts Harris and Ezeh's (2007) study of UK restaurants which found a direct relationship between their servicescapes and behavioural loyalty intentions. This may be attributed to the differing research contexts, environments and the alternative conceptualisation that is, examining the servicescape rather than mechanic clues explicitly[11]. Hypothesis 3 findings confirm that there is an indirect relationship between mechanic clues and loyalty which is purely mediated by value and quality - the mechanic clues contribute to loyalty partially through value and partially through quality ($p<0.05$). The regression for the mechanic clues model explains 73.3% of the variation in loyalty, marginally lower than the functional clues model and the total effect between mechanic clues and loyalty is fully indirect (ß = .4478, see Table 5.8, Chapter Five). Hence, the quantitative research findings are similar to the functional clues and indicate that while the mechanic clues are a critical aspect in creating the total customer perceived experience – their contribution to building loyalty is significant and is also based on the customers' perceptions of the value and quality of the mechanic clue. The overall mean score for mechanic clues was 4.46 (SD = .553, on a 5-point scale), indicating that the respondents, on average, had a positive experience with regard to this clue set.

As previously stated, value and quality perceptions are critical determinants of loyalty. Indeed, Carbone and associates argue that customers may take impressions away about their experience based on evidence from their value and quality evaluations of the mechanic clues which, in turn, impacts loyalty (Carbone, 2004; Berry and Seltman, 2007; Carbone and Haeckel, 1994). Related research regarding various different conceptualisations of mechanic clues further supports that mechanic clues have a strong influence on customers' loyalty intentions (Cronin, 2003; Foxall and Yani-de-Soriano, 2005) and that value and service quality play a main mediation role between the mechanic clues and customer perceptions of the customer experience and behavioural intentions (Loyalty)(Baker et al., 2002). The results from the quantitative support the

[11]As indicated in the literature, mechanic clues have been conceptualised by a variety of scholars using different terms for instance, "servicescape" (Bitner, 1992) and "service environment" (Cronin, 2003). There is, nevertheless, a common consensus that the mechanic clues encompass "the environment in which the service is assembled and in which the seller and consumer interact, combined with tangible commodities that facilitate performance or communication of the service" (Booms and Bitner, 1981:36).

importance of value and quality as mediators between the mechanic clues and loyalty. Similar to the functional clues and loyalty indirect relationship discussed above, this study's results also showed that for the mechanic most of the indirect effect on loyalty is through value (ß =.2831) rather than quality (ß =.1647).

With reference to the importance of value as a primary mediator in the mechanic clue/ loyalty relationship, Dube and Renaghan's (2000) research not only determined that customers experiencing visible value consistently throughout their stay was important, but also that the number one driver of visible value were elements of the mechanic clues, specifically guest-room design, physical property (exterior, public space). This suggests that the mechanic clues impact value directly which, in turn, impacts loyalty – a relationship which is supported by the quantitative findings.

Reflective of the functional clue model results above, the quantitative findings of the mechanic clue model also indicate that, although value has the biggest impact on loyalty (ß =.8315 for value compared to ß =.2354 for quality), the mechanic clues have the biggest impact on quality (ß =.6995) compared to its effect on value (ß =.3405). Again this finding is in support of Wall and Berry (2007: 62) who argue that "mechanic clues are especially influential in affecting quality perceptions for services in which customers experience the facilities for an extended period of time, such as hotels and airplanes". In another study Cronin and Brady (2001) that mechanic clues strongly influence peoples' evaluations of quality and that these quality evaluations have a strong impact on customers' loyalty intentions (Foxall and Yani-de-Soriano, 2005; Cronin, 2003). Therefore, it is interesting to note that although the relationship between the mechanic clues and loyalty is more powerful when mediated through value than quality, the customers' perceptions of the mechanic clues have a stronger impact on quality perceptions than on value.

The qualitative findings further supported Hypothesis 4 and the literature with regard to the indirect relationship between mechanic clues and loyalty through value and quality. The interview findings clearly conveyed that each hotel pays particular attention to the mechanic clues, as they feel that these clues not only impact the customers' first impressions of the hotel quality and value but also leave the customer with a lasting impression which inevitably impacts customer loyalty. The importance of value and quality perceptions of the mechanic clues in building loyalty was also emphasised in relation to the sub-mechanic clues.

Hypothesis 4 is further supported by the literature and the qualitative findings with reference to the sub-mechanic clues. Extant literature in relation to the sub-mechanic clues: atmosphere, music, lighting and smell, indicate that the quality and value perceptions of these have an impact on consumer behaviours such as loyalty (Zeithaml et al., 2006; Turley and Milliman, 2000). The effects of ambient factors or the atmospheric factors - music, smell, and lighting have been of particular interest to consumer researchers in relation to their overall impact on the customers mechanic clue and total experience perceptions (Ezeh and Harris, 2007; Turley and Milliman, 2000). The qualitative research clearly indicated that the majority of the hotel managers supported the literature as regards the importance of music, lighting and aroma in creating the ambient conditions which impact mechanic clues which in turn contribute to the total customer experience perceptions and loyalty. For instance, the manager of the Talbot explained that music, smell and lighting in particular help to create an atmosphere or mood which contributes to the customers total hotel experience. However, a number of managers did indicate that the atmosphere or ambience created in the hotel also depended on the type of customer predominately staying there at any one time. For instance, if the customer midweek was a corporate customer, the atmosphere was a quiet relaxing one, whereas if it was more leisure customers the atmosphere alters to a louder, more energetic one. Consequently, the hotel atmosphere adjusts according to the type of hotel customer predominately staying at the hotel one any one time. Hence, the customers' perceptions of the mechanic clue may be positively or negatively effected by the atmosphere that they prefer and value.

The qualitative research also revealed that management considered the quality of the hotel design and décor as critical sub-mechanic clues, as they regularly maintain and update both the interior and exterior of the hotel. They stated that the design and décor provide the first, last and lasting impression for the customer. In addition, they further indicated that the perception of the hotel image was influenced by the quality of the hotel design and décor, as portrayed on all forms of media such as their website, brochures and advertisements.

Similar to the functional clues previously discussed, the research findings of this study fully support the literature and again offer a new empirical perspective into the role of mechanic clues in building customer loyalty. Emanating from the previous discussion, mechanic clues are a critical aspect of the total customer experience and they also contribute to customer loyalty through the mediation of value and quality. As previously stated, an important driver for success for all hotels should be to build customer loyalty by creating perceptions of value and quality through the total customer experience. Therefore hotels need to also pay particular attention to the mechanic clues when setting about achieving this aim. In light of this success strategy, the final clue set is discussed in the subsequent section i.e. humanic clues.

6.3.3 Humanic Clues - Value, Quality and Loyalty Variable

Finally, the two hypotheses relating to the humanic clues will be discussed in relation to this study's findings and the literature review.

H_1: There is a direct relationship between humanic clues and loyalty.

H_2: The relationship between humanic clues and loyalty is mediated by the variables: value and quality.

Humanic clues are concerned with the actions and appearance of employees and the service providers such as the choice of words, tone of voice, and level of enthusiasm, body language, neatness and appropriate dress (Berry et al., 2006). As indicated in the literature, employees' behaviour and performance during the service are powerful humanic clues that influence the customer's perceptions of the total customer experience (Berry and Carbone, 2007; Berry et al., 2006; Berry and Bendapudi, 2003; Rowley, 1994; Bitner, 1992; Bitner et al., 1993; Zeithaml et al., 1985) and create emotional attachments with the customer which contributes to loyalty (Carbone, 2004). As no previous studies have empirically tested the relationship between these humanic clues and loyalty, the results of this study offers new insights into this relationship. Based on an analysis of the literature and the qualitative interviews the final two hypotheses materialized, that is, Hypothesis 5, that there is a direct relationship between the humanic clues and loyalty and Hypothesis 6, that there is an indirect relationship between humanic clues and loyalty mediated by value and quality.

The results supported Hypothesis 5 indicating that there is indeed a direct relationship between the humanic clues and loyalty (p = .0058). This is the only clue set that has a direct relationship with loyalty and therefore suggests that the humanic clues are the most influential contributor towards building customer loyalty. This may be attributed to the fact that the humanics are based on an emotional perspective (Berry and Seltman, 2007) and the interaction between customer and employee create a deeper interpersonal bond (Hansen 2003) and emotional attachment (Carbone, 2004) relative to the other two clue sets. Due to the lack of research, this empirical result offers valuable insights for both practitioners and researchers in the area of building customer loyalty with a particular focus on humanic clues. Indeed, it is critical for managers to consider the importance of this clue set in relation to hiring their employees and to the training that they provide for their employees. In addition, it is also fundamental that management instil among their employees, the significant impact that the humanic clues have on the total customer experience and on building customer loyalty. Future research maybe conducted to investigate this direct relationship between the humanic clues and loyalty more comprehensively.

Moreover, Hypothesis 2 findings confirm that there is also an indirect relationship between functional clues and loyalty which is mediated by value and quality (p <0.05). The results indicate that the humanic clues have both a direct and indirect relationship with loyalty and that this model has the highest explanatory power, explaining 75.3% of the variation in loyalty. In addition, most of the relationship between these the humanic clues and loyalty is mediated (the total indirect effect is ß =.5718 while the direct effect is ß =.2384). Overall, the customers of each hotel indicated that they had a very positive hotel experience with regard to the humanic clues (M=4.47, SD = 0.612).

Similar to the other two clue sets, the quantitative results show that the mediated relationship through value is stronger at ß =.4228 rather than quality at ß =.1490. The importance of value as a primary mediator in the humanic loyalty relationship supports Dube and Renaghan's (2000) research, as the second critical driver of visible value was the interpersonal service, that is, the humanic clues indicating the importance of perceived value in relation to the humanic clues. In addition, Jaworski and Kohli,

(1993) found that staff behaviours (humanic clues) help to create shared values which lead to strong bonds between employees and customers in an organisation.

Furthermore, an analysis of the effect of the mediators on loyalty shows that, while value has the greater impact on loyalty (value is ß = .8315 compared to quality is ß = = .2354), humanic clues had more of an effect on quality (ß =.7915) than value (ß =.5512).This finding supports the literature by Ing-san and Der-Jang (2005:4) who found that "the quality of service achieved relies entirely on the impression the customers have of the service person (employee) delivered during the course of providing service". The quality literature indicated that the humanic clues have a powerful influence on service quality (Berry et al. 2006; Bitner, Zeithaml, Berry and Parasuraman, 1993) as the quality of the person to person interaction between an employee and customer is an important basis for how a customer judges the service experience (Hennig – Thurau, 2004; Czepiel et al. 1985).

The qualitative research further supports the literature and the quantitative findings in relation to the importance of value and quality as key mediators in the humanic clues and loyalty relationship. The management felt that one area where their customers placed most value was the quality of staff behaviour and interaction as regards their total customer experience. An underlying theme that resonated throughout the interviews was the importance of employee's quality of knowledge on all aspects of the hotel experience. Tasks such as providing hotel directions, providing information on hours of dining and informing the customers about local events happening in the city were all deemed vital.

The literature also highlighted that the staff's physical appearance and dress greatly influences the service experience (Baker, 1987) and serves as a motivation for approach behaviour (Bitner, 1992). All hotel managers were in full agreement that their customers value quality in terms of employee dress and appearance. Accordingly, all the hotels had uniforms and emphasised to their employees the importance of high quality standards when it comes to neat appearance.

The research findings of this study fully support the literature and offer new empirical insights into the role of humanic clues in building customer loyalty. Based on the foregoing discussion it can be deduced that humanic clues are the most critical of all three clue sets as regards the total customer experience and their contribution to customer loyalty both directly and indirectly. The humanic clues out of all the clue sets are the most significant in terms of their contribution towards building loyalty (see Adj. $R^{2} =$.7533, see Table 5.9, Chapter Five) and are the only clue set that directly impacts loyalty. Therefore, it is critical for the hotels investigated to centralise humanic clues in designing experiences, in order to meet and exceed customer's expectations, to create the total customer experience (Berry et al. 2006) which ultimately contributes to customer loyalty.

Overall a major finding and theme that appeared for each clue set throughout this study was in relation to the mediating variables value and quality. The findings showed that for each of the three clue sets, the effect on loyalty through value is stronger than the effect through quality. This supports Cronin et al.'s (2000) work on behavioural intentions in six service industries, who also found that value is a stronger predictor of behavioural intentions such as loyalty, than quality. These results indicate that the managers of the hotels investigated should assess each of the clue sets in relation to their customers' perceptions of value and attempt to maximise the value offered or perceived in relation these clues. This would ultimately contribute majorly not only to the total perceived customer experience but also to building customer loyalty based on the foregoing literature and results of this study.

6.4 Conclusion

The findings from both phases of research determined that customer experience (clues) is inextricably related to customer loyalty and that value and quality are major mediators in this relationship. Although, there has been a considerable amount of research conducted as regards the customer loyalty concept, no study has fully explained how to build loyalty. This discussed further in Section 7.4 in the next chapter.

Four key determinants of loyalty were identified in the literature: value, quality, satisfaction and customer experience. Customer experience as a key determinant of loyalty remains relatively underexplored and, to the best of the researcher's knowledge, has not been previously empirically tested in relation to building customer loyalty. Several streams of thought have been developed in order to assist researchers and practitioners to conceptualise customer experience. This study utilised Carbone and Haeckel's (1994) work on clues as the basis for the CEL Model presented above in Figure 6.1. The researcher chose these clues as they provided for a far more comprehensive evaluation of customer experience in relation to building customer loyalty.

Originally, the CEL Model consisted of customer experience (clues), value, quality, satisfaction and loyalty and a number of hypotheses were presented based on this model. However, the satisfaction variable had to be dropped due to a problem with multicollinearity, which resulted in the examination of a revised CEL model presented in Figure 6.1 and a new set of hypotheses with omission of satisfaction.

Hypotheses 1 and 2 investigated the relationship between the functional clues and customer loyalty; the results clearly indicated that this relationship is fully mediated by value and quality. The functional clues are a critical aspect of the total customer experience and they contribute to customer loyalty through the mediation of value and quality. It is critical for hotel managers to pay particular attention to these set of clues in terms of getting them right the first time, as customers expect these functional clues to at least meet their needs and requirements and needs (Berry and Carbone, 2007).

Hypotheses 3 and 4 examined the relationship between the mechanic clues and customer loyalty and it was found that this relationship was fully mediated by value and quality. Mechanic clues are a critical aspect of the total customer experience and they also contribute to customer loyalty through the mediation of value and quality. It is also important that hotels remember that these clues form the first, last and lasting impression of their hotel and are critical as regards exceeding their customers expectations which ultimate impacts the total customer experience and loyalty.

Finally, Hypotheses 5 and 6 investigated the relationship between the humanic clues and loyalty, this was the only relationship that both a direct and mediated relationship through value and quality. Based on the foregoing results humanic clues are the most critical of all three clue sets as regards the total customer experience and their contribution to customer loyalty both directly and indirectly. The humanic clues were also the most significant in terms of explaining customer loyalty (see Adj. $R^{2\,=}$.7533, see Table 5.9, Chapter Five), therefore hotel managers should prioritize this clue set in terms of building customer loyalty.

The mediating roles of value and quality were firmly established as regards the relationship between customer experience clue sets and customer loyalty. Notably, the mediated relationship through value was stronger than through quality for each clue set.
This research has been a first step in examining the relationship between Carbone and Haeckel's (1994) experience clues – functional, mechanic and humanic and customer loyalty empirically. It also synthesises and builds upon extant literature that has found value and quality to be key determinants of customer loyalty.

The next and final instalment of this thesis examines the results in light of their theoretical, managerial and methodological contributions. The chapter then closes with a presentation of the study's limitations, future directions and this researcher's critical reflection of the research process and journey.

Chapter Seven

Conclusion

7.1 Introduction

The previous chapters have provided the context for the study and the development of a customer experience loyalty model, as well as the research objectives, hypotheses, findings and a discussion integrating the literature with the hypotheses and findings. The purpose of this chapter is to present a summary of the conclusions of this research study in relation to the research objectives. Critical contributions of the study in relation to theory, management and methodology are provided. The chapter concludes with limitations and suggestions for future research directions and a critical reflection by the researcher on the process of the research project.

7.2 The Outcome of the Project as Related to the Research Objectives

The overall thrust of this study is to determine how to build customer loyalty as a core success strategy for tourism enterprises. Although the customer loyalty concept has been extensively investigated, there is still no consensus among researchers as to how customer loyalty can successfully be achieved. This study seeks to bridge this discrepancy in both academic and practitioner research. The literature review highlighted that customer experience, value, quality and satisfaction are major determinants of customer loyalty. While a lacuna of studies have investigated each of the determinants of value, quality and satisfaction in relation to customer loyalty, there is still a lack of research that has examined customer experience as a major determinant of loyalty. This gap in knowledge provided the rationale for the initial objective of this study - to determine if a relationship exists between the customer experience and loyalty. To achieve this, the research focused on the customer experience clues by Carbone and Haeckel (1994) which included the functional, humanic and mechanic clues and investigated their relationship with customer loyalty. The first phase of the research examined the customer experience process in the hotel sector in order to develop a detailed customer experience blueprint and a more comprehensive understanding of the customer experience journey in relation to each of the clue sets. Phase Two was then implemented to examine the customer experience clues in relation to building customer loyalty with reference to the other critical loyalty determinants - quality, value and satisfaction.

The following sections reflect on the individual research objectives and conclude with the overall aim of the project explicitly, the revised CEL Model and best practice guidelines to creating the total customer experience - which this study has determined to be a key determinant in building customer loyalty.

7.2.1 Research Objective One: To examine the relationship between customer experiences and customer loyalty.

With the exception of Wall and Berry, (2007), Dube and Renaghan (2000), Pine and Gilmore, (2000; 1999), little research exists, and none in the Irish context, which examines the relationship between the customer experience and loyalty. The results derived from this research study show that there is a significant relationship between customer experience and loyalty. In addition, this research is the first empirical study to examine customer experience utilising Carbone and Haeckel's (1994) functional, mechanic and humanic clues in relation to building loyalty. The findings of this study show that each clue set has an indirect relationship with loyalty which is mediated by two major determinants of customer loyalty, explicitly quality and value. It is important to note that the indirect relationship between each clue set and loyalty, is stronger mediated through value than through quality. This indicates the primary role of value over quality in contributing to building customer loyalty. In addition, the only clue set that showed a direct relationship with loyalty were the humanic clues, indicating that this clue set has the most significant impact on customer loyalty.

7.2.2 Research Objective Two: Identify and examine current customer experiences with regard to functional, mechanic and humanic clues within the hotel sector in the South East of Ireland.

As previously indicated, Carbone and Haeckel's (1994) clues were deemed the most suitable to adopt in relation to this thesis as they provided the most comprehensive description of the customer experience. Each of the clues were examined extensively by conducting in-depth interviews with hotel managers in the South East Region. The current customer experience process was explored predominately in Phase One. The hotels' managers revealed four critical stages of the customer experience process underpinned by each of the clue sets. Based on these results the researcher developed a detailed blueprint of the customer experience process (see Figure 5.1, Chapter Five). All Phase One interviewees agreed that the customer experience is composed of these three sets of clues which impact on customers' take away impressions of their experience (Berry, et al., 2006). The findings from Phase Two found that signposting directing customers to the hotel was an issue for all hotels investigated. In addition, a reoccurring theme that resonated in all the interviews was the importance of the quality of employee knowledge. These are two major factors that the management of the hotels feel have an impact on the current customer's experience process. In addition, they also suggested that both quality and value perceptions in relation to these clues were critical contributors to customers enjoying their stay in the hotel and in creating repeat custom. Hence, from the hotel management's perspective, they need to focus on each of the clue sets in relation to the four critical stages outlined in the hotel blueprint (see Figure 5.1, Chapter Five) in order to deliver the total customer experience which contributes in a major way to explaining customer loyalty. The importance of the customer experience in explaining loyalty is highlighted from the quantitative findings which indicated that each of the experience clue models tested explained over 70% of the variance in loyalty (Functional Clue: Model One = 74.1%, Mechanic Clue: Model Two = 73.3% & Humanic Clue: Model Three = 75.3%, see Chapter Five).

7.2.3 Research Objective Three: To develop a detailed blueprint of the customer experience in relation to the hotel stay.

In an overall tourism context, managing the customer experience is more complex, as it includes several stages from the planning of the journey to the departure, the sojourn and returning home (Gnoth, 2002). This research provides a detailed blueprint of the customer experience which describes the typical customer experience process sequentially in four main stages: Stage 1: Reservation, Stage 2: Arrival/Check– in, Stage 3: In-house (which is the staying customer), and Stage 4: Check-out/Departure. Each of these critical stages was derived from the employee/managers' perspective and each stage was investigated in relation to the three customer experience clues- functional, mechanic and humanic (see Chapter Five, Figure 5.1 for the illustrated blueprint of the hotel customer experience).

7.2.4 Research Objective Four: To identify and explore the relationships that exist between the independent variables: the customer experience, service quality, customer value, customer satisfaction and the dependent variable - customer loyalty.

As already stated, the object of this thesis was to identify and examine how to build customer loyalty. The literature review indicated that customer experience (clues), value, quality and satisfaction were major determinants. Based on each of these determinants, the researcher presented a number of hypotheses and the CEL Model. As previously discussed, due to a problem with muticollinearity, the satisfaction variable was dropped from further investigation which resulted in a revised set of hypotheses and a modified CEL Model which omitted the satisfaction variable. This offers a direction for future research and is discussed further in Section 7.4. The following section presents those revised hypotheses which were investigated and briefly discusses the conclusions resulting from their analysis.

The first two hypotheses are related to the functional clues and loyalty.

H_1: There is a direct relationship between functional clues and loyalty.

H_2: The relationship between functional clues and loyalty is mediated by the variables - value and quality.

Hypothesis H_5 was not supported, that is, there was no direct relationship between the functional clues and loyalty. Moreover, hypothesis H_6 was supported; there is an indirect relationship between functional clues and loyalty mediated partially by quality and value. The relationship mediated through value is stronger than through quality.

The next two hypotheses related to the mechanic clues and loyalty.

H_3: There is a direct relationship between mechanic clues and loyalty.

H_4: The relationship between mechanic clues and loyalty is mediated by value and quality.

Hypothesis H_3 was not supported - there was no direct relationship found between the mechanic clues and loyalty. However, hypothesis H_4 was fully supported and there was an indirect relationship found between the mechanic clues and loyalty via quality and value. Again, this relationship showed that the path through value was significantly stronger than the path through quality. These paths are shown below in Figure 7.2 the revised model.

The final two hypotheses are related to the relationship between the humanic clues and loyalty.

H_5: There is a direct relationship between humanic clues and loyalty.

H_6: The relationship between humanic clues and loyalty is mediated by value and quality.

In the context of this research, that is, the relationship between the customer experience and loyalty in the hotel sector in the South East region of Ireland, both of these hypotheses were supported. The humanic clues were the only clue set to have a direct, as well as an indirect, impact on customer loyalty. This may be as a result of the deeper emotional bonds created through face-to-face interactions between employees and customers. In relation to H_2, this research indicated an indirect relationship between the humanic clues and loyalty, mediated partially by value and partially by quality. The relationship through value was stronger than through quality. The results showed that the humanic clues explain 75.3% of the variation in loyalty which was marginally higher than the other clue models tested (see Section 5.11, Chapter Five). Based on these results the humanics out of all the clue sets are the most influential in terms of their impact on customer loyalty.

7.2.5 Research Objective Five: To develop a new and more dynamic loyalty-building model.

Although, numerous loyalty building models have been proposed based on value, quality and satisfaction in the literature, loyalty research still remains relatively unresolved and contradictory (Cronin et al., 2000). Based on the foregoing, this research set about identifying other new key determinant variables of loyalty. Although attracting little research interest, one such variable was highlighted in the CRM literature – that of the customer experience. For Donnelly et al, (2008) this was a fundamental determinant that had received little attention in relation to its impact on customer loyalty. Subsequently, this research study presented a new and dynamic loyalty model, which was developed based on the major determinants of customer experience, value, quality and satisfaction. Initially, a conceptual loyalty-building model was developed based on an extensive review of the literature. The original model examined the relationship between the three critical variables - quality, value and satisfaction, with the incorporation of one new variable - the customer experience. The customer experience variable consisted of three clue sets – functional, humanic and mechanic, which formed the basis of the model.

Both the revised and the original customer loyalty models are presented below in Figure: 7.2. and Figure 7.3 respectively.

Figure 7.2: The Revised Customer Experience Loyalty Model

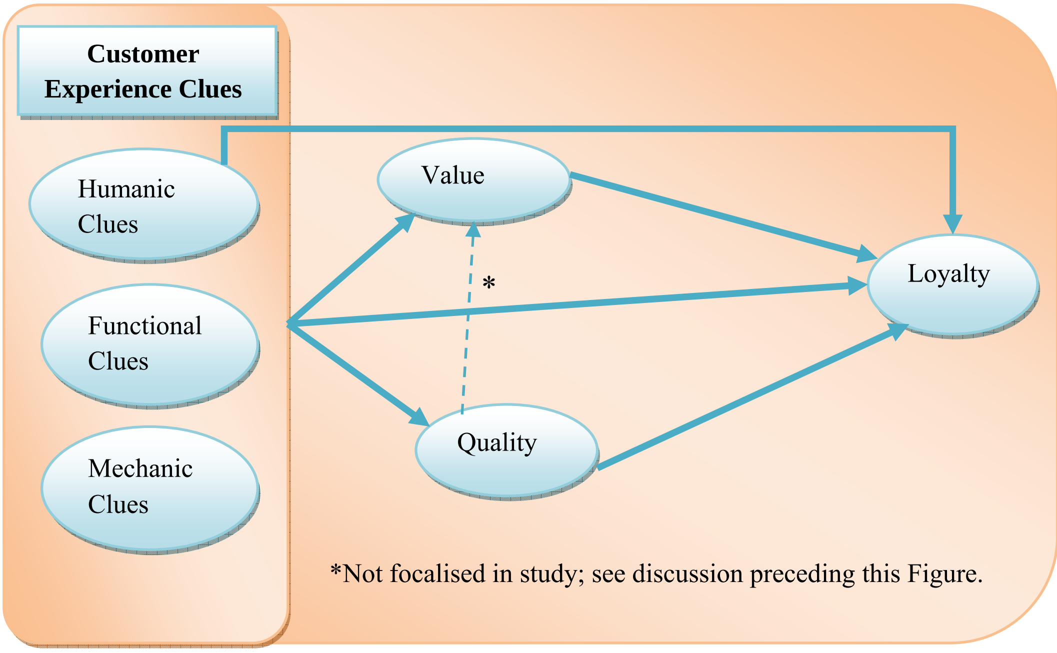
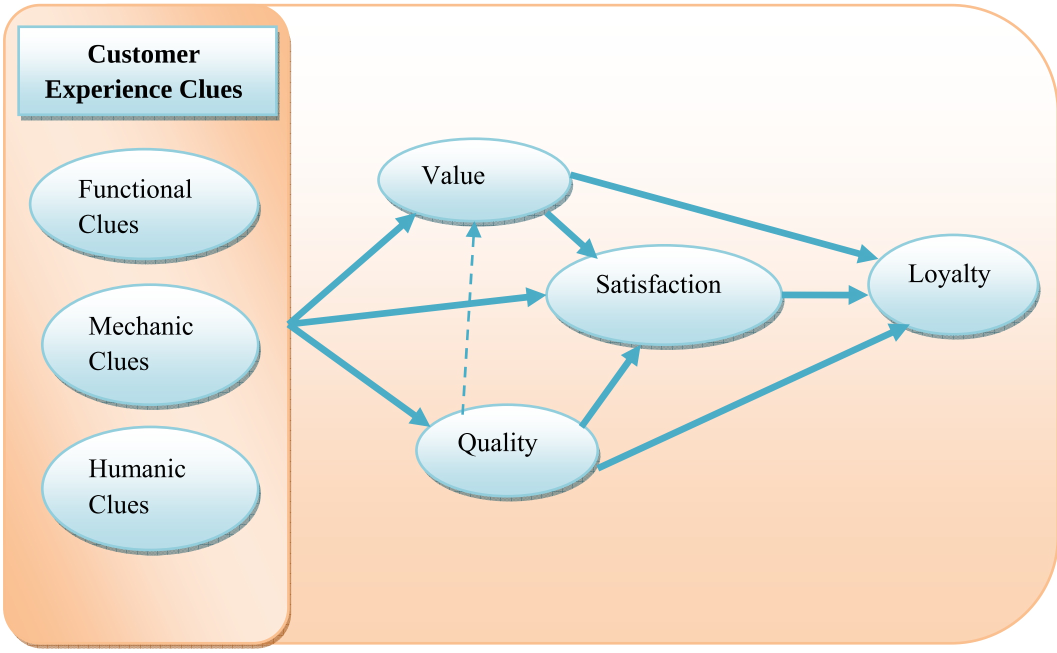


Figure 7.3: The Original Customer Experience Loyalty Model



The revised model in Figure 7.2 has been designed to reflect the results of the research study. As illustrated, the main changes to the model revolve around the three sets of clues and the excluded satisfaction variable. A direct relationship between humanic clues and loyalty has also been added to the model, based on the results. This is a significant finding for both academic and practitioner knowledge and for future research, as discussed in Section 7.4. This relationship is indicated by the path from the humanic clue variable connecting to loyalty.

7.2.6 Objective Six: To develop an extensive list of 'best practice' guidelines on managing loyalty-building customer experiences.

This research proposes the following recommendations or guidelines pertaining to the successful achievement of customer loyalty through customer experience, value and quality, determinants emanating from this research:

- A key success strategy for the Hotel Industry and indeed the Tourism Sector is to focus on building customer loyalty. This philosophy must become part of the company culture and must be instilled in all employees by the management.

- First and foremost, creating the total customer experience has to be the starting point for all hotels in terms of this loyalty objective. It commences with paying particular attention to functional, mechanic and humanic clues. Each of these clue sets requires particular attention and careful planning.
- In relation to the functional clues, management must learn to get the core product and service right the first time in order to meet customers' expectations.
- The mechanic clues also have to be planned and well designed as they generally form the first and last impression for the customer.
- In terms of humanic clues, extensive training should be provided for employees to enhance their level of knowledge in all aspects pertaining to the hotel and to improve their social interaction skills. These clues have a direct impact with loyalty so it of utmost importance for management to enhance and improve this clue set. Furthermore, management should consider these clues when hiring employees.
- Management should assess each of the clues in terms of their standard of quality and value provided. They may conduct their analysis of each clue which may be subjective, or invite their own customers to share their views and opinions.
- The results of this study did indicate that the value and quality perceptions of each clue set were important in contributing to loyalty. Therefore, it would be useful to management to gain further feedback on their own specific clues sets in terms of quality and value perceptions. A more qualitative approach may be beneficial to practitioners to identify specific areas of concern and areas that are working well.

In light of the preceding guidelines, the researcher has composed Table 7.1 in order to conceptualise the best practice guidelines to facilitate the hotel sector and tourism enterprises in achieving customer loyalty from a practical perspective. The customer experience clues form the basis for this table.

Table 7.1: Best Practice Guidelines for Customer Experience Clues to Build Customer Loyalty

Type of clue and its role	How to use	Examples	Customer perceptions	Implications for Managers
Functional: The role is to meet customer expectations.	Use these clues to meet expectations; they are essential to the core of the service.	Think of these as the core product or service. In a hotel: whether the room key works or room service is on time. The tangibility, reliability, accessibility of the product or service.	Rational perceptions of quality and value which ultimately impacts loyalty.	It's important for managers to get these clues right the first time. A key finding here is that increased signposting to direct customers to each of the hotels is necessary across all three cities.
Mechanic: The role is to influence first impressions and expectations, as well as create value.	Use these to spark interest or influence expectations	Think of these as sensory—the sight, sound, taste, smell. Atmosphere, design and décor, lighting, music, aroma, etc., are all mechanic clues. In a hotel: what does the room look and smell like?	Emotional perception of quality and value which ultimately impacts loyalty.	Management must remember that these clues form the first, last and lasting impression for their customers so they have to be well designed and orchestrated in order to create perceptions of value and quality, which impacts on customer loyalty. In addition, the mechanic clues impact the image perceptions of the hotel, so they have to portray perceptions of quality and value in order to build loyalty.
Humanic: These clues play a major role in exceeding customer expectations.	Use these clues to exceed expectations; includes the element of surprise.	Think of these as experiences of human interaction. Employee behaviour, appearance, performance, effort, credibility, competence, and knowledge are all humanic clues. In a hotel: how does an individual react when the hotel is overbooked?	Emotional perception of quality and value which ultimately impacts loyalty.	Management should pay particular attention to this clue set, as this is the only clue set that had a direct relationship with loyalty, based on the empirical results. One important sub-humanic clue that resonated throughout all the interviews was the importance of employee knowledge in all aspects of the hotel. Secondly, employee courtesy and politeness was deemed critical. Therefore managers must consider these aspects when employing and training their staff.

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7.3 Contributions of the Study

In recognition of the challenges that the tourism sector is currently facing, enhancing the tourist experience to build customer loyalty was identified as a key strategic success driver to create a stronger competitive capacity in Irish tourism companies (TPRG, 2003). Hence, the results of this study contribute not only to benefiting the tourism sector in light of the challenges that it faces, but also to theory and researchers involved in this area. The contributions of this study will now be discussed under the following headings - theoretical, methodological and managerial.

7.3.1 Theoretical Contribution

This study advances research not only in the area of customer loyalty, where a number of gaps exist in both the practical and theoretical knowledge, but also in relation to customer experience research. In this thesis' context, customer experience clues – functional, mechanic and humanic – have been identified as critical determinants in building customer loyalty. Furthermore, this study has determined that value and quality are also major determinants of loyalty, which mainly operate as mediating variables in the customer experience clues and loyalty relationship. This study has identified the importance of each of the experience clues as the basis of building customer loyalty; this not only supports academics and researchers who have highlighted the significance of customer experience as a contributor of loyalty but also sheds new insights into the entire phenomenon of loyalty research.

The major contribution of this work is in the form of empirical support for Carbone and Haeckels (1994), Carbone (2004) and Berry et al. (2007) work on customer experience clues – functional, mechanic and humanic. They argued that each of these experience clues impacts on perceptions of quality and acts as value propositions which ultimately create repeat business and loyalty. Based on the foregoing, this research contributes to the loyalty literature as well as the customer experience literature. Furthermore, to the best of the researcher's knowledge, this is the first research study that has empirically tested the customer experience clues in relation to building customer loyalty with reference to the two other key determinants of loyalty, i.e. value and quality.

Also, the results from both the management interviews and the customer surveys reveal the importance of perceptions of value and quality that each of the experience clues has on both the total customer experience and ultimately on customer loyalty. This is a major insight for academics and researchers as the importance of these two variables, value and quality, specifically in relation to customer experience and, indeed, loyalty research.

In addition, this study utilised Carbone and Haeckel's (1994) clues as the theoretical background for customer experience, as the researcher felt it provided a fully comprehensive description of the concept. The findings emanating from this research also provided a clear and extensive blueprint of the customer experience process in the context of staying in a hotel, based on the experience clues and a number of identified experience stages. Indeed, these findings support Carbone and Haeckel's (1994) work on clues, as the management/employee interviews fully supported the concept that the customer experience is composed of the three sets of clues: functional, mechanic, and humanic.

A further theoretical contribution made in this study is the development of a loyalty model based on customer experience, that is, the CEL Model. This model answers Cronin's (2000) call for a movement away from the traditional loyalty models based on quality, value and satisfaction to a more dynamic model that incorporates new determinants. This model focuses on two of the previously examined determinants- value and quality - in relation to building loyalty, with the incorporation of a new and dynamic determinant - customer experience. As previously stated, this study adopted Carbone and Haeckel's (1994) clues which examined the relationship between each of the quality and value variables towards building customer loyalty. This CEL Model offers completely new insights and advances to customer loyalty research and literature.

Moreover, this research found that the humanic clues were the only clue set to have a direct and indirect relationship with customer loyalty; the other two clue sets had only indirect relationships mediated by value and quality. This is a particularly interesting finding which suggests that the humanics have more of a significant impact on customer loyalty relative to the other clue sets.

7.3.2 Managerial Contribution

Emanating from this research are several important managerial contributions. The main practical implication for management, specifically in the hotel sector, is the importance of building customer loyalty to gain competitive advantage and ultimately long-term success. In this research, results indicate that the three critical determinants of building customer loyalty are customer experience, value and quality. It is also critical to view the customer experience in relation to the functional, mechanic, and humanic clues as derived from Carbone and Haeckel (1994). The results of this study indicated that each of the functional, mechanic and humanic clues' relationships with loyalty was mediated by quality and value. If the objectives of hotel managers are to realise the importance of customer loyalty in achieving long-term success, managers should pay particular attention to each of the experience clues – functional, mechanic and humanic – in order to create perceived value and quality which ultimately results in customer loyalty. The only clue that had a direct relationship with loyalty was the humanic clues, hence a major emphasis should be placed upon this clue set. Further, the mediating relationships also highlight the importance of enhancing value and quality in order to leverage the impact of the customer experience clue sets. Therefore, by following the revised CEL model, as presented in Figure 7.2, along with the best practice guidelines, outlined in Table 7.1, managers may orchestrate the total customer experience so as to create perceived value and quality in order to build customer loyalty. The practical implications of the model include the development of the ultimate total experience through the functional, mechanic, and humanic clues with a particular focus on the humanic clues, in order create perceived value and quality to build loyalty.

It also confirms that breaking down the customer experience into these three aspects is critical in terms of orchestrating the total customer experience. In addition, based on these three clues, managers may identify experience gaps and any discrepancies in the way the customer perceives their experience. This is critical as customers now demand more then just the core product/service; they now want the total customer experience.

In addition, the results of the blueprint in Chapter Four clearly illustrate the customer experience process from the moment the customer arrives at the hotel to the time of departure. Indeed, this blueprint provides a guideline for managers in relation to creating each of the clue sets, while also identifying each of the possible critical stages in the customer experience process. Thus, management or hotel practitioners can prepare and be proactive in relation to the creating clues around these pre-defined stages.

7.3.3 Methodological Contribution

This research has also made considerable contributions to methodology in a number of aspects. Firstly, this research has provided a contribution to methodology through the development of a scale to measure the three experience clue sets. All three sets of clue were formulated by extending Parasuraman's (1985) SERVPERF model and Cronin and Taylor's (1992; 1994) SERVPERF models. The mechanic clues scales also were formulated from a number of measures which were adapted from past studies (see Chapter Four). Although these measures produced significant and insightful findings, the researcher perceives that other researchers need to re-consider alternative measures in relation to some of the scales, specifically for the mechanic scales of lighting and aroma, as the scales for these concepts had to be dropped due to poor validity and reliability. As the literature and the qualitative results emphasised the importance of the lighting and aroma variables in relation to the mechanic clues, it would be of value to measure these sub-mechanic clues utilising alternative measures. As these experience clues have not been empirically tested before, the scales formulated for this study provide a first attempt and an example for future researchers in measuring these clues.

Secondly, the methodology of the study adopted a form of data collection technique that is not commonly utilised in research, that is, the blueprinting technique. Service blueprinting is a customer-oriented strategy for both service innovation and improvement (Bitner et al., 2007). It allows businesses "to visualize the service processes, points of customer contact and the physical evidence associated with their services from their customers' perspective. The blueprint method can be used to design or to analyse a service process in operation to identify the causes of quality problems and errors in services" (Fache, 2000:362). Thus, this study adopted the blueprint technique as it allowed the researcher to explore comprehensively the composition of a complicated research phenomenon such as the customer experience process in the hotel business. The blueprint technique was developed based on the results derived from the Phase One interviews. From the interviews, the researcher identified the underlying sequence of stages in the customer experience process and the clue sets that underpinned each stage. Emanating from these results, the researcher sketched and created a blueprint of the experience process of the typical customer hotel stay. As this is an uncommon tool employed for data collection, this research has provided an example for utilising this technique in future studies.

Thirdly, the contribution to the research methodology in the area of the customer experience and customer loyalty concepts, as regards data collection techniques i.e. in depth interviews, customer surveys and blueprinting is that this study represents an example for other researchers of how a complex phenomenon such as the customer experience in relation to building loyalty can be researched. Indeed, the methodology adopted for this research proved fruitful, in terms of allowing the researcher to follow a systematic, logical design for data collection and analysis, which incorporated both qualitative and quantitative methodologies, resulting in a rich and insightful understanding of a complex phenomenon.

7.4 Recommendations for Further Research

The importance of creating a total customer experience has been widely recognised in businesses, specifically within the tourism sector in relation to building customer loyalty. Hence, the researcher prescribes the following directions for further research.
A number of proposed hypotheses in this research were unable to be probed due to the omission of satisfaction because of the problem with muticollinearity. As the literature strongly indicates that satisfaction is a major determinant of loyalty, this indicates the importance of incorporating satisfaction into the CEL model. Therefore, a future direction for research would be to incorporate the satisfaction to examine the original CEL model presented in this study in a different context.

The obvious implication is the need for further consideration of alternative conceptual models for building customer loyalty. There is room for other potential determinants for building customer loyalty as Humanic clues - Model Five illustrates this (see Section 5.11, Chapter Five). This model had the highest explanatory power, explaining 75.3% in the variation of loyalty, yet this result indicates that there is 24.7 % unexplained variation, thereby indicating that there are other variables which need to be identified and incorporated into the CEL model.

This study was a first attempt at examining the role of the customer experience, specifically the functional, mechanic, and humanic clues in relation to building customer loyalty through quality and value; and although results should be interpreted cautiously, it is perceived that the study provides a fresh perspective. It is hoped by this researcher that other studies and researchers might use this model as a basis for their own contributions to the advancement of substantive knowledge on building customer loyalty and in considering other key determinants, or even other customer experience conceptualisations, in relation to building loyalty. In addition, the mediating variables - value and quality - require further analysis in order to gain knowledge as to why the relationship between each of the clue sets and loyalty was stronger through value than quality.

In order to better understand the complexities of the customer experience variable in relation to building loyalty, it would be interesting to replicate this study in a different context or sector. Further, it must be noted here, that the revised conceptual model previously presented is not just applicable to the analysis of the role of customer experience in building loyalty in the hotel sector of tourism, rather it is perceived that it has a much wider applicability across a number of businesses in the tourism sector. To put it another way, it is applicable to the analysis of a broader range of experiential factors in tourism, such as the experience of transports, attractions, entertainments, food experiences and so forth. Therefore, in order to confirm the wider range of applicability of the model, further studies are necessary.

Due to financial and time constraints, the researcher was only able to conduct research on a limited number of three and four-star hotels in the South East region of Ireland. It would be interesting to see the study being applied to the other hotels throughout

Ireland to identify any variances in the results between the North, South, East and West regions. Based on this, a comparative analysis could also be conducted on the three and four-star hotels in each of the regions.

7.5 Limitations

In assessing the findings of this thesis, it must be borne in mind that there are a number of limitations to the research.

Firstly, the sample interviewees were all from a management perspective, the majority being general managers. Therefore, the customer experience was only described from the viewpoint of the management level. Had this researcher the opportunity and time to interview employees from different levels and areas of operations, such as those employees at a more customer interactive level, the researcher would have achieved more holistic results.

Secondly, as a lone researcher, conducting both the interviews and surveys in 12 hotels across three cities was labour intensive. Had there been a team of researchers, more information may have been collected and analysed by a research team. In addition, due to the physical limitation with a lone researcher this research was limited to 12 hotels, involving three and four-star hotels in three cities in the South East regions of Ireland. A more comprehensive longitudinal study of all three and four-star and even five-star hotels in the South East would make a more valuable contribution to the tourism and hospitality sectors. In addition, had there been more time, this researcher would have conducted the surveys during peak season such as during the summer months, in order to obtain a higher level of responses specifically from leisure customers. These proposals offer opportunities for future researchers.

As already stated, the original research hypotheses and CEL Model could not be fully investigated due the limitation of dropping satisfaction. Had the problem with muticollinearity not occurred, the inclusion of the satisfaction determinant may have had a significant impact on the results of this study.

As Carbone and Haeckel's (1994) clues have not been previously empirically investigated, it was difficult for the researcher to identify the most reliable and valid scales and items to measure each of the clue variables.

Finally, this researcher stresses that this model and this study was not designed to include all possible determinants in relation to building customer loyalty. This researcher limited consideration to the identified determinants - customer experience, value, quality, and satisfaction - in relation to building customer loyalty.

7.6 A Critical Reflection

Due to the reflective nature of this section, I am going to drop the third person language and conclude this thesis in the first person pronoun. The purpose of this section is to try to capture in just a few paragraphs the research journey experienced by the researcher of this thesis. Its aim is to give an understanding and meaning to the unfolding of events, actions, encounters and experiences that have led to the completion of this dissertation. Throughout the course of our learning lives we are at times presented with the opportunity to reflect on what we have achieved, to consider the experiences and the people that helped shape our sense of self, as well as the expectations that we place on ourselves. I think Florida Scott-Maxwell (1968) put it best in the following quotation:

> *… You need only claim the events of your life to make yourself yours. When you truly possess all you have been and done, which may take some time, you are fierce with reality.*

The past two years have been instrumental in moulding and shaping my own sense of self and potential, and have, without doubt been the greatest learning curve thus far. This research master's journey has certainly been one of self-discovery in a number ways; there have been times of major self-doubt, and fear, which were paralleled by times of a sense of achievement, pride, and a realisation of one's ability to rise to the most difficult of challenges.

In relation to this research masters, I began with a limited knowledge and experience of conducting research. The only previous experience I had was based on a dissertation that I completed in the final year of my undergraduate degree. Therefore, I commenced this research journey of self learning almost like a novice. The discussion contained henceforth is a continuation of the sense-making account detailed in Chapter Three of the overarching research objective which was *to examine the relationship between customer experiences and customer loyalty.* As past research has never really come to agreement on how customer loyalty is actually built, and indeed extant models focus on the inter-relationships between quality, value and satisfaction as an explanation for building loyalty. It came to my attention, particularly in the tourism context, how the customer experience variable in relation to building customer loyalty had never been incorporated into a loyalty model previously. This is where the whole process began. I believed based, on my own experience as a customer and on the preliminary literature reviewed, that there lay a major gap in both the academic and practitioner knowledge. Once I delved further into the literature, it became apparent to me that there was a whole lacuna of theories that contributed to the customer experience concept. However, the theory that I, as a researcher, felt most adequately summarised the customer experience was Carbone and Haeckel's (1994) clue theory. This theory proposed that the customer experience was composed of three critical clues - functional, mechanic, and humanic. I found the whole area of customer experiences particularly interesting as I could relate to a number of the theories and concepts that were proposed. The next area that I concentrated on was the whole area of customer loyalty, the literature on customer loyalty tended to focus on three critical variables namely quality, value and satisfaction.

Once the literature on experiences, quality, value, satisfaction and loyalty had been extensively investigated and compiled, I went about examining and identifying the relationships between each of the variables. I have to admit that when I look back at my research diary, I found this part to be quite difficult as there were no previous empirical studies conducted on the three sets of experience clues, and none in relation to their relationships with value, quality, satisfaction, and indeed loyalty. Hence, as a researcher, I really had to probe to identify links and relationships between each of the variables. In relation to the methodology, I felt that the in-depth interviews would provide data from the employee side of the dyad which would compliment the customer surveys in Phase Two, the other side of the dyad. In addition, I also felt that in order to truly understand the customer experience process it was necessary to create a detailed blueprint of each of the stages based on the interviews. In relation to the customer questionnaire for the survey, I found it particularly challenging trying to adapt and develop measures and scales that would produce reliable and valid results. As regards, gathering the data, I do recall at the time that conducting, transcribing and analysing 16 interviews and later carrying out 960 surveys in 12 hotels across three different cities took a lot of time, finances, and energy. However, it was worth it all in the end. In relation to the methodology, I feel this research shows the level of knowledge and experience that I have gained, from the in-depth interviews and the blueprinting to the customer surveys, as well as a greater understanding for the analysis and interpretation of results using both Nvivo and SPSS software. After conducting this dissertation, I am comfortable with undertaking different research methods, which in essence does not preclude me from investigating any particular research problem.

Finally, I would like to conclude by saying that I would love to embark on this research journey all over again, as it is only after having gone through partaking in the whole process and learning by doing that I now truly understand what is involved in the research process. Only now do I understand the customer experience role in relation to building loyalty; it is only now that I have a richer understanding of the methodology process and now have more questions to ask. Therefore, I would like to conclude this dissertation with the following quotation.

> *We never stop investigating. We are never satisfied that we know enough to get by. Every question we answer leads on to another question. This has become the greatest survival trick of our species.*
>
> Morris, Desmond

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Appendices

A: Research Protocol – Phase One of the Research in Mapping the Guest Experience Process

Introduction:
My name is Martina Donnelly and I am a final year postgraduate masters by research student (full-time) at the Waterford Institute of Technology. In order for me to complete my masters, I am looking at a number of 3 and 4 star hotels based in the south east of Ireland to investigate the guest experience process and to potential investigate what guests value in their experience that would ultimately lead to loyalty.

Research objective:
The focus of my research is to to examine the role of the guest experience in relation to creating value and building customer loyalty. This research aims to map out the guest experience journey from thr moment the guest books the reservation to the time they exit the carpark after their hotel stay. As there is a considerable knowledge gap concerning this theme, this study will make a significant contribution to both the academic knowledge as well as the tourism and hospatlity practice. Once an extensive mapping the guest experience has been completed , the second phase of the research is to conduct a number of guest surveys in order to get a more holistic guest perspective of the hotel experience. This survey will be created based on the mapped hotel experience. The objective of this survey is to explore the guest view of their hotel experience, to identify what guests value in an expereince and to examine the variables that are crtical in building customer loyalty.

Why your hotel?
I am contacting your hotel because, first, it is recognised as being the top class hotel in the south east of Ireland and it falls into the star rating category that I am targeting. Secondly, it has indeed been reccommended to me by Paul McDaid of the Tower Group who has be so kind as to assist and support in my research.

The Benefits to your hotel:

- The findings of the research should prove extremely beneficial to your hotel because a practical model of best practice on interacting with customers and creating the total memorable experience will be developed. This should greatly enhance your own guest experience development.
- Additionally, your company will gain great insight into how your customers might feel about certain aspects of the experience that you provide.
- Finally, in addition to the overall report and results, an indivdual report for each hotels survey results will be compiled for your own use and will be strictly confidential to you.

Important issues about researching in your hotel:

- First, it is important to realise that I am an experienced researcher and I recognise the importance of not interfering with the working environment of a busy hotel. The method in which the research will be conducted is designed to cause as little or no disruption to work (see below for details). A research schedule will be designed around what best suits the hotel.
- Second, I will respect confidentiality and recognise that incidental events that may be observed during the research period as private. All details concerning the hotel and informants will be strictly confidential. Fictious names will be used and in no instance will any publication emanating from the research project use actual names. Only the researcher and his supervisor will know the identity of the hotels.
- Indeed, Waterford Institute of Technology places a confidentiality agreement on its research students. Research details or findings will not be discussed outside the academic environment (i.e. student and supervisor) without prior agreement from the hotel.
- Finally, the proposed research should take approximately one month to complete.

Data Collection Template:
The proposed methods for data collection are as follows.

1. **Interviews**: It would be very helpful, if I could arrange an interview with one or two managers/employees in your hotel that you would consider the most knowledgeable assisting me in this type of research such as the operations/general managers/ main receptionist.The interview would be very informal and unstructured and probably would last about 10-15 minutes. Obviously any visits to your company will be pre-arranged. The purpose for these interviews is to map the guest experience which will be used as a basis for creating the guest survey.

2. **Gaining access to your guest for a survey:** I am hoping to gain access to a database of your guests (specifically city breakers if possible) that shows their arrival and leaving dates. I am hoping to target the guest either the night before they leave or the morning they are leaving to complete a short survey based on their experience. I am currently trying to come up with some incentive for your guests to entice them to complete the survey. I truly understand that this may be difficult but assessing how your guests feel about and percieve the hotel experience with you would be extremely valuable

information not only to your individual hotel but to the hospatality industry as a whole. This could be conducted through questionnaire which they may feel more comfortable about completing in their own time as oppose to interviews which are more invasive.

3.
Final Comment

Having worked part-time in the hotel industry for a number of years, I know only too well the demands that are placed on individuals in a hectic, innovative environment and that their may be concerns over issues such as whether a researcher would interfere or cause disruption to work. Let me assure you, that if granted the privilege of researching your hotel, I will conduct the research in a diligent and professional manner. The research method is designed to facilitate easy access and cause little or no disruption. Finally, this research project is truly innovative; it has never being conducted from this perspective or context before. By allowing me to research your company, not only will I be able to complete my masters, but we will also be significantly contributing to the generation of new knowledge.

I look forward to hearing from you

Sincerely,

Martina Donnelly
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B: Interview Guide for Hotel Managers

Blueprinting/Process Mapping Purposes
In general what would be your most popular type of customer be: Business, Holidaymaker, transient or city breaker
In relation to leisure/ city breakers how would you describe/profile this guest?
What time of the week, month, and year would be the best time to catch this type of guest?
How long do they generally stay for?
What are there main reasons for staying at this hotel do you think?
What do you think are your hotels strong points in relation to attracting city breakers?
Can you describe to me each stage that a customer may have to go through in your hotel from the moment that they park in the car park to the time that they exit the car park to leave?
In relation to each of these stages can you describe both the front stage and back stage operations that the hotel goes through in order to deliver an adequate hotel service to the customer?
At each of these stages can you identify each of the customer touch points or service encounters i.e. where the customer interacts with hotel employees/self service equipment?
How would you describe the theme/image of this hotel?
Is there an employee uniform or dress code?
In relation to the various stages a customer goes through:
Starting Point:
Does the hotel advertise or have a website?
How do the majority of your guests source this hotel?
How do most guests make reservations via telephone, online, in person or other?
What procedures/systems do you have in place for employees to take these reservations for guests?
Are there signs clearly located on national/secondary roads or city centre to direct the customer to the hotel?

Parking:
What size are your coach and car park facilities?
How easy is it to access these facilities?
Do you charge guests for these facilities?
Do you have a car park attendant?
Does this car park have an impact on the appearance of the hotel or the surroundings?
What is the procedure for entering and exiting the car park?
The front entrance:
Is the front entrance well maintained designed and cleaned regularly?
Is the "Hotels" sign clearly displayed?
If the front entrance has gardens are these maintained and cleaned regularly?
At the front entrance is there a porter/luggage carts provided to assist in carrying in customer's luggage?
Is the porter/bell person dressed in appropriate uniform?
Are they trained in meeting and greeting with the guests?
In terms of the hotel s exterior what impression do you want to portray to the customer?
Budget, Luxurious, Traditional, Commercial, Leisure
Checking In – The reception area
How would you describe the physical appearance of the lobby?
What are the services/operations conducted at the reception desk:

- Making Reservations, booking in and check out
- Finding out information about the local area or the services the hotel provides
- Is there a waiting area
- Can it be used as a wind-down area for conference delegates

What are the registration/checking in process?
What is the manning hours of the reception desk?
What is the dress code of the reception desk staff?
Is there a procedure reception desk employees have to follow in relation to welcoming and checking guests in and out?
How would you describe the physical design and layout of the reception area?
How would you describe the physical appearance of the reception desk and is it in fitting with the theme and design of the hotel?
Is the design of the interior in fitting with the hotels external design?
Is there a key focal point or visual design feature such as a fireplace, picture, sculpture etc in this area?
What kind of atmosphere do you try to create in the reception area?
Is it designed to facilitate queues or large crowds checking in at the one time?
Is there music in the background?
Is there music played throughout the hotels lobbies, lifts, halls etc?
What is the music style and volume?
Do you feel it is appropriate?
Is the reception area well signed for rooms, the restaurant, lifts and other facilities/amenities etc?
Are the circulation routes designed for easy access to the various amenities in the hotel?
Is there a porter/bell person on standby to carry the customers' luggage to their rooms?
Does the receptionist (back desk) have the necessary equipment to conduct his/her job effectively?
Room
Describe the physical design and layout of the bedrooms?

Do you think this design is in keeping with the rest of the hotels design and the theme the hotel is trying to emanate?
What facilities are located in the rooms such as T.V., hairdryer, Iron etc?
What storage facilities are provided?
How often are the rooms cleaned?
How often are the towels, sheets, bins etc changed?
Is there a menu provided for room service?
What is process for ordering room service?
What the process for employees in terms of taking the order and delivering the order say food for instance?
What are the room service hours?
What is the average wait time for room service?
Is there a porter/bell person on standby to assist guests in carrying out luggage to the car from their room?
What is the checking out procedure the guest must go through before leaving?

General

What additional services does the hotel provide that I haven't mentioned?
What other amenities are provided by the hotel?
Are fresh flowers distributed throughout the hotel?
Is there air fresheners utilised throughout the hotel?
What are the lighting levels like through the hotel?

Value

What do you think your guests value most about their experience with your hotel?

C: Cover Letter

Re: Masters of Business Studies Research

February 2009

Dear Guest

The (Hotel Name) Hotel would greatly appreciate your insights and views in relation to your hotel stay as they want to build and create the best possible experience for you their guest. In this regard, as a postgraduate student at Waterford Institute of Technology, I am investigating the guest experiences within a number of hotels in the South East of Ireland and I need your help in order to complete my studies. I would be extremely greatful if you could take just a few minutes to complete this questionnaire.
At all times, I assure you of complete confidentiality, no one sees your responses but me. Once completed please place and seal in the envelope provided. You may leave the questionnaire in your room to be collected after your departure or leave it at the reception desk on check out. Thank you for your consideration.

Sincerely,

____

Martina Donnelly
Postgraduate Student

D: Cover Page

Waterford Institute *of* Technology
INSTITIÚID TEICNEOLAÍOCHTA PHORT LÁIRGE

Fáilte Ireland
National Tourism Development Authority

Guest Experience Survey in Partnership with the (Hotel Name) Hotel Waterford

February 2009

Directions:

Please read all questions carefully. The survey has been designed to facilitate easy answering. Answers require either a *circle* O or a *ti* √ to indicate your appropriate responses. You may find statements are repetitive this is due to the nature of academic scaling, hence your patience is much appreciated.

All surveys are <u>confidential</u>. Only the researcher sees and processes the questionnaires

Martina Donnelly, Waterford Institute of Technology, Cork Road, Waterford

Telephone: 086 8729391 **E-mail: mdonnelly@wit.ie**

E: Customer Survey Questionnaire

Section One: Your Guest Experience: This section is intended to obtain information in relation to your recent hotel experience with regard to the core product/service provided by the hotel, the hotel's physical environment, appearance and design and with regard to the hotel staff and employees behaviour.

1. For each of the statements listed below, please circle the appropriate number which represents the extent to which you agree or disagree. You may also select not applicable or don't know.

	Strongly Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Strongly Agree	Not Applicable or Don't Know
1. The reservation system was easy to use. *(e.g. telephone/internet/website)*	1	2	3	4	5	6
2. The music played in the hotel was not pleasant.	1	2	3	4	5	6
3. The hotel had clean walkways, halls, exits/entrances.	1	2	3	4	5	6
4. Room maintenance was adequate.	1	2	3	4	5	6
5. The employees quickly apologised when service mistakes were made.	1	2	3	4	5	6
6. This hotel's facilities were up to date. *(such as room service, bar, leisure, restaurant, crèche, housekeeping etc.)*	1	2	3	4	5	6
7. The hotel's services were delivered at the promised time	1	2	3	4	5	6
8. The hotel was not kept clean.	1	2	3	4	5	6
9. The restaurant was comfortable.	1	2	3	4	5	6
10. The lighting in the hotel was suitable.	1	2	3	4	5	6
11. The hotel was conveniently located.	1	2	3	4	5	6

12. The hotels facilities were easy to use. *(such as room service, bar, leisure, restaurant, crèche, housekeeping etc.)*	1	2	3	4	5	6
13. The hotel was successful in completing their services.	1	2	3	4	5	6
14. The lobby/reception area was comfortable.	1	2	3	4	5	6
15. Employees' knowledge of hotel procedures made me feel comfortable.	1	2	3	4	5	6
16. The service staff/employees looked elegant.	1	2	3	4	5	6
17. You experienced interference during your hotel service *(such as the receptionist was distracted by phone or another individual, there was loud noise coming from another place in the hotel, there was restoration work going on in the hotel etc.).*	1	2	3	4	5	6
18. The employees gave me/ us special attention.	1	2	3	4	5	6
19. The bedrooms were comfortable.	1	2	3	4	5	6
20. Express checkouts were available for guests.	1	2	3	4	5	6
21. The employees were courteous.	1	2	3	4	5	6

		Strongly Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Strongly Agree	Not Applicable or Don't Know
1.	The music played throughout the hotel was appropriate.	1	2	3	4	5	6
2.	The hotel's services were dependable.	1	2	3	4	5	6
3.	The staff put a lot of effort into any issues/requests that I had.	1	2	3	4	5	6
4.	The hotel was kept clean (*such as bar, restaurant, lobby, reception, bedrooms etc).*	1	2	3	4	5	6
5.	The aroma in the hotel was inappropriate.	1	2	3	4	5	6
6.	You felt secure in your dealings with the service staff.	1	2	3	4	5	6
7.	Alternative rooms/arrangements were provided to accommodate error in room booking.	1	2	3	4	5	6
8.	The employees were easily accessible when needed.	1	2	3	4	5	6
9.	Services were accessible to disabled guests.	1	2	3	4	5	6
10.	The front desk employee accurately verified the reservation requests.	1	2	3	4	5	6
11.	The hotels interior architecture gave it an appealing character.	1	2	3	4	5	6
12.	The music in the hotel was played at an appropriate volume.	1	2	3	4	5	6
13.	The service staff/employees were attractive.	1	2	3	4	5	6

14. There was appropriate leg room in the seats and tables of the hotel.	1	2	3	4	5	6
15. There was appropriate elbow room in the seats and tables of the hotel *(such as the lobby area, bedroom, restaurant etc.).*	1	2	3	4	5	6
16. The hotels interior was decorated in an appealing fashion	1	2	3	4	5	6
17. The service staff performed the service right the first time.	1	2	3	4	5	6
18. The hotel performed their services right the first time.	1	2	3	4	5	6
19. The staff did not try very hard to rectify my issues/requests.	1	2	3	4	5	6
20. The employees adapted in handling peak customer traffic.	1	2	3	4	5	6
21. The aroma in the hotel was fitting.	1	2	3	4	5	6
22. The employees were knowledgeable about hotel equipment. *(e.g. computer system and exercise facilities).*	1	2	3	4	5	6
23. The employees were aware of group rates/special rates/ special packages.	1	2	3	4	5	6
24. The employees provided error-free receipts.	1	2	3	4	5	6
25. The hotel was successful in providing the service.	1	2	3	4	5	6

		Strongly Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Strongly Agree	Not Appli cable or Don't Know
1.	The employees were empowered to provide compensations for inaccurate service.	1	2	3	4	5	6
2.	The interior of the hotel was not attractive.	1	2	3	4	5	6
3.	The service staff had a positive attitude.	1	2	3	4	5	6
4.	You felt dissatisfied with the treatment you received from the hotel's service staff.	1	2	3	4	5	6
5.	The service staff understood your needs.	1	2	3	4	5	6
6.	The service staff exerted a lot of energy to make my hotel experience enjoyable.	1	2	3	4	5	6
7.	Your requests were handled promptly.	1	2	3	4	5	6
8.	The hotel had clean toilets.	1	2	3	4	5	6
9.	You did not feel deceived by the service staff. *(such as with pricing, room booking, special deals or packages etc.)*	1	2	3	4	5	6
10.	The service staff were unhelpful.	1	2	3	4	5	6
11.	The quality of service delivered was low.	1	2	3	4	5	6
12.	The hotel interior was appealing.	1	2	3	4	5	6
13.	The service staff were able to solve your problems.	1	2	3	4	5	6
14.	The lighting in the hotel was inappropriate.	1	2	3	4	5	6

15. The service staff showed a commitment to satisfying your needs.	1	2	3	4	5	6
16. The hotels interior was painted in colours that did not appeal to you.	1	2	3	4	5	6
17. The staff/ employees had neat dress and appearance.	1	2	3	4	5	6
18. The service staff /employees looked classy	1	2	3	4	5	6
19. The service staff was very persistent in relation to any issues or requests that I made. *(Such as booking special treatments elsewhere, arranging postage, fax and special deliveries, arranging for taxi service, flower delivery etc)*	1	2	3	4	5	6
20. The service staff did not spend much time in dealing with my issues.	1	2	3	4	5	6
21. The bar/lounge was comfortable.	1	2	3	4	5	6
22. The music played in the hotel was pleasant.	1	2	3	4	5	6

Section Two: Questions Concerning Your Overall Guest Experience In This Hotel

1. **The following question relates to your perception of the overall quality of your hotel experience based on serious of adjectives. Please tick the box number that best reflects your assessment of the quality of your hotel experience.**

	1	2	3	4	5	6	7	
Poor	□	□	□	□	□	□	□	Excellent
Inferior	□	□	□	□	□	□	□	Superior
High quality	□	□	□	□	□	□	□	Low Quality
Low Standards	□	□	□	□	□	□	□	High Standards
One of the best	□	□	□	□	□	□	□	One of the worst

2. **The following question relates to your level of overall perceived value of your hotel experience ranging from 1 = 'very low' to 5 = 'very high'. Please circle the response that best reflects your assessment of your perceived value of your hotel experience.**

	"Very Low"				"Very High"
Overall, the value of this hotel's service to me was…	1	2	3	4	5
Compared to other hotels in the area that I could have stayed at, the overall ability of this hotel to satisfy my needs and wants was…	1	2	3	4	5

1. **For each of the statements listed below, please circle the appropriate number which represents the extent to which you agree or disagree. You may also select not applicable or don't know.**

	Strongly Disagree	Slightly Disagree	Neither Disagree nor Agree	Slightly Agree	Strongly agree	Not Applicable or Don't Know
1. The hotel service offer was reasonably priced.	1	2	3	4	5	6
2. Your stay at this hotel gave you superior net value.	1	2	3	4	5	6
3. You feel that your experience with the hotel has been enjoyable.	1	2	3	4	5	6
4. The hotel's service offering was value for money compared with that of competitor hotels.	1	2	3	4	5	6
5. Your choice to stay in this hotel was a wise one.	1	2	3	4	5	6
6. This hotel offers value for money based on my previous experience with other hotels.	1	2	3	4	5	6
7. You will say positive things about this hotel.	1	2	3	4	5	6
8. You were satisfied with your decision to stay in this hotel.	1	2	3	4	5	6
9. You will choose this hotel as your first choice if staying in this area again.	1	2	3	4	5	6
10. The service offering of this hotel was economical.	1	2	3	4	5	6
11. You will recommend staying in this hotel to others.	1	2	3	4	5	6

12.	You paid a reasonable price for the quality of the hotel experience that you received.	1	2	3	4	5	6
13.	You think you did the right thing when you chose to stay in this hotel.	1	2	3	4	5	6
14.	You will do more business with this hotel again in the next few years.	1	2	3	4	5	6

Section Six: Guest Information

This section is intended to obtain basic information in relation to you as guest and your purpose for staying in this hotel in the South East Region of Ireland.

1. **Please indicate your gender:** Male □ Female □

2. **What amenities within the hotel did you participate in? (Tick all that apply)**

Restaurant	□	Conference Room	□	Beauticians	□
Bar/Lounge	□	Function Room	□	Crèche/Childminding	□
Spa	□	Golf Course	□	Other	□
Leisure Centre	□	Hairdressers	□	(Please Specify) __________	

3. **What was your purpose for your visit? (Tick one only)**

Main Holiday	□	visiting family/friends	□	Short/city Break	□
Pleasure	□	Business	□	Shopping	□
Leisure	□	Other	□		
		(Please Specify) __________			

4. **Please indicate your nationality:**

Irish	□	North American	□
UK	□	(Please Specify) _____________	
Mainland Europe	□	Other	□
(Please Specify) ____________		(Please Specify) _____________	

5. **How many times have you previously stayed in this hotel in the last 2 years?**

Never	□	Three Times	□	Other	□
Once	□	Four Times	□	(Please Specify) _____________	
Twice	□	Numerous Times	□		

6. **If you have stayed at this hotel more than once what brings you back? (Tick all that apply)**

Amenities /Facilities	□	Price	□	Other	□
Staff/Employees	□	Location	□	(Please Specify) _________	
Physical design and appearance	□	Convenience	□		

7. **Please indicate your age**

☐ Under 25 yrs ☐ 26 – 34 ☐ 35 – 44 ☐45 – 54 ☐ 55 – 64 ☐ 65 and older

8. **Please indicate your total household gross income?**

€20,000 or less	□
€20,001 - €40,000	□
€40,001 - €60,000	□
€60,001 - €80,000	□
€80,001 - €100,000	□
€100,001- €125,000	□
More than €125,000	□

Once again, I assure you of the confidentiality of your responses. I sincerely thank you for taking the time to complete this survey. Your help is very much appreciated.

F: Demographic Variables Kilkenny

Table 1 Demographic Variables Waterford

WATERFORD								
Gender	Male		Female					
	15.7%		22.5%					
Age	Under 25	26-34	35-44	45-54	55-64	65 Plus		
	5.7%	10.5%	9.5%	11.4%	2.9%	1.9%		
Nationality	Irish	U.K	EU	USA	Other			
	37.1%	3.8%	0%	1.0%	0%			
Income	Less than 20,000	€20,001-€40,000	€40,001-€60,000	€60,001 €80,000	€80,001-€100,000	€100,001-€125,000	€125,000 Plus	
	1.9%	7.6%	6.7%	9.5%	5.7%	3.8%	1.0%	
Amenities Participated in	Restaurant	Bar	Spa	Leisure Centre	Conferenc e	Function	Golf Course	Hair Salon
	43.1%	39.2%	4.9%	13.7%	1.0%	3.9%	2.0%	0%
Amenities Participated in (Contd)	Beauticians	Crèche	Other					
	1.0%	***0%***	***1.0%***					
Purpose of Visit	Main Holiday	Pleasure	Leisure	Visiting	Business	City Break	Shops	Other
	-	***12.4%***	***5.7%***	***2.9%***	***0%***	***16.2%***	-	***4.8%***
Number previous Visits	Never	Once	Twice	Three	Four	Numerous		
	36.2%	***1.0%***	***1.9%***	***1.9%***	***1.0%***	***0%***		
Reasons for return	Amenities	Staff	Design	Price	Location	Convenience	Other	
	1.0%	***3.8%***	***1.0%***	***2.9%***	***2.9%***	***1.0%***	***0%***	

Table 2 Demographic Variables Wexford

WEXFORD								
Gender	Male		Female					
	16.7%		22.5%					
Age	Under 25	26-34	35-44	45-54	55-64	65 Plus		
	0%	15.2%	10.5%	6.7%	1.0%	4.8%		
Nationality	Irish	U.K	EU	USA	Other			
	36.2%	1.0%	1.0%	0%	0%			
Income	Less than 20,000	€20,001-€40,000	€40,001-€60,000	€60,001 €80,000	€80,001-€100,000	€100,001-€125,000	€125,000 Plus	
	1.0%	6.7%	8.6%	6.7%	1.9%	4.8%	3.8%	
Amenities Participated in	Restaurant	Bar	Spa	Leisure Centre	Conference	Function	Golf Course	Hair Salon
	32.4%	38.2%	6.9%	15.7%	2.9%	2.9%	2.0%	1.0%
Amenities Participated in (Contd)	Beauticians	Crèche	Other					
	1.0%	***1.0%***	***1.0% Baby room***					
Purpose of Visit	Main Holiday	Pleasure	Leisure	Visiting	Business	City Break	Shops	Other
	-	***9.5%***	***9.5%***	***1.9%***	***4.8%***	***7.6%***	-	***4.8%***
Number previous Visits	Never	Once	Twice	Three	Four	Numerous		
	28.6%	***2.9%***	***2.9%***	***2.9%***	***0%***	***1.0%***		
Reasons for return	Amenities	Staff	Design	Price	Location	Convenience	Other	
	1.9%	***2.9%***	***0%***	***3.8%***	***6.7%***	***1.9%***	***1.0%***	

Table 3 Demographic Variables Kilkenny

KILKENNY								
Gender	Male		Female					
	9.8%		***7.8%***					
Age	Under 25	26-34	35-44	45-54	55-64	65 Plus		
	1.9%	1.9%	5.7%	4.8%	1.0%	1.9%		
Nationality	Irish	U.K	EU	USA	Other			
	13.3%	2.9%	0%	0%	1.0%			
Income	Less than 20,000	€20,001-€40,000	€40,001-€60,000	€60,001 €80,000	€80,001-€100,000	€100,001-€125,000	€125,000 Plus	
	1.9%	***2.9%***	***1.0%***	***2.9%***	***2.9%***	***0%***	***1.9%***	
Amenities Participated in	Restaurant	Bar	Spa	Leisure Centre	Conferenc e	Function	Golf Course	Hair Salon
	14.7%	13.7%	2.0%	2.9%	0%	1.0%	0%	0%
Amenities Participated in (Contd)	Beauticians	Crèche	Other					
	0%	***0%***	***1.9%***					
Purpose of Visit	Main Holiday	Pleasure	Leisure	Visiting	Business	City Break	Shops	Other
	-	***3.8%***	***1.9%***	***1.0%***	***4.8%***	***4.8%***	-	***1.0%***
Number previous Visits	Never	Once	Twice	Three	Four	Numerous		
	13.3%	***1.0%***	***1.0%***	***1.0%***	***0%***	***1.0%***		
Reasons for return	Amenities	Staff	Design	Price	Location	Convenience	Other	
	2.9%	***1.9%***	***1.0%***	***1.9%***	***1.0%***	***2.9%***	***1.0%***	

G: Item to total Correlations and Factor Loadings of Variables

Table 1: Item to total Correlations and Factor Loadings of Variables

Variables	Items	Item-To-Total Correlations	Factor Loadings after Varimax Rotation
Tangibles	1. Lobby/Reception Comfortable	.878	.878
	2. The Bar/Lounge was Comfortable	.836	.836
	3. Restaurant Comfortable	.669	.669
	4. Bedrooms Comfortable	.656	.656
	5. The Hotel had Clean Toilets	.643	.643
Reliability	1. Facilities Easy to Use	.597	.769
	2. Successful in Completing Services	.665	.826
	3. The Hotel was Successful in Providing the Service	.697	.846
	4. Hotel Services Dependable	.625	.792
Accessibility	1. Employees Accessible when needed	.539	.994
	2. Express Check Out for Overcrowding	.603	.866
	3. Disabled Services are accessible to guests	.452	.704
Music	1. Music Appropriate	.669	.913
	2. The Music was Pleasant	.669	.913
Aroma	1. The Hotel Aroma was Fitting	.069	.731
	2. Aroma in hotel was inappropriate	.069	.731
Lighting	1. Lighting Suitable	.155	.760
	2. The Lighting was inappropriate	.155	.760
Design	1. Interior Architecture Appealing	.373	.762
	2. The Interior was decorated was appealing	.490	.828
	3. The Hotel interior was appealing	.329	.761
Furnishings	1. Appropriate Leg room in Seats and Tables	.607	.896
	2. Appropriate Elbow Room on Seats and Tables	.607	.896
Responsiveness	1. Room Maintenance Adequate	.386	.742
	2. Employees gave me special Attention	.546	.777
	3. Employees were Courteous	.736	.849
	4. Your requests were handled Promptly	.566	.765
Knowledge	1. Employees were aware of Special Rates/Packages	.568	.838
	2 Employees Provided Error Free Receipts	.457	.798
	3 Accurate reservation by Employees	.582	.907
Recovery	1. The employees were empowered to provide compensations for inaccurate service.	.524	.744
	2. Employees Apologised quickly	.750	.909
	3. Alternative Arrangements by Staff	.763	.922

Table 1(Continued): Item to total Correlations and Factor Loadings of Variables

Variables	Items	Item-To-Total Correlations	Factor Loadings after Varimax Rotation
Customer Orientation	1. The Staff understood your needs	.543	.878
	2. Service Staff showed Commitment	.543	.878
Credibility	1. Secure Dealings with Staff	.436	.773
	2. The staff had a Positive Attitude	.397	.682
	3. You did not feel deceived by the staff	.515	.858
Competence	1. Staff performed services right the first time	.408	.690
	2. The staff were able to solve your problems	.528	.810
	3. Staff were Unhelpful	.408	.591
	4. The quality of the services delivered were low	.404	.666
Physical Appearance	1. Employees looked Elegant	.614	.808
	2. Employees Were Attractive	.563	.778
	3. Employees had neat Dress	.489	.694
	4. Employees Looked Classy	.603	.793
Employee Effort	1. The staff exerted energy	.607	.714
	2. Employee Effort	.971	.979
	3. Staff did not spend time dealing with my issues	.446	.710
	4. Staff did not try to rectify issues	.462	.722
Quality	1. Poor Excellent	.750	.850
	2. Inferior Superior	.743	.848
	3. Low High Standards	.732	.835
	4. High Low Quality	.664	.774
	5. Best Worst	.747	.849
Value	1. Overall Value of hotel's service	.715	.926
	2. Compared to other hotels	.715	.926
Monetary Value	1. The hotel offer was reasonably priced	.731	.816
	2. Your stay gave you net value	.745	.846
	3. Value for money compared with competitors	.774	.893
	4. Value for money based on previous experience	.831	.912
	5. The service offering was economical		
	6. You paid a reasonable price for quality	.729	.829
		.811	.906
Satisfaction	1. Your experience was enjoyable	.894	.943
	2. Your choice was wise to stay here	.806	.908
	3. Satisfied with decision to stay in this hotel	.872	.945
	4. You did the right thing staying here	.883	.940
Loyalty	1. You will say positive things	.855	.937
	2. You will choose this hotel as your first choice again	.818	.897
	3. You will recommend this hotel	.889	.939
	4. You will do more business with us in the next few years	.812	.908