

Examination the Interrelationships Experiential Marketing, Experiential Value, Purchase Behavior and Their Impact on Customers Loyalty (Case Study: Customers of Hormoz Hotel in Bandar-e-Abbas)

Negar Mesbahi Jahromi (Corresponding author)
Master of International Business Administration, Shahid Beheshti University, Tehran
Teacher of Hormozgan university, Bandar-e-abbas, Iran
Email: negar_mesbahe@yahoo.com

Marzueh Adibzadeh
MSc. Of Business Management, Yazd University, Yazd, Iran
M.adibzadeh1369@gmail.com

Sakineh Nakhaei
MSc. Of Business Management, Yazd University, Yazd, Iran
Teacher of Zohan Payam-e-noor University
sakineh.nakhaei@yahoo.com

Abstract

Exactly how the hotel industry creates good quality service experiences has attracted the attention of scholars and practitioners. Some scholars advocate creating high quality service encounters to enhance customer loyalty. Despite the fact that experiences are regarded as key concepts in marketing today, there are different views and interpretations about the content of terms. This study examines the relationship between experiential marketing, experiential value and mediator role of purchase intentions on Customer Loyalty. Experiential marketing focuses on how customer senses, feel, think, act and relate their experiences and experiential value incorporate the Entertainment Visual Appeal, Interaction, Value and Consumer return on Investment in the proposed model. To test the proposed model, The data were collected through questionnaire and the sample of this study was on a convenience sample of 133 Customer in Hormoz Hotel in Bandar Abbas. The data were analyzed using SPSS 20 and Smart PLS2 software. Findings confirm that Experiential Marketing, Experiential Value and Purchase Behavior present significant positive influence on customer loyalty. Furthermore experiential marketing and Experiential Value have significant positive influence on Purchase Behavior. Also, intermediate effect of Purchase Behavior was confirmed. Research results can serve as an important reference of internal environmental display and consumer experience for chain service industry.

Keywords: Experiential Marketing, Experiential Value, Purchase Behavior, Customer Loyalty

1. Introduction

Experience has played key role in travel and tourism research and industry on hotels; indeed, some of the fastest-growing sectors of the global economy are related to the consumption of experiences. "Experience" is a very personal concept that is difficult to measure. For example, a customer spends several nights in a hotel, experiencing the hotel. This context of experience incorporates numerous factors. A customer's experience includes what a customer sees and feels as well as how the customer interacts with environment. Clearly, experience is quite complicated. Customer experience can be defined as originating from "a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction". Customer experience is "strictly personal and implies the customer's involvement at different levels (rational, emotional, sensorial, physical, and spiritual)". According to Vargo and Lusch (2004), the experience and value are perceived purely from the point-of-view of an individual customer and is inherently personal, existing only in the customer's mind. Thus, no two people can have the same experience (Johnston and Kong, 2011; Pine and Gilmore, 1998). Customer experience can also be defined as the internal and subjective response customers have to any direct or indirect contact with a company. Direct contact generally occurs in the course of purchase, use, and service and is usually initiated by the customer. Indirect contact most often involves unplanned encounters with representatives of a company's products, service or brands and takes the form of word-of-mouth recommendations or criticisms, advertising, news reports, reviews and so forth.

According to Yuan and Wu (2008), experiential marketing can be seen as a marketing tactic designed by a business to stage the entire physical environment and the operational processes for its customers to experience. Schmitt (1999) further defined experiential marketing from the customers' perspective as customers developing recognition and purchasing goods or services of a company or a brand after they gain experiences by

attending activities and perceiving stimulations. Experiential marketing, an emerging form of marketing, focuses not only on a product or a service but also on an entire experience that account for the customers' experience creation processes, including pre-purchase, moment-of-truth, and post-purchase. Schmitt (1999) suggested that experiential marketing should deliver emotional and functional value and positive customer satisfaction.

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

The purpose of the study is to investigate the effect of experiential marketing in Iranian's hotels (case study of this article is Hormoz Hotel in Bandar Abbas). The study is intended to provide a description of understanding how various factors relate to customers' experiential value helps managers boost customer satisfaction and loyalty, the hypothesized model is developed to examine relationships among experiential marketing, experiential value, purchase behavior and customer loyalty. We hope that this study will offer further evidence of the authenticity of the texts experiential marketing and value in the hospitality and hotels industry in Iran.

2. Literature review

2.1 Experiential Marketing

Schmitt (1999) is primarily responsible for the rise of experiential marketing. He stated that: traditional marketing and business concepts offer hardly any guidance to capitalize on the emerging experiential economy (LaSalle & Britton, 2003). Experiential marketing is essentially concerned with the six senses: smell, vision, taste, hearing, touch and balance.

In other words, Experiential marketing is the operator standing on consumer's point of view of consumers to experience the concept of the purchase, process of the purchase, thoughts of purchase and driving force of the purchase, that is, from a consumer's senses, feelings, thinking, action and connection these five aspects define and design the way of thinking about marketing (Schmitt, 2001). It advocates the experience, enables customers to experience and become directly involved as the main body, creating a kind of "feeling that will not forget" satisfy their needs mentally to the greatest extent in order to win customer trust and loyalty so that to promote product sales (Liu, 2006).

Experiential marketing has grown in importance because traditional marketing has largely ignored the notion of act experiences. Experiential marketing is not a fad. It is being implemented in practice, yet is not accounted for in the various philosophies (concepts) of marketing. (Obonyo, 2011).

Experiential marketing will rise in importance because marketing in the twenty-first century is more challenging than ever due to fragmented media, the rise of the "free-thinking" consumer. Experiential marketing is about more than a one-off experience. It's a totally new way of thinking about marketing (Xiangyi, 2006).

2.2. Experiential Marketing and Customer Loyalty

Customer loyalty is defined by Bowen & Chen (2001) as the degree to which a customer exhibits repeat purchasing behavior from a service provider, possesses a positive attitudinal disposition towards the provider and considers using only this provider when a need for this service arises. Whereas, Oliver, (1999) defines loyalty as: a deeply held commitment to rebuy or a preferred product/service consistently in the future, thereby causing repetitive same-brand or same-brand set purchasing, despite situational influences and marketing effort shaving the potential to cause switching behaviors. There are three dimensions of loyalty which include behavioral, attitudinal and cognitive where behavior loyalty is measured by determining the purchase frequency of the products and services of the company, attitudinal loyalty is determined by measuring the intention to repeat purchase and cognitive loyalty determined by measuring top of mind (how easily a consumer can recall the brand) (Milligan & Smith, 2002).

Experiential marketing represents a fundamental shift from the traditional marketing concept with regards to segmentation. New Zealand Marketing Magazine (2003) reported that "traditional marketing is no longer as effective as it once was in this new world, experiential marketing creates relationships". Again, experiential marketing represents a divergence from the traditional teachings and once again provides evidence that it is time to reinvigorate, re-think, re-align and refocus both the concept and the function to reflect contemporary practices), (Mahesh & Dinesh, 2014).

Traditional marketing thinking fights against embracing experiential marketing yet pioneers are making it work. The experiential approach seeks to identify behaviors (or attitudes and value sets) held in common across an audience whose demographic characteristics (traditional basis of segmentation) might be quite diverse. The idea is that once you resonate with that value set, it becomes emotional and the customer is far

likely to be loyal. Arguably, of course, the more emotional the product, the more it lends itself to an experiential marketing campaign, (Obonyo, 2011).

2.3. Experiential Marketing and Experiential Value

Experiential creative is all about providing a shopping atmosphere that is relevant to the customer, one that includes them in the process. Experiential Marketing is the operator standing on consumer's point of view of consumers to experience the concept of the purchase, process of the purchase, thoughts of purchase and driving force of the purchase, that is, from a consumer's senses, feelings, thinking, action and connection this five aspects to define and design of the way of thinking about marketing (Forlizzi & Ford, 2000). Experiential Marketing has changed the past concept that only stressing "clients" or "customer service" manner. It advocates the experience, enables customers to experience and become directly involved as the main body, creating a kind of "feeling that will not forget" satisfy their needs mentally to the greatest extent in order to win customer trust and loyalty so that to promote product sales (Farinet & Ploncher, 2002).

Consumers today are seeking value, choice, and a great customer experience. Current retailing literature highlights the critical role of service experience and proposes that retailers should: create a theatrical retailing environment, stress fun, excitement and entertainment; and encourage greater customer participation in the retail service experience (Mathwick *et al.*, 2001).

Market trends also show that the role of customer experiential value has attracted growing attention among practitioners in the retail industry (Bonyo, 2011). Douglas & Craig (2000) broadened the traditional conceptualization of experiential value to incorporate three spheres: extrinsic versus intrinsic value; active versus reactive value; and self- versus other-oriented value. In a shopping context, extrinsic value is acquired from satisfying utilitarian consumption goals such as saving money, whereas intrinsic value is derived from an enjoyable and playful shopping trip (Caru & Cova, 2007). On the other hand, reactive value refers to a situation when customers appreciate the physical shopping environment or respond positively to service personnel. Active value, in contrast, results from customers' efficient manipulation of the shopping resources to satisfy their functional or affective needs (Obonyo, 2011). An experiential value scale (EVS) was devised by Mathwick *et al.*, (2001) for measuring these four sub dimensions of the customer experiential value.

The perceived excellence value reflects the product performance and generalized consumer appreciation of a service provider who demonstrates his/her expertise and maintains a reliable service performance. Peppers & Rogers (2000) suggested that consumers favor particular objects or experiences owing to their ability to accomplish certain objectives or perform certain expected functions. That is, excellence value involves ensuring that patronizing shopping malls results in value-added services that exceed ordinary expectations. Finally, perceived playfulness, which is created by customers themselves, is an inner, initiative and self-oriented experience (Caru & Cova, 2003). According to Mathwick *et al.* (2001), the major distinction between perceived playfulness and perceived aesthetics is that the former reflects "the active role the customer adopts as exchange is elevated to play." The playful or hedonic shopping value mirrors the potential amusement and emotional worth of shopping (Calder & Malthouse, 2006). It is suggested that a playful exchange experience is reflected in the intrinsic enjoyment associated with actively engaging in shopping for pleasure or an escape of everyday, mundane consumption behavior. A recent study by Pine & Gilmore, (1999) associated consumer participation in retail services with audience participation in theater, and the authors stressed the importance of joyful customer participation in the service experience. Interestingly, the task-related side of shopping has been more widely studied than the fun side (Pralhad & Ramaswamy, 2004).

Schmitt (1999) addressed that the core concepts of the experiential marketing and draws positive relationship between experiential marketing and experiential value. Barlow & Maul (2000) mentioned experiential marketing is the core elements for delivering and creating the customer value through marketing approach (Nigam, 2012). It could help to make profitable and sustainable growth to promote the business.

2.4. Experiential Marketing and Purchase Behavior

Singh and Sirdeshmukh (2000) believed that experiential marketing is key exogenous construct for resulting purchasing intention and behavior. It can bring out the long-term loyalty of the customers and closely bond the trading relationship of the two parties. Consumers produce familiarity, relationship and closeness after experiential marketing practices and resulting in increase customer intention to purchase product and services (Nigam, 2012).

2.5. Experiential Value and Purchase Behavior

The value that motivates consumption behavior has been attributed to functional, conditional, social, emotional and epistemic utility (Lee & Overby 2004). Despite this broad conceptualization, empirical researchers have traditionally interpreted value more narrowly as the tradeoff between quality and price (Szymanski & Hise, 2000). In investigating the price dimension, value researchers have come to recognize that the "price"

customers pay can extend far beyond money to include investments of time and effort (Lee&Overby,2004). The consumption experience itself can also be rich in value. Experiential value perceptions are based upon interactions involving either direct usage or distanced appreciation of goods and services. These interactions provide the basis for the relativistic preferences held by the individuals involved. Experiential value has been said to offer both extrinsic and intrinsic benefit (Obonyo, 2011.)

In a retail context, extrinsic benefit is typically derived from shopping trips that are utilitarian in nature, often initiated as "an errand" or "work" (Reardon & McCorkle 2002). An extrinsically oriented shopper is often happy to simply get through this type of exchange encounter. Intrinsic value, by contrast, derives from the "appreciation of an experience for its own sake, apart from any other consequence that may result". Reardon & McCorkle (2002) note the subjective and personal nature of intrinsic value perceptions that result from the "fun and playfulness (of an experience), rather than from task completion." Holbrook (1994) broadens the traditional extrinsic-intrinsic conceptualization of experiential value by including an activity dimension.

Reactive or passive value derives from the consumer's comprehension of, appreciation for, or response to a consumption object or experience. Active or participative value, on the other hand, implies a heightened collaboration between the consumer and the marketing entity.

The typology of experiential value proposed by Holbrook (1994) suggests a value landscape divided into four quadrants framed by intrinsic/extrinsic sources of value on one axis and active/reactive value on the other. Drawing upon prior research, we label these four dimensions of experiential value: consumer return on investment, service excellence, playfulness, and aesthetic appeal. Consumer return on investment (CROI) comprises the active investment of financial, temporal, behavioral and psychological resources that potentially yield a return. The

consumer may experience this return in terms of economic utility--the perception of affordable quality(Reardon & McCorkle, 2002) as well as utility derived from the efficiency of an conceptualized as indicators of the higher order dimension, CROI. Service excellence reflects an inherently reactive response in which the consumer comes to admire a marketing entity for its capacity to serve as a means to a self-oriented end (Obonyo, 2011).

2.6. Experiential Marketing, Experiential Value and Customer Loyalty

Experiential marketing is one specific marketing tool. A focus on creating fresh connections between brands and consumers out in the world where things happen. Connections in the form of experiences that are personally relevant, memorable ,interactive and emotional. Connections that lead to increased sales and brand loyalty (Obonyo, 2011). Engaging a customer through an experience is a way of giving dimension, feel and smell to a brand. It can generate strong feelings that the customer takes away and internalizes for years to come (Schmitt, 1999). Experiential marketing is really a fancy way of saying your catalog, store. Website and email have developed a method of engaging customers on a higher level with an "experience" that resonates with them and creates brand perception and action. Doing this also requires an investment of both time and money. It is argued that mall shoppers' responded to two main components of their service encounters (i.e. personal interaction encounters and physical environment encounters) are reflected by four dimensions of experiential value: efficiency, service excellence, aesthetics, and playfulness. The efficiency value, or CROI, reflects the utilitarian aspects of shopping, and describes active investment in economic, temporal, behavioral and psychological resources that may result in a positive return (Schmitt, 2003). For example, consumers consider all of the related input resources, namely time spent queuing, energy spent on finding the desired products, monetary cost of parking and transportation, and various other factors only indirectly related to shopping when determining the convenience of visiting a specific shopping mall. Service excellence and aesthetics as viewed by customers are considered part of the reactive side of the customer experience. The perceived aesthetic value is a reaction to the consonance and unity of a physical object, cadency, or performance (Battarbee & Koskinen, 2005). In retailing, aesthetics can be captured in relevant visual elements of the retail environment (Mathwick *et al.*, 2001). It is noteworthy that, visual appeal is often spurred by the design and physical attractiveness of the shopping environment, while the entertainment dimension of the aesthetic response results from an understanding or appreciation of the retail display (Obonyo, 2011).

2.7. Experiential Marketing, Purchase Behavior and Customer Loyalty

this study applies experiential value conceptualization developed by Addis and Holbrook (2001) and relates it to personal interaction and physical environment encounters with the shopping malls as a means of explaining customer behavioral intentions. Dick & Basu, (1994) suggest an attitudinal theoretical framework that also envisages the loyalty construct as being composed of 'relative attitude' and patronage behavior. Recent research have added cognitive aspect to loyalty, this involves the consumers' conscious decision making process in the evaluation of alternative brands before purchase is effected (Obonyo,2011). Companies that engage in experiential marketing take a brand essence and bring it to life in the form of an event, experience, or interaction.

The company must be active rather than passive in relation to the brand. Experiential marketing offers new and exciting challenges to marketing academics. It demands that the marketing department must know their (product's) brand essence (Arhippainen, 2004).

Brand essence has two dimensions: a functional one and an emotional one. A functional essence asks the question what is it that we do? An emotional essence is more concerned with customer perceptions, that is, how do you feel about it? For example, the functional element of Red Bull is that it is an energy boosting drink, whereas the emotional essence is one gives you enhanced ability or "gives you wings". It is the latter "essence" that demands the greatest effort from marketers (New Zealand Marketing Magazine, 2003, Obonyo, 2011). The main interest of retailers in a shopping mall is to produce more profits which, in turn, are achieved via maintaining loyal patronage, generating positive "word of mouth" recommendations, and increasing the time and money consumers spent while shopping. Thus, mall managers need to understand how to motivate mall shoppers' spending behavior. First, Soderlund & Ohman (2005) showed intentions-as-expectations and intentions-as-wants are positively associated with customer satisfaction as well as re-patronizing behavior. In general, individuals shop to obtain hedonic and/or utilitarian values (Xiao, 2004). A shopping mall may turn out to be more profitable if it could satisfy both types of shoppers. Further, Babin & Darden (1996) argued that store-induced affect could influence customer expenditures and level of shopping satisfaction. When a shopping mall is perceived as exciting, consumers may visit it more frequently and be less likely to visit other shopping malls (Tavassoli, 1998). Thus, it is our contention that increasingly more intensive competition forces retailers to please today's mall shoppers or their profitability is likely to suffer.

Experiential marketing and purchase behavior in particular the process of devising a company's strategy, has gained growing attention on the customer resulted in an increased focus on Customer Relationship Management philosophies (Obonyo, 2011). More recently, as the number of contact points between a company and its customers increased, such attention to the customer revealed the fundamental importance of monitoring the many experiences that originate from those contact points. In this perspective, the central idea is to expand the transaction-based notion of customer relationship to the "continuous" concept of customer experience. Consequently, it becomes necessary to consider aspects that refer to the emotional and irrational side of customer behavior and which, more than the only rational ones, account for the whole experience coming from the set of interactions between a company and its customers. Such experience plays a fundamental role in determining the customers' preferences, which then influence their purchase decisions (Obonyo, 2011).

2.8. Conceptual Framework and Hypotheses

The framework shows the different determinants of customer loyalty. The model shown in the figure below examines the relationship between experiential marketing, experiential value, purchase behavior and customer loyalty. Experiential marketing plays a big role in communicating the product/service to the consumer in such a way that loyalty is attained. According to Fulbright, Troche, Skudlarski, Gore & Wexler (2001) experiential marketing is positively related to experiential value. The same was observed by Schmitt (2001) for the relationship between experiential marketing and purchase behavior. McLuhan (2008) recognizes experiential value as independent contributors to customer loyalty.

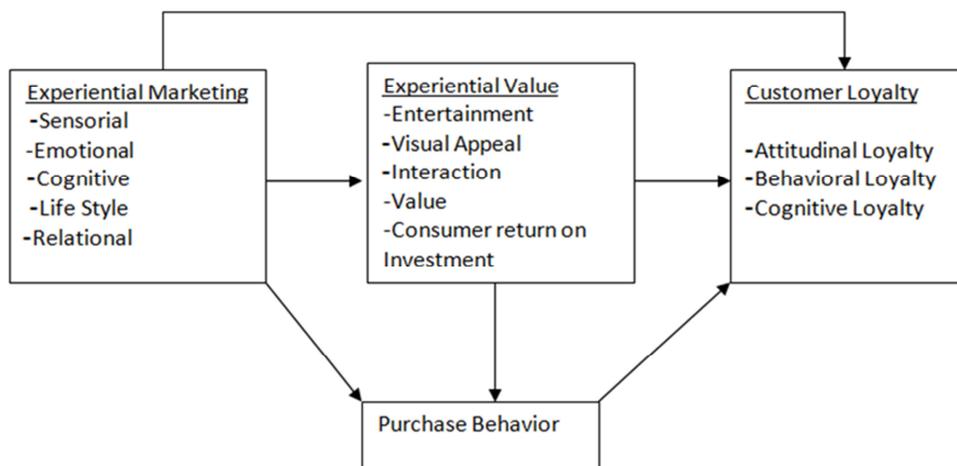


Fig. 1.1: Conceptual Framework

Source: Literature review (Williams, 2006, McCole, 2004, Andrews et al, 2007, Gentile et al, 2007, Obonyo, 2011, Ching-Shu, 2011, Nigam, 2012, Mahesh & Dinesh, 2014)

- Based on the conceptual model, the following hypotheses are proposed:
 H1: Experiential Marketing has positive and significant effect on Experiential Value
 H2: Experiential Value has positive and significant effect on Customer Loyalty
 H3: Experiential Marketing has positive and significant effect on Customer Loyalty
 H4: Experiential Marketing has positive and significant effect on Purchase Behavior
 H5: Experiential Value has positive and significant effect on Purchase Behavior
 H6: Purchase Behavior has positive and significant effect on Customer Loyalty

3. Research Methodology

3.1 Research Design

This study employed a quantitative and descriptive survey to test inferred hypotheses among experiential Marketing, experiential value, purchase behavior and customer loyalty. The quantitative research that adopted in this study permitted the researcher to search for the actualities of the observation by empirically testing the relationship between experiential marketing and experiential value through the hypothetic- deductive method (Jankowicz, 2005). Descriptive research design has adopted for this research because of having clear tested hypotheses (Malhotra, 2004).

3.2 Questionnaire design

The adopted questionnaire can be divided into two parts. Part A will illustrate the respondents' demographic profiles and Part B will elaborate all the variables that used to measure various tested constructs. Table 2 provides the details of the operation definitions for the constructs that tested in the questionnaire. The questionnaire was developed into Persian languages version. After translating the questionnaire into Persian language, the authors gave 30 questionnaires to customers to help the authors to check content validity. Accordingly, the Hotel customer help the authors to indicate which item was not clear or ambiguous. Finally, some words have modified in the questionnaire. The revised questionnaire was then distributed among Respondents.

Table 1: Questionnaire design

Construct	Measurement	Number of Items	Five-point Likert Scale	Source
Experiential Marketing	Sensorial	3	Strongly agree to Strongly disagree	Obonyo, 2011
	Emotional	5	Strongly agree to Strongly disagree	
	Cognitive	3	Strongly agree to Strongly disagree	
	Life Style	4	Strongly agree to Strongly disagree	
	Relational	3	Strongly agree to Strongly disagree	
Experiential Value	Entertainment	4	Strongly agree to Strongly disagree	Obonyo, 2011
	Visual Appeal	3	Strongly agree to Strongly disagree	
	Interaction-Value	4	Strongly agree to Strongly disagree	
	Consumer return on Investment	2	Strongly agree to Strongly disagree	
		4	Strongly agree to Strongly disagree	
Customer Loyalty	Attitudinal Loyalty	4	Strongly agree to Strongly disagree	-Mcmullan,2005
	Behavioral Loyalty	4	Strongly agree to Strongly disagree	-Foster& Cadogan, 2000
	Cognitive Loyalty	4	Strongly agree to Strongly disagree	-Wong,2004
Purchase Behavior		5	Strongly agree to Strongly disagree	Obonyo, 2011

3.3 Sample design

As regard that the population size is unlimited, the following formula was used to determine the sample size

$$n = \frac{z_{\alpha/2}^2 \times \sigma^2}{\epsilon^2} = \frac{(1.96)^2 \times (0.93)^2}{0.05^2} = 133$$

The study was conducted on a convenience sample of 133 Customer in Hormoz Hotel in Bandar Abbas. A summary of the demographics shows most were males (59.9 percent), between the ages of 30 and 42 (68.9 percent). A partial least squares (PLS) analysis in PLS Graph (version 2.0) was conducted to examine the reliability and validity of the measures and test the significance of the hypothesized relationships of the proposed model PLS modeling is done in three stages. In first stage, the measurement model (external model) is examined through reliability and validity analyses and confirmatory factor analysis and in Second stage; the structural model (internal model) is examined through estimating the path between the variables (Holland, 1999). Finally, the overall fit of the model is examined.

4. Results

4.1. Test of measurement model

In line with the literature, second-order factors were posited for Experiential Marketing, Experiential Value and Customer Loyalty (Table 2).

Table 2: Links between first-order and second-order factors.

	Loading	t-value
Experiential Marketing → Emotional	0.964	115.8*
Experiential Marketing → Cognitive	0.863	23.051*
Experiential Marketing → Life Style	0.930	82.615*
Experiential Marketing → Relational	0.924	64.902*
Experiential Marketing → Sensorial	0.741	13.056*
Experiential Value → Entertainment	0.936	84.323*
Experiential Value → Visual Appeal	0.834	24.735*
Experiential Value → Interaction	0.869	36.282*
Experiential Value → Value	0.487	4.678*
Experiential Value → Consumer return on Investment	0.281	2.560*
Customer Loyalty → Attitudinal Loyalty	0.889	84.532*
Customer Loyalty → Behavioural Loyalty	0.966	177.523*
Customer Loyalty → Cognitive Loyalty	0.918	61.810*

* P<0.05

4.1.1. reliability

In PLS, analysis of measurement reliability is required. A review of Table 2 and 3 indicates several results concerning reliability in the PLS measurement model. First, adequate reliability was evidenced by the factor loadings of indicators associated with their respective latent variable. In general, items with loadings of less than 0.4 (a threshold commonly used for factor analysis results) or 0.5 should be dropped (Hulannd, 1999). Second, Cornbrash's alpha coefficient and composite reliability coefficient recommended cutoff of .7. Third, the average variance extracted by the above latent variables from their indicators exceeded the suggested criterion of .5 for all measures (Chin, 1998).

Factor loadings

individual item reliability is assessed by examining the loadings (or simple correlations) of the measures with their respective construct. Factor loadings above 0.50 and statistically significant at 5% were satisfactory (Table3).

Table 3: Results of loading analysis

Second-order variables	First-order variables	ITEM	Factor Loading	Second-order variables	First-order variables	ITEM	Factor Loading
Experiential Value	Entertainment	EN1	0.822	Experiential Marketing	Sensorial	S1	0.475
		EN2	0.936			S2	0.895
		EN3	0.909			S3	0.929
		EN4	0.749		Emotional	E1	0.879
	Visual Appeal	VI1	0.837			E2	0.930
		VI2	0.874			E3	0.899
		VI3	0.839			E4	0.890
	Interaction	IN1	0.629		Life Style	E5	0.789
		IN2	0.879	L1		0.919	
		IN3	0.903	L2		0.933	
		IN4	0.928	L3		0.862	
	Value	VA1	0.995	Experiential Marketing	L4	0.714	
		VA2	0.995		Relational	R1	0.941
	Consumer return on Investment	CI1	0.769			R2	0.929
		CI2	0.759			R3	0.898
		CI3	0.943	Cognitive	CO1	0.718	
CI4		0.773	CO2		0.877		
Customer Loyalty	Attitudinal Loyalty	A1	0.535		CO3	0.852	
		A2	0.863		CO4	0.859	
		A3	0.910	CO5	0.798		
		A4	0.887	Purchase Behaviour	P1	0.534	
Behavioural Loyalty	B1	0.927	P2		0.856		
	B2	0.893	P3		0.915		
	B3	0.940	P4		0.913		
	B4	0.925	P5		0.917		
Cognitive Loyalty	CL1	0.732	Experiential Marketing	Cognitive	CL2	0.866	
	CL2	0.866			CL3	0.833	
	CL3	0.833			CL4	0.902	
	CL4	0.902					

Table 4 providing clear evidence of reliability. Because coefficients calculated they were greater than 0.70, for both first-order and second-order factors.

Table 4: Composite Scale Reliability and Cronbachs Alpha reliability

	Cronbachs Alpha	Composite Reliability
Attitudinal Loyalty	0.819611	0.882854
Behavioral Loyalty	0.940690	0.957491
Cognitive	0.880445	0.912447
Cognitive Loyalty	0.854041	0.901997
Consumer return on Investment	0.777440	0.855950
Customer Loyalty	0.948173	0.960336
Emotional	0.926326	0.944785
Entertainment	0.876795	0.916619
Experiential Marketing	0.966407	0.945823
Experiential Value	0.893220	0.831662
Interaction	0.855753	0.906398
Life Style	0.880436	0.919176
Purchase Behavior	0.887719	0.920814
Relational	0.912997	0.945281
Sensorial	0.687131	0.826311
Value	0.989103	0.994581
Visual Appeal	0.807934	0.886386

4.1.2. validity

In addition to reliability assessments, an analysis of measurement validity is required. Convergent validity refers to this principle that indices of each facet have a middle correlation with each other. According to Furnel and Larker (1981), criterion of convergent validity is that the Average Variances Extracted (AVE) must be higher than 0.5 and Divergent validity is measured by calculating the comparison of the square root of the AVE with correlations between latent variables and for each of the reflective facet, the square root of the AVE should be greater than the correlation of that facet with other facets in the model (Choua & chen, 2009), and the results are shown in Table 5 and 6.

Table 5: Convergent validity

	AVE	Root AVE
Attitudinal Loyalty	0.661381	0.81325
Behavioral Loyalty	0.849238	0.92154
Cognitive	0.676861	0.82271
Cognitive Loyalty	0.698264	0.83562
Consumer return on Investment	0.597722	0.7731
Customer Loyalty	0.888	0.94234
Emotional	0.774325	0.87996
Entertainment	0.734666	0.85713
Experiential Marketing	0.787	0.88713
Experiential Value	0.532	0.72938
Interaction	0.711891	0.84374
Life Style	0.741756	0.86125
Purchase Behavior	0.705924	0.84019
Relational	0.852085	0.92308
Sensorial	0.629793	0.79359
Value	0.989220	0.99459
Visual Appeal	0.722347	0.84991

Table 6: Divergent validity

	Attitudinal Loyalty	Behavioral Loyalty	Cognitive	Cognitive Loyalty	Customer Loyalty	Emotional	Entertainment	Entertainment	Experiential Marketing
Attitudinal Loyalty	0.81325								
Behavioral Loyalty	0.806056	0.92154							
Cognitive	0.537647	0.546789	0.82271						
Cognitive Loyalty	0.787767	0.824585	0.585175	0.83562					
Consumer return	0.236929	0.237237	0.239751	0.214435	0.7731				
Customer Loyalty	0.742630	0.865929	0.588685	0.818252	0.243937	0.94234			
Emotional	0.719208	0.693444	0.751077	0.568106	0.275002	0.702281	0.87996		
Entertainment	0.771630	0.832440	0.629847	0.817649	0.259759	0.857584	0.623984	0.85713	
Experiential Marketing	0.711292	0.715573	0.863309	0.620706	0.267987	0.725921	0.764199	0.660648	0.88713
Experiential Value	0.753680	0.806212	0.614797	0.817944	0.281322	0.847638	0.605495	0.836466	0.637385
Interaction	0.586412	0.610621	0.519035	0.730336	0.199146	0.677914	0.449979	0.728514	0.487749
Life Style	0.630376	0.687089	0.804658	0.598877	0.219114	0.681155	0.867118	0.598559	0.829973
Purchase Behavior	0.741405	0.873940	0.560727	0.766360	0.254977	0.880656	0.754405	0.847247	0.751265
Relational	0.694929	0.708183	0.771147	0.589282	0.220364	0.707150	0.864996	0.594029	0.724367
Sensorial	0.455272	0.505856	0.587782	0.413113	0.191969	0.489878	0.676973	0.471482	0.741137
Value	0.347288	0.346689	0.234475	0.372433	0.402315	0.375730	0.221533	0.358683	0.245702
Visual Appeal	0.602845	0.672934	0.462589	0.664370	0.293278	0.688063	0.517195	0.743852	0.520773

	Experiential Value	Interaction	Life Style	Purchase Behavior	Relational	Sensorial	Value	Visual Appeal
Attitudinal Loyalty								
Behavioral Loyalty								
Cognitive								
Cognitive Loyalty								
Consumer return on Investment								
Customer Loyalty								
Emotional								
Entertainment								
Experiential Marketing								
Experiential Value	0.72938							
Interaction	0.668695	0.84374						
Life Style	0.570082	0.430943	0.86125					
Purchase Behavior	0.623044	0.611313	0.664291	0.84019				
Relational	0.577093	0.463092	0.858751	0.678858	0.92308			
Sensorial	0.427199	0.287652	0.666891	0.640816	0.579914	0.79359		
Value	0.486715	0.461545	0.231981	0.367276	0.228030	0.183411	0.99459	
Visual Appeal	0.634136	0.556670	0.459849	0.698815	0.456368	0.338111	0.285461	0.84991

Taken together, these results demonstrate that the PLS model tested is both valid and reliable. Thus, we may proceed to our analysis of the structural model.

4.2. Test of the structural model and research hypotheses

Following the satisfactory test of the measurement model, the model proposed in Fig. 1 was tested with PLS and a bootstrap procedure (200 iterations). The measurement and structural models proposed are therefore satisfactory. Examination of the values of the parameters and their degree of significance illustrates the direct causal relationships between the constructs measured (Table7).

Table 7: Results of structural model

Second-order variables	First-order variables	R ²	F ² on Purchase behavior 0.02-0.15-0.35 weak- average- strong	F ² Customer Loyalty 0.02-0.15-0.35 weak- average- strong	Q ² 0.02-0.15-0.35 weak- average- strong
Experiential Marketing	Sensorial	0.549	0.36	0.05	0.339488
	Relational	0.854			0.721983
	Life Style	0.865			0.635392
	Cognitive	0.745			0.712579
	Emotional	0.930			0.642173
Experiential Value	Entertainment	0.877	0.84	0.26	0.642173
	Visual Appeal	0.696			0.507203
	Interaction	0.755			0.493118
	Value	0.237			0.335020
	Consumer return on Investment	0.079			0.408985
Customer Loyalty	Attitudinal Loyalty	0.889	---	---	0.597503
	behavioral Loyalty	0.966	---	---	0.789967
	Cognitive Loyalty	0.843	---	---	0.565132
Purchase behavior		0.764	---	---	0.527656

4.3. Test of the Model goodness -of-fit

For test of the model goodness-of-fit, both measurement model and structural control, measures is calculated as follows:

Table 8: GOF measure

construct	Attitudinal Loyalty	Behavioral Loyalty	Cognitive	Cognitive Loyalty	Consumer return on	Customer Loyalty	Emotional	Entertainment	Experiential Marketing	Experiential Value	Interaction	Life Style	Purchase Behavior	Relational	Sensorial	Value	Visual Appeal
Communalities	0.661381	0.849238	0.676861	0.698264	0.597722	0.652075	0.774325	0.734666	0.616521	0.423423	0.711891	0.741756	0.705924	0.852085	0.629793	0.989220	0.722347
GOF 0.01-0.25-0.36 Weak-average-strong	= 72																

Table 9 summarizes the research hypotheses whether they were accepted or rejected. It illustrates the direct links empirically validated by the model proposed in this study.

Table 9: Result of hypotheses

Hypotheses	Path coefficients	t-value	Result
H1: Experiential Marketing has positive and significant effect on Experiential Value	0.637	9.083	accept
H2: Experiential Value has positive and significant effect on Customer Loyalty	0.373	4.757	accept
H3: Experiential Marketing has positive and significant effect on Customer Loyalty	0.131	2.447	accept
H4: Experiential Marketing has positive and significant effect on Purchase Behavior	0.382	4.721	accept
H5: Experiential Value has positive and significant effect on Purchase Behavior	0.580	7.477	accept
H6: Purchase Behavior has positive and significant effect on Customer Loyalty	0.475	4.763	accept

To study the effects of model variables on each other need to separation the effects. In the table 10 for direct and indirect effect of independent variables on the dependent, the total direct and indirect effect is calculated.

Table 10: Direct, Indirect and Total effect

Dependent variable	independent variables	Direct effect	In Direct effect	Total effect
Experiential Value	Experiential Marketing	0.637	---	0.637
Purchase behavior	Experiential Marketing	0.382	0.637* 0.580	0.751
	Experiential Value	0.580	---	0.580
Customer Loyalty	Experiential Marketing	0.131	0.382*0.475	0.312
	Experiential Value	0.373	0.580* 0.475	0.648
	Purchase behavior	0.475	---	0.475

The examined conceptual model is presented in Figure 2. Numbers on the lines are in fact the beta coefficients derived from the regression equation between the variables, which is the path coefficient and the numbers inside each circle represent an R^2 value that are related to the internal latent variables of the models. The path coefficient in order to be significant, the t value must be greater than the value of 1.96 (Davari & Rezazadeh, 2013).

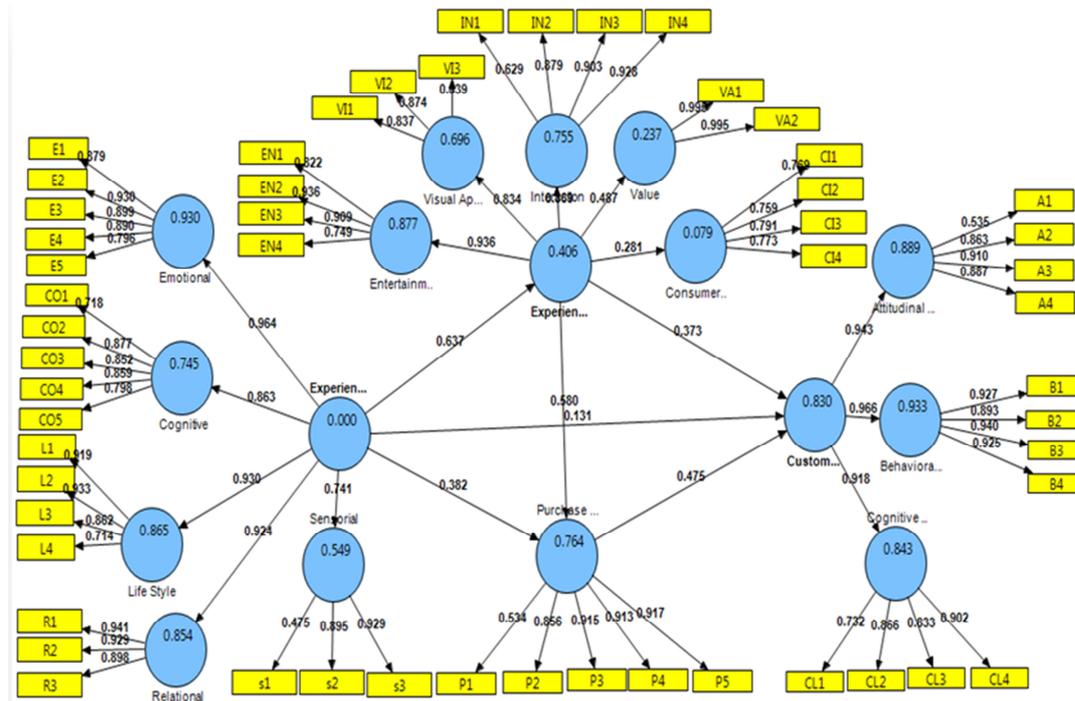


Figure 2: examined conceptual model (Path coefficients and Loading)

5. Conclusions

Regarding consequences, the structural modeling showed that the Experiential Marketing (PC=0.131, $t = 2.447$, $p=0.05$), Experiential Value (PC= 0.373, $t = 4.757$, $p=0.05$) and Purchase Behavior (PC= 0.475, $t = 4.763$, $p=0.05$) have positive and significant ($t > 1.96$) influence on consumers Loyalty. According the first hypothesis Experiential Marketing (PC= 0.637, $t = 9.083$, $p=0.05$) has positive and significant on Experiential Value. Furthermore Experiential Marketing (PC=0.382, $t = 4.741$, $p=0.05$), Experiential Value (PC= 0.580, $t = 7.477$, $p=0.05$) have positive and significant impact on Purchase Behavior. Due to the $R^2 = 0.83$ for consumers Loyalty, can say that the proposed model, considered 0.83 of factors influencing on purchasing behavior.

As can be seen in the table 10, among the variables, Experiential Value has greatest total impact (0.648) on consumers Loyalty. This effect is both direct and indirect through effecting on purchasing behavior. After that, purchasing behavior has most direct (0.475) impact on consumers Loyalty. And finally, Experiential Marketing has 0.312 impacts on consumers Loyalty. Moreover, Experiential Marketing (0.751) has more effect on Purchase Behavior than Experiential Value (0.580).

In general, the study looked at the relationships between experiential marketing, purchase behavior, experiential value and customer loyalty at Iranian's Hotel. From the findings, the relationships between experiential marketing, purchase behavior, experiential value and customer loyalty were found to be positive and significant. the findings revealed that experiential marketing and customer loyalty are positively related variables. The findings are supported by Schmitt (1999) who emphasized that businesses should have the ability to develop brand images, and design experiences that lead to positive effects on consumer willingness to repurchase. Bi-jen Fan (2001) noted that experience is the key factor in regard to motivation to (re)participate, to customer loyalty.

Also, findings revealed a significant positive relationship between experiential marketing and purchase behavior. Lee & Overby (2004) suggests that the value that motivates consumption behavior has been attributed to functional, conditional, social, emotional and epistemic utility. Due to marketing overload, an explosion of product choices and lack of trust, consumers are changing the way they listen, research, talk and purchase products.

People want to buy products that satisfy personal emotions and brands need to work harder than ever to provide the right information and product experiences to enhance the buying decision (Lee & Overby, 2004). Experiential marketing highlights the increasing importance of two way communication, allowing consumers to feel, smell and experience a product for the first time. In addition, experiential tactics can successfully provide a sensory reminder to reinvigorate brand and product usage. The findings showed a significant and positive relationships between experiential marketing and experiential value. The findings are in agreement with the assertions of Szymanski & Hise (2000), who posits that the consumption experience itself can also be rich in value. Experiential value perceptions are based upon interactions involving either direct usage or distanced appreciation of goods and services. These interactions provide the basis for the relativistic preferences held by

the individuals involved. Experiential value has been said to offer both extrinsic and intrinsic benefit (Reardon & McCorkle 2002). Reactive or passive value derives from the consumer's comprehension of, appreciation for, or response to a consumption object or experience. Active or participative value, on the other hand, implies a heightened collaboration between the consumer and the marketing entity.

also findings revealed a significant and positive relationship between experiential marketing and experiential value and relationship between experiential value and customer loyalty. This is in line with the work of Robertson & Wilson (2008) who affirms that connections in the form of experiences that are personally relevant, memorable, interactive and emotional. According to Robertson & Wilson (2008), experiential marketing is a brand strengthening strategy. How it is presented creatively is critical, since it needs to be immediately understood and relevant to the customer to have impact. When used effectively and across channels, it can be awfully powerful, since experiential marketing can create memorable, relevant and often valuable experiences. Also, all hypotheses of this article is consistent with researchs of Obonyo (2011) and Mahesh & Dinesh (2014).

6. Recommendations

In light of the research findings, the following recommendations are made:

1. According to the findings, experiential marketing and experiential value were found to be the major predictors of customer loyalty. Therefore, the management of hotels should put a lot of emphasis on the extensive use of experiential marketing and value to grow customer loyalty. In study found that experiential values had a specific role in improving consumers Loyalty. Therefore, from a managerial standpoint, it would be more beneficial for the hotel to offer a combination of various experiential values rather than focus on a single value type.
2. According to the findings on the relationships between the study variables and customer loyalty, positive and significant relationships were observed. Therefore, the management of Hotels need to put a lot of attention on the significant relationships as these will have a positive effect on the attitudinal, behavioral and cognitive aspects of customer loyalty.
3. results of the study point to a number of opportunities for strategy review in regard to experiential marketing, purchase behavior and experiential value to improve customer loyalty. The management of hotels should assess regularly the performance level of the company in regard to customer loyalty and carry out review of the strategies being used to promote loyalty through experiential marketing and value.
4. This study concentrated on experiential industry of hotels. Future research should attempt to collect data from companies and other sectors to ascertain the findings.
5. On a final note, to manage total experiences of the customers, organizations must strive to effectively manage the affective component of the customers, using similar approach devise in managing the functional aspect of the product/service.

Refrence

- Armitage, C. J., & Conner, M. (2001). Efficacy of the theory of planned behavior: A meta-analytic review. *British Journal of Social Psychology*, 40, 471–499.
- Babin, Barry J., William R. Darden, and Mitch Griffin (1994). Work and/or Fun: Measuring Hedonic and Utilitarian Shopping Value. *Journal of Consumer Research*, 20(March), 644–656.
- Bashirian, S., Hidarnia, A., Allahverdipour, H., & Hajizadeh, E. (2012). Application of the theory of planned behavior to predict drug abuse related behaviors among adolescent. *Journal of Research in Health Sciences*, 12, 54–60.
- Blackwell, R. D., Miniard, R. D., & Engel, P. W. (2001). *Consumer behavior*. New York: Harcourt College Publishers.
- Brown, M. (2003). Buying or browsing? An exploration of shopping orientations and online purchase intention. *European Journal of Marketing*, 37(11/12), 1666-1684.
- Calder, B. & Malthouse, E., (2006). The effects of media context on advertising effectiveness, forthcoming, *Journal of Advertising*.
- Caru, A. & Cova, B., (2003). Revisiting consumption experience: A more humble but complete view of the concept. *Marketing Theory* 3(2), 267–286.
- Caru, A. & Cova, B., (2007). *Consuming experience*. Routledge, London.
- Chang, T.Z., Wildt, A.R. (1994) Price, product information, and purchase intention: An empirical study. *Journal of the Academy of Marketing Science*, 22(1), 16-27.
- Ching-Shu, Su. (2011). The role of service innovation and customer experience in ethnic restaurants. *The Service industries journal*, 31(3), 425-440.
- Culiberg, B. (2014). Towards an understanding of consumer recycling from an ethical perspective. *International Journal of Consumer Studies*, 38, 90–97. <http://dx.doi.org/10.1111/ijcs.12068>.

- Davari, A. &Rezazadeh, A. (2013). Structural equation modelling with PLS. Tehran: Jahad daneshgahi Organization.
- Douglas, S.P. and Craig, C.S. (2000) Global marketing strategy. Mc Graw Hill, New York.
- Eagly, A. H., &Chaiken, S. (1993). *The psychology of attitudes*. San Diego, CA: Harcourt Brace Jovanovich.
- Elliott, M. A., Armitage, C. J., &Baughan, C. J. (2007). Using the theory of planned behaviour to predictobserved driving behaviour. *British Journal of Social Psychology*, 46, 69–90.
- Elliott, M. A., Armitage, C. J., &Baughan, C. J. (2007). Using the theory of planned behaviour to predictobserved driving behaviour. *British Journal of Social Psychology*, 46, 69–90. <http://dx.doi.org/10.1348/014466605X90801>.
- Farinet, A. &Ploncher, E., (2002). Customer Relationship Management, ETAS, Milan.
- Foster, B.D. & Cadogan, J.W. (2000). Relationship selling and customer loyalty: an empirical investigation. *Marketing Intelligence & Planning*, 18(4), 185-199.
- Holbrook M. B. (1994). The nature of customer value: An axiology of services in the consumption experience. In R. Rust, & R.L. Oliver (Eds.), *Newbury park service quality: New directions in theory and practice*, (pp. 21-27), Thousand Oaks, CA: Sage Publications.
- Iglesias, M.P., Guillén, M.J.Y. (2004) Perceived quality and price: Their impact on the satisfaction of restaurant customers. *International Journal of Contemporary Hospitality Management*, 16(6), 373-379.
- Jankowicz, A. D. (2005). *Business research project* (4th ed.). Thomson Learning: London.
- Kim, H., & Karpova, E. (2010). Consumer attitudes toward fashion counterfeits: application of the theory of planned behavior. *Clothing and Textiles Research Journal*, 28, 79–94.
- LaSalle, D. & Britton, T.A., (2003). *Priceless: Turning ordinary products into extraordinary experiences*, Harvard Business School Press, Boston.
- Lee, E.-J.&Overby, J. W., (2004).Creating value for online shoppers: Implications for satisfactionsand loyalty.*Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, (17), 54-67.
- Liu, X. (2006).Experience in real estate marketing strategy. *Business Economics*.
- Mahesh, A., & Dinesh, G. P.(2014). Examining the Interrelationship of Experiential Marketing with Experiential Value and Purchase Behavior and Their Impact on Customer Loyalty–A Case Sage of BSNL India, ifsmrc.org.
- Malhotra, N. K. (2004). *Marketing research: An applied orientation* (4th ed.). New Jersey: Prenticall-Hall.
- Mathwick C, Malhotra N. and Rigdon E (2001) ,” Experiential value : conceptualization measurement and Application in the catalog and Internet shopping environment”, *Journal of Retailing*, pp 39-56.
- McMullan, R. (2005). A multiple-item scale for measuring customer loyalty development- *Journal of Services Marketing*, 19(7), 470-481.
- Milligan, A. & Smith, S., (2002). *Uncommon Practice: People Who Deliver a Great Brand Experience* Harlow. Ft Prentice Hall, London.
- Obonyo, M. (2011).Experiential marketing, Experiential Value, Purchase Behavior and Customer Loyalty in the Telecoms industry, www.mubs.ac.ug.
- Peppers, D. & Rogers, M., (2000). *Marketing One to One*, II sole 24 Ore, Milan.
- Pine II, B.J. & Gilmore, J.H., (1999). *The Experience Economy*, Harvard Business School Press, Boston.
- Prahalad, C.K. &Ramaswamy, V., (2004). Co-Creation Experiences: The Next Practice in Value Creation. *Journal of Interactive Marketing* 18(3), 5–14.
- Schmitt, B. H. (2001). *Experiential Marketing*. The Free Press. New York, (15-19).
- Schmitt, B.H. (1999). *Experiential Marketing*. The Free Press, New York.
- Shaw, C. &Ivens, J., (2005), *Building Great Customer Experiences*. MacMillan, New York.
- Shaw, D., &Shiu, E. (2002). An assessment of ethical obligation and self-identity in ethical consumer decision-making: A structural equation modelling approach. *International Journal of Consumer Studies*, 26, 286–293. <http://dx.doi.org/10.1046/j.1470-6431.2002.00255.x>.
- Singh, J. and Sirdeshmukh, D., 2000, ”Agency and Trust Mechanisms in Consumer Satisfaction and Loyalty Judgments”, *Journal of the Academy of Marketing Science*, 28, 150-167.
- Szymanski, D. & Hise, R., (2000). E-satisfaction: An initial examination. *Journal of Retailing* 76 (3), 309-322.
- Tavassoli, N. (1998). Language in Multimedia: Interaction of Spoken and Written Information. *Journal of Consumer Research* 25(1), 35–36.
- Tenenhaus, M., Esposito Vinzi, V., Chatelin, Y.M., Lauro, C., 2005.PLS path modeling.*Comput.Stat. Data Anal.* 48 (1), 159–205.
- Topa, G., &Moriano, J. A. (2010). Theory of planned behavior and smoking: meta-analysis and SEM model.*Substance Abuse and Rehabilitation*, 1, 23–33. <http://dx.doi.org/10.2147/SAR.S15168>.

- Wang,y., (2014).Consumers’ Purchase Intentions of Shoes: Theory of Planned Behavior and Desired Attributes. International Journal of Marketing Studies; Vol. 6, No.4, ISSN 1918 719X E-ISSN 1918-7203. Published by Canadian Center of Science and Education.
- Wee, C.s., Ismail, Kh., Ishak, N.,(2014).Consumers Perception, Purchase Intention and Actual Purchase Behavior of Organic Food Products, Review of integrATIVE Business & Economics Research , Vol 3(2). ISSN: 2304-1013.
- Wong, A. (2004). The role of emotional satisfaction in service encounters. *Managing Service Quality*, 14(5), 365-376.

The IISTE is a pioneer in the Open-Access hosting service and academic event management. The aim of the firm is Accelerating Global Knowledge Sharing.

More information about the firm can be found on the homepage:

<http://www.iiste.org>

CALL FOR JOURNAL PAPERS

There are more than 30 peer-reviewed academic journals hosted under the hosting platform.

Prospective authors of journals can find the submission instruction on the following page: <http://www.iiste.org/journals/> All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Paper version of the journals is also available upon request of readers and authors.

MORE RESOURCES

Book publication information: <http://www.iiste.org/book/>

Academic conference: <http://www.iiste.org/conference/upcoming-conferences-call-for-paper/>

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library , NewJour, Google Scholar

