Investigating Accommodation Experience in Budget Hotels

Abstract:

Purpose: The study aims to explore the accommodation experience of customers in the budget hotel sector—a less explored but rapidly expanding sector in the hospitality industry. This study investigates the effects of such an experience on customer behavior.

Design/methodology/approach: The study adopts a quantitative approach and draws on a comprehensive data set (N = 414) using a quota sampling approach. The context of the study is the Chinese market, where budget hotels and the number of mass tourists (inbound and outbound) have increased tremendously.

Findings: This study identifies a behavioral pattern that differs from trends reported in prior studies. The finding shows that the relationship between customer experience and behavioral intentions is mediated by customer satisfaction, which similarly mediates the relationship between perceived value and behavioral intentions.

Implications: The results provide significant implications for hoteliers in the budget hotel industry by calling for a differentiated marketing approach for this segment of customers. Furthermore, the study provides insights into the accommodation behavior of Chinese mass tourists. These findings can serve as reference for international budget hotel practitioners, especially those involved in hotels that target the increasing number of travelers from China.

Originality: The budget hotel sector is the first accommodation choice for many Chinese mass tourists. To the best of our knowledge, this study is the first to conduct a systematic exploration of the behavioral patterns of customers toward budget hotels in this context. Moreover, this study adopts a holistic approach by adopting an experiential view in measuring the overall experience of customers in budget hotels.

1. Introduction

The budget hotel sector worldwide has undergone rapid development during the past few decades due to the changes in lifestyle and values, as well as the increased level of value consciousness and sophistication in accommodation consumption (Fiorentino, 1995). The budget hotel sector, which started in Motel 6 in California in 1963, is now booming around the globe. Statistics released in the latest version of Hotel 325 Special Report (2016) provide ample evidence. More than half of the top 10 hotel brands worldwide fall under the budget hotel category. These hotel brands include Home Inn, Holiday Inn Express, Ibis, Hampton by Hilton, Han Ting Hotel, and 7 Days Inn. Half of these brands, including Home Inn, Han Ting Hotel, and 7 Days Inn, to name a few are situated in China.

The budget hotel sector has maintained a booming momentum in China since it took off in the end of the last century. According to the latest statistics jointly released by the China Hotel Association (CHA) and Inntie (2015), the total number of limited-service hotels in 2014 reached 16,375, of which15,439 hotels (1,525,471 rooms) belong to the budget hotel category. This number represents a 23.44% increase from the value recorded for the previous year.

As glamorous as it appears, the budget hotel sector is experiencing unprecedented competition. Since this sector emerged in China in 1997 (Li, 2008), by 2012, 488 budget hotel brands have already joined the market (Inntie, 2012). However, many of these brands failed to continue their operations beyond a couple of years, and others were merged with or acquired by other brands. The recent merger and acquisition activities in the budget hotel sector reflect the intensity of the competition. For example, since 2007,

Home Inn has acquired several budget hotel chains, including Top Star, Motel 168, E Express Hotel, and Fairyland, making Home Inn one of the largest budget hotel companies in China and even in the world (Home Inn Official Website, 2016).

Competition comes from other sectors as well. Apart from conventional forms of lodging, such as star-rated hotels, other forms of lodging facilities are developing rapidly. The proliferation of the sharing economy and peer-to-peer accommodation worldwide has given rise to online marketplaces and hospitality services, such as Airbnb (established in 2008), which now offers over three million rooms globally (Airbnb, 2017). Inspired by the emerging sharing economy, many platforms in China (e.g., Xiaozhu Short Stay and Tujia) are offering similar products as Airbnb. To illustrate, Xiaozhu currently offers 80,000 houses or apartments in 250 cities in China (Xiaozhu Official Website, 2017).

Budget hotel customers are perceived differently from those who choose full-service and upscale hotel accommodations. Budget hotel customers are more value-conscious than their counterparts and demonstrate different lifestyles and consumption attitudes (Fiorentino, 1995). However, existing knowledge mostly revolves around the full-service setting. For this reason, limited empirical evidence can explain the behavioral patterns of customers who opt for budget hotels, which represent a huge and ever-expanding market segment.

Although budget hotels initially aim to provide no-frills products at a considerably affordable price, the significance of the budget hotels' goals to achieve positive customer experience and customer satisfaction remains relevant. Different questions (e.g., "How satisfied are the hotel guests?" "What will they tell others about their experience?" and

4

"Will the customers come back?") still have the focal attention of hotel managers (Crotts et al., 2009). In addition, investigating the perceived value of customers within the budget hotel sector is particularly important because value creation is essentially a strategic effort of the hotel sector. For many people, making the budget hotel as their accommodation choice is beyond budget consideration. Understandably, a small change in price leads to a different decision. However, apart from price, the value sense of customers derives from their consumption experience (e.g., Wu and Liang, 2009).

Ultimately, researchers would like to know what leads to positive behavioral intentions. The attitude of the customers makes a difference, as their outlook could result in repeat patronage and positive referral (e.g. Zeithaml et al., 1996). Therefore, the current study takes four constructs into consideration, namely, customer experience (EX), customer satisfaction (SAT), perceived value (VAL), and their behavioral intentions (BI). More importantly, the interrelationships among these constructs varies considerably in different service settings (e.g., Olorunniwo et al., 2006; Cronins et al., 2000). Given the background provided, obtaining a good understanding of customer behavior in the budget hotel setting is noteworthy. Therefore, this study examines customer experience with budget hotels by addressing the following questions:

1. Does EX influence BI in the budget hotel sector and how?
2. How does EX influence SAT and VAL in the budget hotel context?
3. What is the overall behavioral pattern of Chinese mass tourists in the budget hotel sector?
4. What are the implications and suggestions for the practitioners?

Theoretically, this research aims to provide context-specific knowledge in the realm of consumer behavior. More specifically, this study aims to determine and understand the mass traveler consuming behavior in the budget hotel sector. The practical significance of this study is two-fold. First, knowledge derived from this study may benefit budget hotel managers by enabling them to improve hotel products and services to provide an improved experience for budget hotel customers. Second, understanding consumer behavior in the budget hotel context may assist budget hotel marketers in making decisions that lead to improved efficiency.

2. Literature Review

2.1 Budget hotels and customer experience

Budget hotels are not easy to define because their nature and scope are dynamic and these entities evolve over time. The term "budget hotel" may have emerged with the establishment of Motel 6 in California in the 1960s. Motel 6 mainly offered rooms at a low price of 6 USD dollars per night, hence the name "Motel 6" (Gilbert and Lockwood, 1990). As the product offerings evolved over the years, the definition of a budget hotel has become more elaborate and inclusive. Experts attempted to define this type of hotel with price ranges, but most of these definitions ceased to become effective after a certain period because of changing prices. A few others used attributes, service range, and the size of hotel to distinguish budget hotels from full-service ones. Other definitions highlighted operational features of budget hotels, including strategic location (Senior and Morphew, 1990), branded and chain-affiliated, and consistent offering (Ruetz and

Marvel, 2011). The recent development of the budget hotel sector has involved further product tiering. To highlight the purpose of budget saving, companies use a similar term, "economy hotel," which is widely utilized in different contexts. The terms "budget hotel" and "economy hotel" are thus interchangeable (Cai, 2004; Huang et al., 2014).

To date, the perception of customers toward their consumption experience with budget hotels has yet to be fully explored. Existing knowledge on the subject originates from a few studies in different contexts. For example, Brotherton (2004) studied critical success factors in the budget hotel sector in the United Kingdom. Nash et al. (2006) explored factors influencing customer selection of the budget hotel sector in Scotland. Peng et al. (2015) made a similar exploration in the Chinese context. However, these studies are mostly attribute-based and often fail to evaluate the holistic and typical subjective evaluation of the customers' feelings toward their accommodation experience. Otto and Ritchie (1996:166) argued that experience is the "subjective mental state felt by participants" and that their satisfaction is dependent upon a complicated range of cues. Weinlich (1997) raised a similar concern by stating that the attribute-based quality measurement does not completely reflect customer perception. This situation calls for a comprehensive evaluation approach, wherein the perceptions and feelings of customers serve as the starting points.

2.2 Customer experience (EX)

As early as 1982, Holbrook and Hirschman presented an experiential view of consumption, which explained that consumption can be viewed as a flow of fantasies, feelings, and enjoyment, as well as a subjective perception with symbolic meanings and a

set of responses to hedonic and aesthetic criteria. Pine and Gilmore (1999, 2011) argued that experience is the fourth economic offering that companies could charge customers for. Addis and Holbrook (2001) noted that customers interpret and evaluate their consumption as a holistic experience and that subjectivity is important in shaping their evaluation of an experience.

The five-sense approach is applied to reflect the feelings and perceptions of customers. Many experts argued that the five senses consciously or subconsciously influence customer experience (e.g., Shaw, 2005; Pine and Gilmore, 2009). These sensory effects include the design, logo, and color of hospitality companies, among others. This means that the background music of service settings, the smell of the lobby area and the rooms, the felt quality of the materials used, and the taste of food all play critical roles in shaping customer experience. Bitner (1992) strongly argued that physical settings can significantly influence customer perception. Therefore, hospitality firms should foster an environment that is conducive to the sensorial experience of customers.

In hotel settings, the consumption of hotel products invariably involves customer participation. Customers interact with servers through various service encounters. Clemes et al. (2011) studied customer satisfaction with motels and emphasized the importance of the interaction between the guests and the service personnel. The proposed sub-dimensions of interaction include interpersonal skill, helpfulness, friendliness, knowledge, prompt problem solving, service performance, and accurate reservations of the staff. These factors exert positive effects on perceived interaction quality. However,

Clemes et al. focused on the factors related to service providers and neglected those that related to customers.

Customers draw on a wide range of cues to shape their experience instead of drawing conclusions based on a limited number of attributes. However, this tendency leads to measurement difficulties. In the past, researchers have attempted to establish measurements in various contexts with widely different tools. For example, Knutson et al. (2009) suggested an evaluation of the four dimensions: environment, accessibility, driving benefit, and incentive. Pine and Gilmore (1999) proposed four dimensions: entertainment, education, aesthetics, and escapist. Zhang et al. (2008) suggested three dimensions: theme and activities, social interactions, and physical environment. These studies considerably differed from one another.

To capture the holistic nature of customer experience, Ren et al. (2016) attempted to develop a new measurement scale. Drawing on qualitative and quantitative data, the authors explored dimensionality and the satisfaction of budget hotel customers in China, thereby generating four underlying dimensions of EX, including "tangible and sensorial experience, staff aspect, aesthetic perception, and location" (Ren et al., 2016: 22). Hence, the current study adopted the above four dimensions to investigate the impact of EX on other consequent constructs, namely, SAT, VAL, and BI.

EX has been empirically proven to affect other constructs in the hospitality and tourism contexts. First, EX (as a construct) is directly and positively associated with SAT, as proven by Clemes et al. (2011), Ren et al. (2016), and Zins (2002). Breaking EX into dimensions, existing evidence support the importance of each dimension in

influencing customer evaluation or satisfaction with budget hotels. Given the nature of the budget hotel product, customer attention naturally goes to the physical aspect of the product first (e.g., Hua et al., 2009). However, that idea does not negate the importance of other aspects. For example, Clemes et al. (2011) supported the idea that the staff factor has an effect on SAT in the motel industry. Hua et al. (2009) studied the budget hotel sector and provided empirical evidence on the importance of the human aspect—in terms of staff service—in influencing guest satisfaction. The location dimension has been identified and discussed by a few studies, such as those of Nash et al. (2005) and Brotherton (2004). Although the aesthetics of the budget hotels in the budget hotel setting has yet to be fully explored, its importance has been recognized in the general hospitality industry (e.g. Bitner, 1992). For example, Tanford et al. (2012) incorporated the importance of building design and architecture under the image dimension. Based on the abovementioned information, Hypothesis 1 is developed as follows:

H 1: EX in budget hotels exerts direct and positive effects on SAT.

Second, many people argue that value derives from customer consumption experience (e.g., Knutson et al., 2010). Budget hotel customers are frequently more value conscious than customers who opt for full-service hotels. In addition, empirical studies, including those of Walls (2013), Yuan and Wu (2008), Wu and Liang (2009), and Oh (1999), have proven that various aspects of EX directly influence VAL in the hotel industry. For example, Walls (2013) reported that EX in the physical environment and human interaction can positively influence VAL. Yuan and Wu (2008) found that the feel and think perceptions as well as service quality in customer experience induce positive emotional and functional value. Hartline and Jones (1996) indicated that the performance

of front-desk and room service staff has direct effects on VAL. In the budget hotel setting, value sense can be derived from attributes, such as location and accessibility (Ren et al., 2016). Therefore, Hypothesis 2 is formulated as follows:

H 2: EX in budget hotels exerts direct and positive effects on VAL.

The quality of an experience can ultimately influence customers' willingness to repatronize and recommend (e.g. Xu and Chan, 2010). Mascarenhas et al. (2006) argued that achieving lasting customer loyalty requires companies to ensure that the initial customer experience is very positive. Customers who opt for budget hotels as their accommodation possess specific requirements, including convenient locations, basic comfort of the core product, and price considerations, among others (Ren et al., 2016). Whether these requirements are fulfilled has a significant influence on their decision regarding the next purchase. Empirically, Ramanathan (2012) has proven that several aspects of customer experience with hotels significantly and directly influence customer intention to patronize again. For example, the physical aspect or the tangible and sensorial aspect of accommodation directly influence the business guests' intention to stay again, whereas the tangible and sensorial aspect as well as the human aspect influence one's intention to repatronize. Han and Ryu (2009) reported similar findings, indicating that the perceived environment of the service setting influences customer loyalty. Within the budget hotel sector, Peng et al. (2015) identified that core and auxiliary attributes lead to customer revisit intentions. Hence, Hypothesis 3 is formulated as follows:

H 3: EX in budget hotels is directly and positively associated with BI.

2.3 Perceived value (VAL)

Due to the nature of the product, the construct of VAL is most pertinent in the budget hotel context. However, it has received little attention in other contexts, such as the luxury hotel sector. Value may mean different things for different people. Zeithaml (1988) introduced the following four categories of meaning based on the responses from customers: low price, meeting customer demand, balance between quality and price, and balance between benefit and sacrifice. Experts argued that value for money is a key image determinant for budget hotels (e.g., Fiorentino, 1995) and that "ignor(ing) customer value may cause lowered customer satisfaction and reduced repeat business" (Oh, 1999: 78). Moreover, experts believed that the value dimension should be included to consolidate customer experience, thereby achieving lasting customer loyalty (Mascrenhas et al., 2006).

Few studies have empirically dewtermined whether VAL poses direct and positive influence on SAT (e.g., Chen and Chen, 2010; Oh, 1999; Wu and Liang, 2009). Gallarza and Saura (2006) determined that value dimensions are highly sensitive to tourism experience; they also proved that VAL has a positive influence on SAT. Based on the information presented above, Hypothesis 4 is developed as follows:

H 4: VAL is directly and positively associated with SAT.

Moreover, empirical evidence proved that VAL directly and positively influences BI (e.g., Tam, 2000; Oh, 1999). In the budget hotel sector, many people opt for budget hotels out of financial constraint or pursuit of value sense. Therefore, Hypotheses 5 is formulated as follows:

H 5: VAL exerts direct and positive effects on BI.

2.4 Customer satisfaction (SAT)

SAT has constantly been at the core of marketing studies and strategic efforts. This concept is essential to corporate survival (Pizam and Ellis, 1999) because SAT is a strong predictor of BI in the hotel, tourism, and other service sectors (e.g., Tam, 2000; Clemes et al. 2011; Gallarza and Saura, 2006). Oh and Kim (2017) observed that SAT still attracted the attention of researchers, although the other constructs (e.g., VAL and service quality) have decreased in terms of research output. On the practical side, satisfaction survey is still one of the most important tools employed by hotels to collect feedback from customers.

The preceding studies are inspired by the strong influencing power of customer satisfaction in shaping the behavioral intentions of customers. Many studies (e.g., Clemes et al., 2011; Cronin et al., 2000; Tam, 2000) have shown that SAT strongly influences BI, the importance of which is elaborated in Section 2.5. Thus, Hypothesis 6 is formulated as follows:

H6: SAT is directly and positively associated with BI.

2.5 Behavioral intentions (BI)

BI is treated as the ultimate consequent construct (e.g., Baloglu, 2002; Jani and Han, 2011; Clemes et al., 2011). According to Zeithaml et al. (1996) and Shoemaker and Lewis (1999), positive behavioral intentions include behaviors, such as praising and expressing likeness of the product and service of a company, willingness to recommend, favorable word of mouth, increased purchase, willingness to pay a higher price, being

agreeable to the current price, etc. Meanwhile, negative behavioral intentions include such behaviors as expression of dissatisfaction, complaining, reduced spending, negative word of mouth, and defecting, to name a few.

Among all these factors, achieving customer loyalty is arguably the most important dimension that marketers aim to achieve due to its positive relation to financial reward (Bowen and Chen, 2001; Zeithaml et al., 1996). According to experts, marketers should shift their focus toward retaining customers instead of focusing solely on attracting new customers because it costs less to retain old customers than to attract new ones (Shoemaker and Lewis, 1999). Customer loyalty can be further divided into at least two dimensions, namely, repeat purchase and loyal attitude (Pritchard and Howard, 1997). Repeat purchase is traditionally considered more important than the other dimension because loyalty does not exist without repeat behavior. However, many have asserted the primacy of attitudinal loyalty over repeat purchase (e.g., Baloglu, 2002) because repeat behavior may be the result of habit or lack of alternatives. Thus, true loyalty entails a considerable degree of emotional attachment and commitment to patronage.

2.6 Mediating role of SAT

Although prior studies have conducted fewer tests on the mediating effects of SAT between EX and BI and between VAL and BI, evidence suggest that such effects exist. In the service context where the level of customer interaction is low, the link between how customers feel about service quality and their behavioral intentions may not be as strong as the indirect effect through SAT (Olorunniwo et al., 2006). This argument has been proven valid by studies that empirically identified the mediating role of SAT between EX (or partial experience, such as perception of service quality) and BI (e.g., Ladhari, 2009;

Tam, 2000). Moreover, discussions and tests on how SAT mediates VAL and BI have been done by prior studies, such as those of Cronin et al. (2000), thereby proving that such an effect exists. Thus, two more hypotheses are developed below.

H7: SAT mediates the relationship between EX and BI.

H8: SAT mediates the relationship between VAL and BI.

Figure 1 presents the conceptual framework of the present study. The inter-relationship and directions of influence among the constructs of interest are summarized in Figure 1 below.

(Figure 1)

3. Research Methods

The study adopted a quantitative approach by conducting a survey among Chinese customers. Budget hotels in China have undergone substantial development in the past decade (Peng et al., 2015; Ren et al., 2016), and this may be partly due to the rapid increase in the inbound and outbound tourism in China. The questionnaire design, sampling strategy, and data analysis techniques are described in the following sub-sections.

3.1 Measurement instrument

To test EX in the budget hotel sector, we adopted the four dimensions developed by Ren et al. (2016). First, tangible–sensorial experience includes seven items, namely, "cleanliness, smell, shower room cleanliness, quietness, temperature, comfortable

shower, and maintenance" (Ren et al., 2016: 21). Second, staff relational–interactional experience includes "staff communication, staff interaction, staff responsiveness, information provision, and welcome by staff" (*ibid.*). Third, aesthetic perception considers "external visual appeal, internal visual appeal, and color combination" (*ibid.*). Fourth, location refers to "nearby facilities and convenient location" (*ibid.*). The measurements for VAL, SAT, and BI were adopted from Clemes et al. (2011) and Cronin et al. (2000). The validity and reliability of these scales were repeatedly tested. The full details of the constructs are presented in Table 2.

(Table 2)

The designed questionnaire included 26 questions pertaining to the four constructs as follows: EX (17 questions), VAL (3 questions), SAT (3 questions), and BI (3 questions). One's agreement or disagreement with the questions was rated in a 7-point Likert scale. The rest of the questionnaire included one screening question at the beginning to check whether the respondent was an active budget hotel patron, one question on the geographic location of the hotel, and six demographic questions.

The above survey instrument was pilot-tested on 155 budget hotel customers. The initial sample achieved a good balance in terms of gender (45% males, 55 % females). Most of the respondents were young (almost 80% of the respondents were between ages 20 and 39), and most of them had first-line jobs with moderate income, such as salespersons, company clerks, administrative staff, teachers, and students. The pilot test checked the reliability of the dimensions under the construct of EX. Reliability was tested for SAT, VAL, and BI. All constructs achieved coefficients (Cronbach's alpha) of 0.7

and above. The overall path directions demonstrated an expected result, although a couple of indices were beyond the acceptable range because of the small sample size. This issue was addressed by using a large sample size in the main survey. In addition, the scale was further validated through confirmatory factor analysis (CFA) with a large sample size. This process is elaborated in Section 4.

3.2 Data collection

Data collection was conducted among the active budget hotel customers in China. These respondents were customers who had had budget hotel experience within six months by the time the survey was conducted.

Quota sampling was conducted according to the regional distribution of the budget hotels in the country. The most updated data for the geographic location of all budget hotels in China were not available at the time of survey; hence, the geographic distributions of the four leading budget hotel chains was referenced (see Table 3; the first three columns from the left were obtained from CNTA, 2011, www.baogao.com). According to Inntie (2012), four budget hotel chains (Home Inns, 7 Days Inn, China Lodge, and Jinjiang Inns), accounted for 56.83% of all budget hotels in China. Moreover, the geographic coverage of the four chains was wider than that of the other budget hotel chains combined. Therefore, referencing the geographic distribution of the four budget hotel chains for sampling was deemed appropriate. The percentage of the actual data collected in terms of geographic distribution is included in Table 3, which reflects good coverage of the seven regions.

(Table 3)

Data collection took place from January 2014 to July 2015. Spanning the collection period helped avoid common method variances (CMV). The issue of CMV has been a concern discussed by many scholars, who claimed that CMV created false internal consistency (e.g. Malhotra et al., 2006; Chang et al., 2010). The likelihood of CMV could be decreased in the questionnaire design and administration process, such as collecting data from multiple resources and in different periods.

Questionnaires were distributed outside budget hotels and at the entrances of major supermarkets, coffee shops, and department stores. Coffee coupons or simple handicrafts were prepared as incentives for the respondents. To avoid CMV during the data collection process, the researchers assured the respondents of the anonymity and confidentiality of the study. Altogether, 560 questionnaires were answered and returned. After checking and excluding the incomplete questionnaires, which had a "no" answer to the screening question and unanimous answers across the whole questionnaire, 414 questionnaires were encoded into an Excel document. The document was later converted to an SPSS file.

3.3 Data analysis

Data cleaning was conducted prior to further analyses. Missing values were calculated and outliers and normality of the data set were checked. After data cleaning, 371 final responses remained in the data set. Descriptive information concerning the profiles of the respondents was compiled. CFA was performed for validity check, and structural equation modeling (SEM) was used to test the hypotheses using the AMOS 21 software package.

4. Findings

4.1 Respondents and descriptive analysis

The demographic profiles reported by the questionnaire respondents demonstrated good diversity of background. Over half of the respondents were female, whereas 37.9% were male. Overall, they were young and mostly belonged to the 25–34 age group (47.6%). Over 90% of the respondents were aged less than 44 years. The marital status of the respondents was balanced, where 47.1% were married and 41.5% were single. The respondents were mostly company clerks (30.5%), teachers (13.5%), company managerial staff (14.6%), students (9.4%), technicians (6.3%), and salespeople (5.8%). Most of the respondents were well educated: over 90% of the respondents received tertiary education or above. The annual income of the respondents ranged from 30,000–120,000 RMB.

4.2 Validating the measurement model

First-order CFA model of customer experience

First-order CFA was conducted to check the 17 items (observed variables) and 4 dimensions (latent variables), i.e., "tangible and sensorial experience" (Tang), "staff" (Staf), "aesthetic perceptions" (Aest), and "location" (Loca), under the construct of customer experience. All 17 indicators/items had factor loadings above 0.7, with *t* scores above 2.58. Only a single indicator (IA5) had an SMC value less than 0.5, although the figure was close to 0.5. Thus, the convergent validity of this construct appeared satisfactory. The goodness-of-fit indices of the initial model showed that the model was acceptable ($\chi2 = 331.979$, df =113, $p \leq 0.001$, $\chi2/df = 2.938$, GFI = 0.903, CFI = 0.952,

RMSEA = 0.072). The model could be further improved. According to the standardized

residual covariance, three indicators had a large residual covariance (> 2.5): IA15 (The

staff provides information I need), IA10 (The maintenance is good), and IA11 (I feel

welcome in this hotel). The modification indices demonstrated unjustifiable covariance

among these three items. Thus, these three items were dropped. In addition, the

modification indices showed high covariance between IA8 (The shower is comfortable)

and IA9 (The shower room is clean). Covarying was conducted on these two indicators

because both were related to shower rooms. Model fit improved significantly with the

elimination of the above three items and with the addition of the covariances of IA8 and

IA9.

Second-order CFA model of customer experience

Second-order CFA analysis checked the relationship among the following factors:

tangible and sensorial experience (Tang), staff (Staf), aesthetic perceptions (Aest),

location (Loca), and high-level construct of customer experience. The result

demonstrated the good fit of the model: χ^2 = 128.387, df = 72, p < 0.001, χ^2/df = 1.783,

GFI = 0.951, CFI = 0.984, RMSEA = 0.046. Factor loadings ranged from 0.66–0.89 and

were significant (p < 0.01), which indicated good convergent validity. The four CR

values for the four latent factors were above 0.8, also indicating good construct

reliability. All AVEs were above 0.6 and were greater than the squared correlations,

thereby indicating good discriminant validity.

Overall measurement model

Overall measurement model was examined by putting all the four constructs together (EX, VAL, SAT, and BI). Factor loadings, SMCs, and p values all appeared to be good. The composite reliability values were all satisfactory (above 0.7). All AVEs were above 0.5, indicating good construct reliability. IA6 (There is no strange odor in the room) was removed because the residual of the indicator was within the questionable range (2.7), which was larger than 2.58. Eliminating this item improved the model fit. Table 4 shows the overall measurement model. The indices showed that the overall measurement model fit the data fairly well: χ^2 = 500.605, df = 309, p < 0.001, χ^2/df = 1.620, GFI = 0.911, CFI = 0.977, RMSEA = 0.041. Table 4 provides further details.

(Table 4)

All four constructs showd good reliability and validity. The factor loadings were above 0.7, and the SMCs were above 0.5. All five CR values were above 0.8 and the AVEs were above 0.6.

4.3 Testing the hypotheses via SEM

Structural equation modeling (SEM) was performed to test the hypotheses. The model fit indices (χ^2 = 500.605, df = 309, p = < 0.001, χ^2/df = 1.620, GFI = 0.911, CFI = 0.977, RMSEA = 0.041) showed that the model fit the data well. The model fit indices of the structural model were almost the same as those of the measurement model presented in the previous sub-section. Hence, this structural model adequately explained the relationships among the constructs under study.

Two of the six direct paths analyzed were not significant. The rest of the path coefficients were all significant (p < 0.01). The estimates of all relationships were in the

positive direction. Based on the statistical findings, the six direct inter-construct relationships are summarized in Table 5, along with the empirical results.

(Table 5)

SEM results showed the positive relationship between EX and SAT, as well as the positive relationship between EX and VAL. As can be seen, SAT and VAL positively influenced BI and SAT, respectively. However, the two direct paths between EX and BI as well as between VAL and BI were not significant. Based on the principle on mediation proposed by Baron and Kenny (1986), these two pairs of variables might have been fully mediated by SAT. Therefore, we further investigated the mediating role of SAT between EX and BI and between VAL and BI. We separately checked the regression weights of the path between EX and BI and that between VAL and BI. Results showed that both paths were significant, thus meeting the prerequisite of mediation indicated by Baron and Kenny. In the presence of the mediator SAT, both paths became insignificant, making both paths sample cases of full mediation. This result is illustrated in Table 6.

(Table 6)

Bootstrapping strategy was adopted to double check whether true mediation took place and to test the mediation effect, as recommended by Preacher et al. (2007). The result showed that the indirect effect between EX to BI, as mediated by SAT, was significant (0.813**). Hence, SAT fully mediated the relationship between EX and BI. Moreover, the indirect effect between VAL to BI was significant (0.251**). Thus, SAT also fully mediated the relationship between VAL and BI.

5. Discussion and Conclusions

22

Conclusions

The interrelationship patterns among EX, VAL, SAT, and BI have been tested in many hospitality settings, but they are rarely explored in the budget hotel sector. The findings of this study help shed light on the nature of budget hotel consumption. The results showed several similarities and differences.

First, understanding various aspects of EX (i.e., how customers feel about physical, human, aesthetic, and locational aspects of budget hotels) is important because these feelings could influence value sense and overall customer satisfaction. Instead of evaluating a small number of attributes due to the budgetary nature of accommodation, a wide array of factors that influence customer experience can be investigated, along with the much-neglected aspect of aesthetic experience. Customers tend to scrutinize the quality of core products, such as the cleanliness of rooms. However, customers are also consciously or subconsciously affected by sensorial perceptions, such as the color combination of the hotel exterior and the room design pattern.

Second, in agreement with Knutson et al. (2010) and Wall (2013), the present study verifies that positive customer experience leads to positive perceived value, which confirms the importance of the value construct in the budget hotel context. Creating value for money accommodation is the initial strategic effort of budget hotels, as proposed by Fiorentino (1995). During the accommodation process, customers invariably compare their experience against the amount of money they have paid. In this case, a match should be achieved between service offering and customer payment. Consumer behavior in other

hotel and tourism sectors has demonstrated similar relationship patterns, as described in the works of Yuan and Wu (2008) and Wu and Liang (2009).

Third, SAT lies at the core of all constructs, given that SAT directly predicts BI. Similar to the research findings of Clemes et al. (2011) and Cronin et al (2000), the study identifies direct causal relationships between EX and SAT as well as between VAL and SAT.

However, the mediation test results have revealed a more complex causal relationship of the variables in the budget hotel consumption context and highlighted the mediating role of SAT. For example, VAL has an effect on BI if it is considered separately, i.e., better value sense and lower prices lead to higher BI. However, the relationship could be better explained together with the variable of SAT. Even when the price is very low, if the customers are not satisfied, this low price cannot guarantee customers coming back and making positive referral or word of mouth. A more accurate statement is that better VAL leads to increased SAT, which in turn, increases favorable BI. Likewise, EX has an impact on BI if it is examined separately; however, when SAT is considered, the effect of EX on BI becomes insignificant. In other words, improved EX increases SAT, which then increases favorable BI.

Theoretical implications

This study examined EX in the budget hotel sector. The four dimensions of EX (Ren et al. 2016), which comprised 17 items, were adopted to test the impact of EX on SAT, VAL, and BI. The results of the present study further validated the measurement scale of EX in Ren et al. (2016). The remaining items comprised a concise list of measurement

items. As indicated by further statistical tests, EX positively influences SAT and their

perceived value, but its impact on BI is fully mediated by SAT. This varied consumer

behavior pattern deserves close attention from budget hotel operators.

Figure 2 below consolidates the empirical findings of this study and outlines its

theoretical contributions. This figure shows the differences between the conceptual

framework identified from the literature and the empirical result of the current study

within the budget hotel context. The two dotted lines, one between EX and BI and

another between VAL and BI, show an insignificant relationship resulting from the full

mediation of SAY in both situations. This finding deepens our understanding of the

varied consuming behaviors in the budget hotel sector. The implication is that

understanding experience and value alone is not sufficient in predicting the behavioral

intentions of the budget hotel customers. Instead, we need to consider customer behavior

in a more holistic manner, that is, we must fully evaluate the entire scope of customer

satisfaction due to its direct impact on customer behavioral intentions and its mediating

role between experience and behavioral intentions as well as between perceived value

and behavioral intentions.

(Figure 2)

Practical implications

Several recommendations for budget hotel practitioners are derived based on the

above findings and discussion. First, the improvement of product and service quality

remains a relevant topic because quality is always the key element enchancing customer

experience and helps budget hotel companies last. This emphasis on quality includes

detailed attention to every aspect of the accommodation experience, including the temperature and smell of the rooms, quietness, and even maintenance of facilities, apart from the often-criticized cleanliness of rooms. Second, budget hotel managers should ensure the basic comfort of their room facilities. Although customers choose budget hotels because of budget limitations, they still seek a certain level of comfort. Conditions, such as soft and clean beddings, sanitary toiletries, and functional electric supplies, matter to customers. Frequent routine checking should be conducted to ensure these basic features. Third, the switching cost for customers who hold membership cards could be raised. This change is made by increasing membership benefits or offering bundled benefits. For example, free one-night accommodation after a certain number of night stays with any brand under one company might be an attractive offer. Offering free breakfast to qualified members may be another good practice, given that most of the budget hotels in China do not offer this feature due to the low profit margin. Several budget hotel companies have started to offer bundled benefits, such as extra point accumulation for credit card payments, to qualified members. The above efforts raise the switching cost for budget hotel customers and increase their value perception. Fourth, instead of creating "me-too" products, budget hotel companies should build their brands in such a way that they can differentiate themselves from others. Companies that offer memorable products or services are a rarity in an era of experience economy.

For those considering to join the budget hotel business (with their motivation originating from the rapid development momentum of this hotel sector), a thorough study of the market and the consuming behavior of mass travelers is recommended to avoid "sinking the boat" (Mullins and Forlani, 2005). The type of competition faced by budget

hotel businesses in China is outlined in the introduction of this paper. Budget hotel managers may hold negligent attitudes toward the detailed provisions of budget hotels even as they attempt to foster a positive customer experience. Accordingly, managers tend to believe mistakenly that all budget hotel customers only care for location and cleanliness (Zhang et al., 2008). This type of attitude may eventually lead to failure of the budget hotel.

Limitations and future research

The budget hotel sector, to this time point, is developing into a huge hotel sector in China, accounting for almost half of the hotel rooms in the country. Understanding customer experience with budget hotels contributes to the sustainable development of the budget hotel sector and of the tourism industry as a whole. After all, budget travellers are one of the major travel forces in Chinese domestic tourism and, increasingly, for outbound tourism as well. However, to achieve sustainable development, other factors, such as cultural and environmental impacts on the host community, may be considered and explored in future research.

This study has drawn on a large data set, and thus, the result can be widely generalized and applied. However, given that this study was conducted in the Chinese context, its generalizability and the application of its findings to other cultures may be limited. Customers with different cultural values may respond differently to the questions that concern budget hotel consumption. Therefore, future research may consider testing this framework in other cultures.

References

Addis, M. and Holbrook, M. B. (2001), "On the conceptual link between mass customization and experiential consumption: An explosion of subjectivity", *Journal of Consumer Behavior,* Vol. 1 No.1, pp. 50 – 66.

Airbnb (2017), https://zh-t.airbnb.com/about/about-us, accessed on 18th April 2017

Baloglu, S. (2002), "Dimensions of Customer Loyalty: Separating Friends from Well Wishers", *Cornell Hotel and Restaurant Administration Quarterly,* Vol. 43 No. 1, pp. 47 -59.

Baron, R. M., & Kenny, D. A. (1986), "The moderator–mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations", *Journal of personality and social psychology*, Vol. 51 No. 6 pp.1173 – 1182

Bitner, M. J. (1992), "Servicescape: The Impact of Physical Surroundings on Customers and Employees", *Journal of Marketing,* Vol. 56, pp. 57 – 71.

Bowen, J. T. and Chen, S-L.(2001), "The relationship between customer loyalty and customer satisfaction", *International Journal of Contemporary Hospitality Management,* Vol. 13 No.5 pp. 213 – 217.

Brotherton, B. (2004), "Critical success factors in the UK budget hotel operations", *International Journal of Operations and Production Management*, Vol. 24 No.9/10, pp. 944-969.

Cai, L. A. (2004), "State-owned economy and budget hotels in China – from commodity to brand", *Asia Pacific Journal of Tourism Research*, Vol. 9, No.1, pp.29 – 42.

CHA (China Hotel Association) and Inntie (2015), "2015 Chinese Hotel Chain Development and Investment Report", available at www.chinahotel.org.cn (accessed May 2015)

Chang, S. J., Van Witteloostuijn, A., & Eden, L. (2010), "From the editors: Common method variance in international business research", *Journal of International Business Studies*, 178-184.

Chen, C. – F. and Chen, F.-S. (2010), "Experience quality, perceived value, satisfaction and behavioral intentions for heritage tourists", *Tourism Management,* Vol. 31, No. 1, pp. 29 – 35.

Clemes, M. D., Gan, C., and Ren, M. (2011), "Synthesizing the Effects of Service Quality, Value, and Customer Satisfaction on Behavioral Intentions in the Motel Industry: An Empirical Analysis", *Journal of Hospitality & Tourism Research*, Vol. 35, No. 4, pp. 530 – 568.

Cronin, J.J. JR., Brady, M.K., and Hult, G. T. M. (2000), "Assessing the Effects of Quality, Value, and Customer Satisfaction on Consumer Behavioral Intentions in Service Environments", *Journal of Retailing*, Vol.76, No. 2, pp. 193 – 218.

Crotts, J. C., Mason, P. R., and Davis, B. (2009), "Measuring Guest Satisfaction and Competitive Position in the Hospitality and Tourism Industry". *Journal of Travel Research*, Vol. 48, No. 2, pp. 139 – 151.

Fiorentino, A. (1995), "Budget hotels: not just minor hospitality products", *Tourism Management,* Vol. 16, No. 6, pp. 455 – 462.

Gilbert, D. C., and Lockwood, A. (1990), "Budget hotels-the USA, France and UK compared", *Travel & Tourism Analyst*, No.3, pp.19-35.

Gallarza, M.G. and Saura, I.G. (2006), "Value dimensions, perceived value, satisfaction and loyalty: an investigation of university students' travel behavior", *Tourism Management,* Vol. 27, No. 3, pp. 437 – 452.

Han, H. and Ryu, K. (2009), "The Roles of the Physical Environment, Price Perception, and Customer Satisfaction in Determining Customer Loyalty in the Restaurant Industry", *Journal of Hospitality & Tourism Research*, Vol. 33, No. 4, pp. 487 – 510.

Hartline, M. D. and Jones, K.C. (1996), "Employee Performance Cues in a Hotel Service Environment: Influence on Perceived Service Quality, Value, and Word-of-Mouth Intentions", *Journal of Business Research,* Vol. 35, pp. 207 – 215.

Hua, W., Chan, A. and Mao, Z. (2009), "Critical Success Factors and Customer Expectation in Budget Hotel Segment – A Case Study of China", *Journal of Quality Assurance In Hospitality & Tourism,* Vol. 10, pp. 59 – 74.

Hemmington, N. (2007), "From Service to Experience: Understanding and Defining the Hospitality Business", *The Service Industries Journal*, Vol. 27, No. 6, pp. 747-755.

Holbrook, M. B. and Hirschman, E. C. (1982), "The Experiential Aspects of Consumption: Consumer Fantasies, Feelings, and Fun", *Journal of Consumer Research,* Vol. 9, No. 2, pp.132-140.

Home Inn Official Website (2016), www.hominns.com (accessed Sep. 2016)

Hotels 325 Special Report (2016), available at: www.hotelsmag.com (accessed Sep.2016)

Huang, S., Liu, Z., and Hsu, C. H. C. (2014), "Customer experience with economy hotels in China: Evidence from Mystery Guests", *Journal of Hospitality Marketing & Management,* Vol. 23, No. 3, pp. 266 – 293.

Inntie. (2012), "*China budget hotel industry report, first half year, 2012*", available at: www.inn.net.com (accessed Sep. 2012)

Jani, D. and Han, H. (2010), "Investigating the key factors affecting behavioral intentions: Evidence from a full-service restaurant setting", *International Journal of Contemporary Hospitality Management,* Vol. 23 No. 7, pp. 1000 – 1018.

Knutson, B.J., Beck, J.A., Kim, S., and Cha, J. (2010), "Service Quality as a Component of the Hospitality Experience: Proposal of a Conceptual Model and Framework for Research", *Journal of Food Service Business Research,* Vol. 13, No. 1, pp. 15 – 23.

Ladhari, R. (2009), "Service quality, emotional satisfaction, and behavioral intentions: a study in the hotel industry", *Managing Service Quality,* Vol. 19, No. 3, pp. 308 – 331.

Li, Z. (2008), *Success Road for Chinese Budget Hotels*, Shanghai Communication University Press, Shanghai.

Malhotra, N. K., Kim, S. S., & Patil, A. (2006), "Common method variance in IS research: A comparison of alternative approaches and a reanalysis of past research", *Management science*, Vol. 52, No. 12, pp.1865-1883.

Mascarenhas, O. A., Kesavan, R., and Bernacchi, M. (2006), "Lasting customer loyalty: a total customer experience approach", *Journal of Consumer Marketing*, Vol.23, No.7, pp. 397-405.

Mullins, J. W., & Forlani, D. (2005), "Missing the boat or sinking the boat: A study of new venture decision making", *Journal of Business Venturing*, Vol. 20, No. 1, pp.47-69.

Nash, R., Thyne, M., and Davies, S. (2006), "An investigation into customer satisfaction levels in the budget accommodation sector in Scotland: a case study of backpacker tourists and the Scottish Youth Hostels Association", *Tourism Management,* Vol. 2, No. 3, pp. 525 – 532.

Oh, H. (1999), "Service quality, customer satisfaction, and customer value: A holistic perspective", *Hospitality Management,* Vol.18, No. 1, pp. 67 – 82.

Oh, H. & Kim, K. (2017), "Customer satisfaction, service quality, and customer value: years 2000-2015", *International Journal of Contemporary Hospitality Management*, Vol. 29, No. 1, pp. 2-29.

Olorunniwo, F., Hsu, M. K., & Udo, G. J. (2006), "Service quality, customer satisfaction, and behavioral intentions in the service factory", *Journal of services marketing*, Vol. 20, No.1, pp.59-72.

Otto, J. E. and Ritchie, J.R.B. (1996). The service experience in tourism. *Tourism Management*, Vol. 17, No. 3, pp. 165-174.

Peng, J., Zhao, X., and Mattila, A.S. (2015), "Improving service management in budget hotels", *International Journal of Hospitality Management,* Vol. 49, pp. 139 – 148

Pine, B. J. and Gilmore, J. H. (1999), "Welcome to the Experience Economy", *Harvard Business Review*. Vol. 76, pp. 97 -105.

Pizam, A. and Ellis, T. (1999), "Customer satisfaction and its measurement in hospitality enterprises", *International Journal of Contemporary Hospitality Management,* Vol.11, No. 7, pp. 326 – 339.

Pizam, A., Shapoval, V., & Ellis, T. (2016), "Customer satisfaction and its measurement in hospitality enterprises: a revisit and update", *International Journal of Contemporary Hospitality Management*, Vol. 28, No.1, pp.2-35.

Preacher, K. J., Rucker, D. D., & Hayes, A. F. (2007), "Addressing moderated mediation hypotheses: Theory, methods, and prescriptions", *Multivariate behavioral research*, Vol. 42, No.1, pp.185-227.

Pritchard, M. P., & Howard, D. R. (1997), "The loyal traveler: Examining a typology of service patronage", *Journal of Travel Research*, Vol. 35, No. 4, pp.2-10.

Ramanathan, R. (2012), "An exploratory study of marketing, physical and people related performance criteria in hotels", *International Journal of Contemporary Hospitality Management,* Vol. 24 No. 1, pp. 44-61

Ren, L., Qiu, H., Wang, P., and Lin, P. M. C. (2016), "Exploring customer experience with budget hotels: Dimensionality and satisfaction", *International Journal of Hospitality Management,* Vol.52, pp. 13-23.

Ruetz, D. and Marvel, M. (2011), "Budget Hotels: Low Cost Concepts in the US, Europe and Asia", in R. Conrady and M. Buck (eds), *Trends and Issues in Global Tourism 2011,*.Springer, Verlag Berlin Heidelberg.

Senior, M. and Morphew, R. (1990), "Competitive Strategies in the Budget Hotel Sector", *International Journal of Contemporary Hospitality Management,* Vol. 2, No. 3, pp. 3-9.

Shaw, C (2005), *Revolutionize Your Customer Experience*, Palgrave Macmillan, Basingstoke

Shoemaker, S., & Lewis, R. C. (1999), "Customer loyalty: the future of hospitality marketing", *International Journal of Hospitality Management*, Vol. 18, No. 4, pp. 345-370.

Tam, J. L. M. (2000), "The Effects of Service Quality, Perceived Value and Customer Satisfaction on Behavioral Intentions" *Journal of Hospitality & Leisure Marketing,* Vol.6, No. 4, pp. 31 – 43.

Tanford, S., Raab, C., Kim, Y-S.(2011), "Determinants of customer loyalty and purchasing behavior for full-service and limited-service hotels", *International Journal of Hospitality Management,* Vol. 31, pp. 319 – 328.

Walls, A.R. (2013), "A cross-sectional examination of hotel consumer experience and relative effects on consumer values", *International Journal of Hospitality Management*, Vol. 32, pp. 179-192.

Weinlich, B. S. B. (1997), "Process-oriented measurement of service quality", *European Journal of Marketing*, Vol. 31 No. 1, pp. 33 – 35.

Wu, C.H.-J.and Liang, R.-D.(2009), "Effect of experiential value on customer satisfaction with service encounters in luxury-hotel restaurants", *International Journal of Hospitality Management*, Vol. 28, pp. 586-593.

Xiaozhu Official Website (2017), http://www.xiaozhu.com/aboutus , accessed on April 19th, 2017

Xu, J. B. and Chan, A. (2010), "A conceptual framework of hotel experience and customer-based brand equity: Some research questions and implications" *International Journal of Contemporary Hospitality Management,* Vol. 22, No. 2, pp. 174-193.

Yuan, Y. and Wu, C. (2008), "Relationships among Experiential Marketing, Experiential Value, and Customer Satisfaction", *Journal of Hospitality & Tourism Research,* Vol.32, No. 3, pp. 387-410.

Zeithaml, V. A. (1988), "Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence", *The Journal of marketing*, 2-22.

Zeithaml, V. A., Berry, L.L., and Parasuraman, A. (1996), "The Behavioral Consequences of Service Quality", *Journal of Marketing*, Vol. 60, pp.31 – 46.

Zhang, J., Cai, L. A., and Kavanaugh, R. R. (2008), "Dimensions in Building Brand Experience for Economy Hotels – A Case of Emerging Market", *Journal of China Tourism Research,* Vol. 4, No. 1, pp. 61 -77.

Zins, A. H. (2002), "Consumption Emotions, Experience Quality and Satisfaction", *Journal of Travel & Tourism Marketing*, Vol.12, No. 2-3, pp. 3-18.
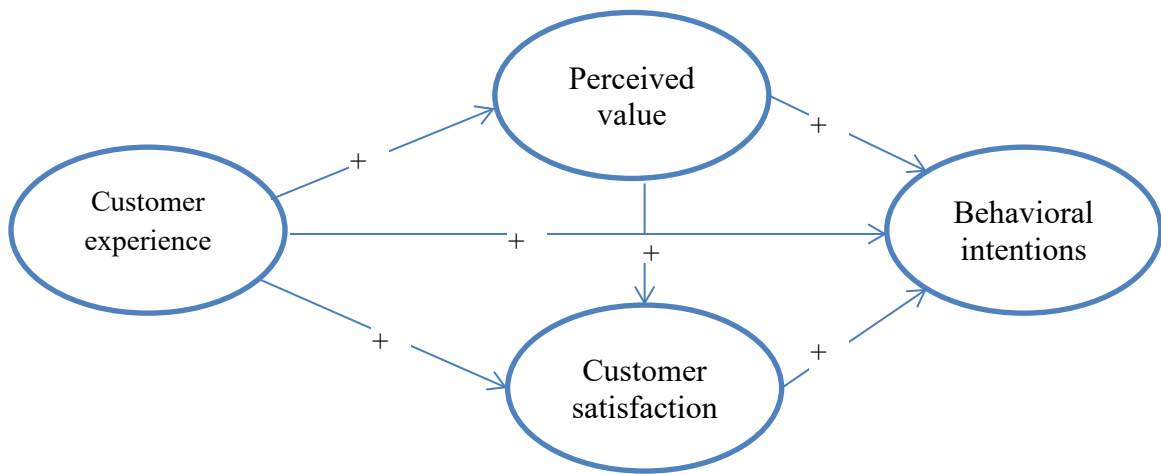
Figure 1. Conceptual framework: Impact of customer experience on perceived value, customer satisfaction, and behavioral intentions
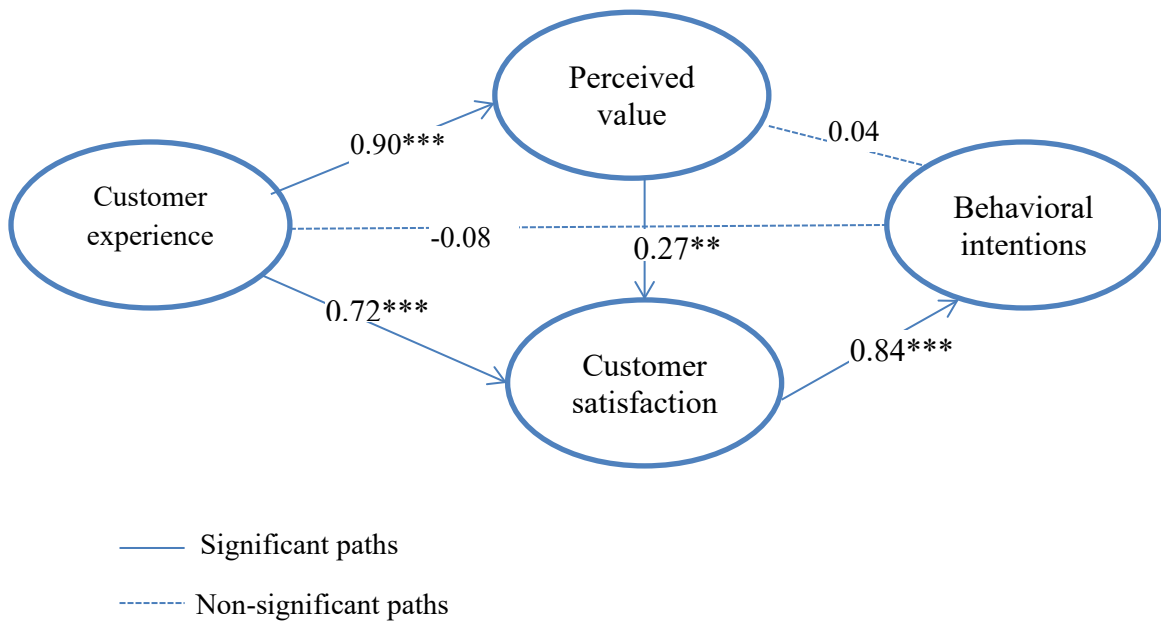

Figure 2. Empirical results

Table 1. Measurement scale

Constructs	Dimensions /Items		Source
Perceived value	- The price of the hotel is reasonable, given the quality of stay. (IB18) - The hotel provides good value for money. (IB19) - Overall, I am satisfied with the value I received, for the price that I paid. (IB20)		Clemes et al., 2011
Customer satisfaction	- Overall, I'm satisfied with my stay in this hotel. (IC21) - I feel I made the right choice by choosing to stay at this hotel. (IC22) - This hotel experience has satisfied my needs and wants. (IC23)		Clemes et al., 2011
Behavioral intentions	- I would recommend this hotel to a friend or colleague. (BI24) - I would say positive things about this budget hotel. (BI25) - I would return to this hotel if I am back in this area. (BI26)		Clemes et al., 2011; Cronin et al., 2000
Customer experience	Aesthetic perception (Aest)	- External visual appealing (IA1) - Internal visual appealing (IA2) - Color combination (IA3)	Ren et al., 2016
	Tangible – sensorial experience (Tang)	- Cleanliness (IA4) - Quietness (IA5) - Smell (IA6) - Temperature (IA7) - Comfortable shower (IA8) - Shower room cleanliness (IA9) - Maintenance (IA10)	
	Staff relational / interactional experience (Staf)	- Welcome by staff (IA11) - Staff communication (IA12) - Staff interaction (IA14) - Staff responsiveness (IA13) - Information provision (IA15)	
	Location (Loca)	- Convenient location (IA16) - Nearby facilities (IA17)	

Table 2 Geographic distributions of the four leading budget hotels in China, and actual data collected

Regions	Provinces and municipalities	Distribution (Percentage)	Actual data collected (Percentage)
Northern China	Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia	518 (15%)	44 (10.6%)
Eastern China	Shanghai, Jiangsu, Zhejiang, Fujian, Shandong	1217 (40%)	246 (59.4%)
Central China	Henan, Hubei, Hunan, Jiangxi, Anhui	639 (20%)	41 (9.9%)
Southern China	Guangdong, Guangxi, Hainan	331 (10%)	27 (6.6%)
Northeast	Liaoning, Jilin, Heilongjiang	191 (6%)	19 (4.6%)

Southwest	Sichuan, Chongqing, Yunnan, Guizhou	166 (5%)	16 (3.9%)				
Northwest	Shaanxi, Xinjiang, Qinghai, Ningxia, Gansu	147 (4%)	14 (3.4%)				

(Note: Seven questionnaires had no response in the hotel location)

Table 3 Overall measurement model

Overall CFA model (N = 371)			Estimate	S.E.	C.R.	P	Std FL	SMC
Customer Experience								
Tang	<---	A	1.164	0.104	11.176	***	0.877	0.769
Aest	<---	A	1.054	0.103	10.239	***	0.736	0.541
Staf	<---	A	1.063	0.100	10.677	***	0.756	0.572
Loca	<---	A	1.000				0.722	0.521
CR= 0.857 AVE= 0.601								
Perceived Value								
IB20	<---	B1	1.000				0.914	0.836
IB19	<---	B1	0.982	0.032	30.227	***	0.932	0.869
IB18	<---	B1	0.866	0.034	25.678	***	0.873	0.762
CR =0.933 AVE = 0.822								
Customer Satisfaction								
IC23	<---	B2	1.000				0.873	0.763
IC22	<---	B2	1.112	0.041	27.460	***	0.933	0.870
IC21	<---	B2	1.117	0.039	28.531	***	0.948	0.899
CR= 0.942 AVE = 0.844								
Behavioral Intention								
BI24	<---	C	1.000				0.870	0.757
BI25	<---	C	0.839	0.041	20.668	***	0.847	0.718
BI26	<---	C	0.986	0.046	21.233	***	0.862	0.743

Overall CFA model (N = 371)	Estimate	S.E.	C.R.	P	Std FL	SMC
CR = 0.895 AVE = 0.739						

Model fit: χ^2 = 500.605, df = 309, p $<$ 0.001, χ^2/df = 1.620, GFI = 0.911, CFI = 0.977, RMSEA = .041

Note: *** Significant at $p < 0.01$; ** Significant at $p < 0.05$

Table 4 Empirical results of inter-construct relationships

Hypotheses	Inter-construct relationships	Supported or rejected
H1	Customer Experience → Customer Satisfaction	Supported (B = 0.723, t = 6.882, p < 0.01)
H2	Customer Experience →Perceived Value	Supported (B = 0.897, t = 11.124, p < 0.01)
H3	Customer Experience → Behavioral Intention	Insignificant (fully mediated by customer satisfaction)
H4	Perceived Value → Customer Satisfaction	Supported (B = 0.267, t = 3.367, p < 0.01)
H5	Perceived Value → Behavioral Intention	Insignificant (fully mediated by customer satisfaction)
H6	Customer Satisfaction →Behavioral Intention	Supported (B = 0.845, t = 4.806, p < 0.01)

Table 5 Mediation test results

Relationship	Direct effect without mediator	Effect with mediator	Result
EX – SAT - BI	0.466***	-0.056	Full mediation
VAL – SAT - BI	0.482 ***	0.016	Full mediation

***significant at the 0.001 level