Customer experience and brand loyalty in the full-service hotel sector: The role of brand affect

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Abstract

Purpose-This study proposed a comprehensive causal model to examine the relationships between customer experience and four key factors in brand building, i.e., brand loyalty, brand trust, brand affect, and brand involvement. The dimensionality of customer experience in full-service hotel is also particularly examined in relation to brand building.

Design/methodology/approach- Three steps of data collection were employed: interviews of 50 customers on their experiences of staying full-service hotels, a small survey of 176 hotel guests to establish the measurement scale of *customer experience* and a major survey of 732 hotel customers in 10 major Chinese cities to test the model of brand loyalty.

Findings- Customers' experiences with full-service hotels is proposed to be categorised into functional, affective and social. There is a chain effect from customer experience to brand trust and to brand affect, and then to brand loyalty. The brand involvement does moderate relationships between customer experience and brand trust, and brand affect, but not brand loyalty.

Practical implications- For full-service hotels, social and functional experiences are critical in building brand loyalty and therefore they need to be the focal points in the enhancement of customer experience. Also hoteliers are advised to develop emotional connections between the customers and the hotel brand - effective way of building trust and affection.

Originality/value- This paper is one of the first few studies to link customer experience to brand loyalty with comprehensive causal effect analysis. The study also contributes to the knowledge of customer experience in the context of the full-service hotel sector.

Keywords Customer experience, Brand loyalty, Brand trust, Brand affect, Brand involvement

Paper type Research paper

Introduction

The hotel industry is highly experience-oriented. Merely offering commodities, goods, and services are no longer sufficient for hotels to sustain long-term profitability, as they have to bundle their services with enhanced experiences for the customers (Cetin and Dincer, 2014). Experiences can create a unique value and memorable time for customers (Ali *et al*., 2014). It will strongly affect customers' satisfaction, image, perceived value, loyalty, and thereby their recommendation and purchasing behaviors (Cetin and Dincer, 2014; Bravo *et al*., 2019; Hussein *et al*., 2018).

Due to the importance of customer experience, several studies have attempted to define the term of experience and explored its dimensionality, making great contributions to the knowledge of customer experience. Yet, some dimensionalities of customer experience were developed without distinguishing the type of hotels, e.g., full-service, no-frill, or boutique (Alnawas and Hemsley-Brown, 2019; Hemmington, 2007; Knutson *et al*., 2009; Walls, 2013;). The full-service type offers the usual luxurious amenities and facilities with a high staffing ratio to support these services (Kim-Soon *et al*., 2014). Their customers acquire experiences not only through enjoying those facilities available in their rooms, but also when using auxiliary facilities such as fitness centers or swimming pool (Yoon and Lee, 2017), as well as other personalized services. Hence, a specific study of customer experience in the full-service hotel sub-sector can enhance our understanding of how customer experience plays a role in hotel management and brand building.

Customer experience is an essential part of a successful hotel brand (Xu and Chan, 2010). The brand strategy of hotels should be highly customer-oriented as asserted by Prasad and Dev

(2000). By creating cohesive, authentic, and sensory-stimulating customer experiences, hotels can connect with the customer's affective faculties, and further secure their brand preference and loyalty (Berry and Carbone, 2007). From the perspective of competition, the experience offered by a hotel, unlike physical environments, cannot be imitated easily by rivals, and therefore can be used to create the uniqueness of a hotel brand (Iglesias *et al*., 2011; Wang *et al*., 2020). However, experiential aspects of hotel brand building have been largely overlooked in the literature (So and King, 2010). Only a handful of studies empirically explored the role of customer experience in hotel brand building (e.g., Hosseini *et al*., 2015; Hosseini and Zainal, 2016; Shobri *et al*., 2015). Most of these studies employed a qualitative approach (e.g., Harkison *et al*., 2018; Walls *et al*., 2011).

To examine the linkages of customer experience and brand building in full-service hotels, this study aims to answer: how does customer experience affect brand loyalty in the hotel sector? First, dimensions underlining customer experience in full-service hotels are explored using both qualitative and quantitative approaches. Then, a comprehensive model is constructed, including the following key factors: customers (using the construct of *customer experience*), affect of brand (using the constructs of *brand involvement* and *brand affect*), cognition of brand (using the construct of *brand trust*), and conation and behavior of brand (using the construct of *brand loyalty*). By examining the aforementioned model, this study establishes the relationship between customer experience and brand loyalty, which has been theoretically discussed in a limited studies of full-service hotels but yet to be supported in any empirical study.

In addition, studying this phenomenon in the context of mainland China is on the basis of the rapid development of full-service hotels in the country and growth of the outbound travel

market. By January 1, 2020, the total number of accommodation facilities in China is 608 thousands with 18.9 million guest rooms (China Hotel Association, 2020). However, 90% of the hotels in China currently do not have a recognizable brand yet (Wang, 2020). In the next 10 to 20 years, the main tasks for China's hotel industry will be brand development and re-branding (Ren *et al.,* 2016). In addition, Chinese tourists have been the world's largest spenders over the past few years (UNWTO, 2019), with an increasing amount of outbound travel (CMCT, 2020). Thereby, the study of Chinese customers' experience and its relationship with brand building can enlighten the managerial practices for both domestic and international full-service hotel managers targeting Chinese customers and attempting to offer better customer experience.

Literature review and proposed theoretical model

Customer Experience in Experience-based Economy

As the key concept in the experience-based economy, *customer experience* is one of the most controversial topics in hospitality area in the last decade (Ali *et al*., 2019; Altinay and Taheri, 2019). Schmitt (1999) defined *customer experience* as an internal feeling of an individual aroused by external stimuli. The classical measures of *customer experience* include entertainment, education, escape, and aestheticism (Pine and Gilmore, 1998); sense, feel, think, act, and relate (Schmitt, 1999); and functional and emotional clues (Berry *et al*., 2006).

According to Walls (2011), the construct, *customer experience,* has four components: perceived physical experience elements, perceived human interaction elements, individual characteristics, and situational factors. Specifically, the first two components, which are

regarded as the most critical elements, have been confirmed by several studies (e.g., Cetin and Walls, 2016; Hussein *et al*., 2018; Ren *et al*., 2016; Walls, 2013). Later, a new structure of *customer experience* including two composites of affective and intellectual experience was proposed by Foroudi *et al*. (2016) to reflect trends in the digital era. Pertaining to luxury accommodation experience, Harkison *et al*. (2018) argued that the key elements should include ethos and unique selling points, physical and human interaction experience elements and co-creation with the customers. However, most of the aforementioned constructs do not fully reflect the social settings and customers' requirements of a full-service hotel. In the context of China, for example, face-enhancing function, which was hardly mentioned in previous studies of hotel customer's experience, may significantly influence East Asian's perceptions on luxurious products (Monkhouse *et al*., 2012). It is reasonable to speculate that face consciousness is a part of Chinese customer's experience when they stay in full-service hotels. In summary, *customer experience* in the full-service hotel sector is a multi-dimensional construct. These different types of *customer experience* could be classified into three main dimensions, i.e., functional, affective, and social. Functional experience refers to products or services provided by a hotel that satisfies customer's functional needs. Affective experience refers to customer's emotional responses. Social experience highlights customer's needs related to obtaining social status and gaining social legitimacy. Later, the Methodology Section elaborates on the development of measurement scale for *customer experience* in the full-service hotel sector in order to identify respective measurement items for its three dimensions.

Brand loyalty

Brand loyalty is employed in this study as the outcome variable in the customer-brand relationship building. The importance of *brand loyalty* has been widely recognized in the hotel industry over many decades (Rather and Sharma, 2016; So *et al*., 2013). It is an outcome of the interaction between a customer's attitude and a hotel brand, which stimulates repeated purchase of that brand (Dick and Basu, 1994). A sizeable literature investigated *brand loyalty* per se and its related factors in the hotel industry (e.g., Back and Parks, 2003; Tepeci, 1999; Wilkins *et al*., 2009). These studies tested a range of antecedents of brand loyalty, such as brand experience (Ong et al., 2018), brand identification (So et al., 2013), brand satisfaction, brand commitment (Rather and Sharma, 2016), brand passion, brand affection and self-brand connection (Hemsley-Brown and Alnawas, 2016), brand attachment (Bahri-Ammari *et al*., 2016), co-branding (Kim *et al*., 2007); and customer satisfaction (Al-Msallam, 2015), customer engagement (So *et al*., 2016), C2C interactions (Luo *et al*., 2019), product involvement (Hochgraefe *et al*., 2012), and service quality (Malik *et al*., 2012). However, the formation process of *brand loyalty* is complicated, and thereby calls upon further exploration.

The Critical Role of Customer Experience in Hotel Brand Building

Back and Parks (2003) proposed that customer satisfaction is linked to *brand loyalty*. They categories *brand loyalty* into attitudinal (comprises of cognitive, affective and conative aspects) and behavioral (defined as a customer's overt behavior toward a specific brand, leading to repeated purchasing pattern). In examining the chain effects among these different types of *brand loyalty*, Back and Parks (2003) argue that customer satisfaction influences the formation of attitudinal, and then behavioral *brand loyalty*. However, unlike Back and Parks (2003), this study argues that *customer experience*, instead of its proxy - *customer satisfaction*, is a more

direct measurement reflecting the new era of the experience-based economy (Jain *et al*., 2017; Pine and Gilmore, 1998). Management of customer experience is critical for building brand loyalty (Mascarenhas *et al*., 2004; Woodside and Walser, 2007). Positive experience can constitute a differentiation feature, inducing customer preference over other brands and thereby establishing their brand loyalty (Mascarenhas *et al*., 2004; Iglesias *et al*., 2011), whereas negative experience could lead to the termination of a purchasing decision (EI Naggar and Bendary, 2017). Hence, it is important to create a direct interaction between customers and the brand to generate a positive customer experience (Biedenbach and Marell, 2010). Mascarenhas *et al*. (2006) assert that developing customer experience could be extraordinarily valuable in terms of creating customer's loyalty.

Brand trust

Brand trust can be defined as customers' feelings of security when they interact with a brand, since they believe that the brand is reliable and will responsibly uphold their interest and welfare (Delgado-Ballester *et al*., 2003). The customer's experience of products or services is the most relevant and important source of information that can be used to evaluate the brand (Huang, 2017; Swaminathan *et al*., 2001). If a brand delivers its promised performance over time, customers would feel more secure (Ashley and Leonard, 2009) and have greater confidence in the brand (Sunyansanoa *et al*., 2013). Hence, *brand trust* results from customers' previous experiences and prior interactions with brands (Agustin and Singh, 2005). Although it has not yet been widely investigated in hospitality research, the positive relationship between *customer experience* and *brand trust* has been empirically supported by several studies in

broader marketing literature (e.g., EI Naggar and Bendary, 2017; Maghzi *et al*., 2011; Kang *et al*., 2017; Song *et al*., 2012; Valenzuela and Vásquez-Párraga, 2006).

Brand affect

One of the associations between a customer and a brand could be *brand affect*. By definition, *brand affect* reflects both a customer's positive and negative feelings towards a brand (Soedarto *et al*., 2019). To fit the context in China, He (2008) proposed a measurement of *brand affect* with two dimensions. One is "True feelings". Feelings, such as attraction, pleasure, excitement, and happiness belong to this category. The other one is "Due feelings". This is rooted in social interactions and ethical norms, such as etiquette, occasion, patriotism, collectivism. Customers' positive experience can elicit a positive emotional response (Song *et al*., 2012). When interacting with a brand, experience is one of the most important sources for consumers to know the brand (Chaudhuri, 1997). In the process of this experience, consumers interact with and react to the brand. This kind of reaction starts from the sensory level of consumers and extends to the emotional sphere. Once this kind of emotion is generated, it stimulates consumers' desire to purchase, followed by the subsequent behavior of purchasing (Su *et al*., 2018) and thereby behavioral loyalty (Bahri-Ammari *et al*., 2016). Therefore, a highly pleasant experience is likely to evoke *brand affect* (Matzler *et al*., 2006).

Thereby, the following hypotheses are proposed:

H$_1$: *Customer experience* has a positive impact on hotel *brand loyalty*.

H$_2$: *Customer experience* has a positive impact on hotel *brand trust*.

H₃: *Customer experience* has a positive impact on hotel *brand affect*.

The mediating effects of brand trust and brand affect

Brand trust and *brand affect* are two constructs investigated simultaneously in several studies. Matzler *et al*. (2008) investigated the mediating role of *brand trust* and *brand affect* between *risk aversion* and *brand loyalty*. The chain effect, from *brand affect* and *brand trust* to *brand loyalty* and then to market share and relative price, was examined by Chaudhuri and Holbrook (2001). Another chain effect, from *brand image*, *trust* and *affect* to *brand loyalty*, and then to consumer brand extension attitude, was also tested by Anwar *et al*. (2011). In luxury brand management, *brand trust* and *affect* are critical to the building of the customer-brand relationship (Song et al., 2012). The inclusion of *brand trust* and *affect* into one model offers a more sophisticated understanding of brand building, and both cognitive and affective pathways are inspected.

In above studies, *brand trust* is verified to be an important antecedent variable of *brand affect* (Gecti and Zengin, 2013). *Brand trust* can be treated as a process that occurs when customers think and consider their long-term experience of the brand, while *brand affect* is an impulsive feeling towards a brand (Chaudhuri and Holbrook, 2001). To be a cognitive component (Casalo et al., 2007), *brand trust* precedes the emotional response, namely *brand affect*.

Brand trust is considered as an important factor in building brand loyalty (Delgado-Ballester et al., 2003). The causal relationship between *brand trust* and *brand loyalty* was examined in the context of the cable TV industry (Oyedeji and Hou, 2010), banking services (Ndubisi et al.,

2007) and mobile phone service (El Naggar and Bendar, 2017). Moreover, customers' brand experience (Kang et al., 2017) was confirmed to be related to *brand loyalty* with a mediating effect of *brand trust*. However, in work of Huang (2017), *brand trust* was not a significant mediator between experience and loyalty. Trust could also be a resultant of customer-brand identification (Shin *et al*., 2020). Therefore, the role of *brand trust* between *customer experience* and *brand loyalty* needs to be specifically tested in the context of full-service hotel.

Brand affect is a strong driver of *brand loyalty* (Gecti and Zengin, 2013; Kabadayi and Alan, 2012). Iglesias *et al*. (2011) suggested that customers' superior experiences may enhance their emotional responses to the brand. Then, the emotions, such as happy, joyful, or affectionate, elicited by the brand can prompt greater purchase and attitudinal loyalty (Matzler *et al*., 2008). A long-term affective attachment between a brand and the customer can provide steady benefits to customers (Gundlach *et al*., 1995) and lead to greater commitment in the brand, i.e., loyalty (Chaudhuri and Holbrook, 2001). The relationship between *brand affect* and *brand loyalty* has been empirically proved by works of Anwar *et al*. (2011), Chaudhuri and Holbrook (2001), and Kabadayi and Alan (2012).

Thereby, the following hypotheses were proposed:

H_4: Hotel *brand trust* mediates the relationship between *customer experience* and *brand loyalty*.

H_5: Hotel *brand affect* mediates the relationship between *customer experience* and *brand loyalty*.

H_6: Hotel *brand trust* mediates the relationship between *customer experience* and *brand affect*.

Moderation effect of brand involvement

In the context of consumption, involvement has been defined as "a person's perceived relevance of the object based on inherent needs, values, and interests" (Zaichkowsky, 1985, p. 342). It has two categories: product and brand involvement (Zaichkowsky, 1985). Under the conditions of similar features and quality, consumers would choose a product based on their familiarity with the brand (Kim and Sung, 2009). Compared to product involvement, *brand involvement* has received much less attention in research. Several attempts in the broader area of management include Dahlgren (2011), Lockshin *et al.* (1997), Shiue and Li (2013) and, most recently, Bian and Haque (2020). However, for the full-service hotel sector, the role of customer's *brand involvement* in brand building has rarely been discussed. The gap of knowledge remains.

Brand involvement is closely related to *customer experience*. Gentile *et al.* (2007, p. 397) suggested that "customer experience … is strictly personal and implies the customer's involvement at different levels (rational, emotional, sensorial, physical, and spiritual)". Yang and Chan (2010) verified in an empirical study that the higher involvement of customers in the hotel, the higher the quality of customer experience, and vice-versa. Involvement is also a predictor for *brand loyalty*, as suggested by Knox and Walker (2003) and Vazifehdoost *et al.* (2014). Further, the effect of *brand trust* can fluctuate with different levels of customer involvement (Delgado-Ballester and Munuera-Alemán, 2001). *Brand involvement* is also verified as an important moderate variable in the customer-brand relationship in various settings (e.g., Kim *et al.*, 2012; Suh and Youjae, 2006; Swoboda *et al.*, 2009). Customers with

higher *brand involvement* might have closer ties with brands and thereby positive attitude and

affect towards the hotel brands.

Thereby, this study proposes:

H_{7a}: The relationship between *customer experience* and *brand trust* is positively moderated by

brand involvement.

H_{7b}: The relationship between *customer experience* and *brand affect* is positively moderated

by *brand involvement*.

H_{7c}: The relationship between *customer experience* and *brand loyalty* is positively moderated

by *brand involvement*.

Model of chain effects between hotel customer experience and brand loyalty

The conceptual model proposed in this study attempts to establish (i) the linkage between the

customer experience dimensions and *brand loyalty*, (ii) the mediate roles of *brand trust* and

brand affect and (iii) the moderate role of *brand involvement* on the relationships between

customer experience and *brand trust*, *brand affect,* and *brand loyalty*. Overall, the proposed

model captures the key constructs that explain how the customer's experience impacts brand

loyalty as in **Figure 1**.

Please Insert Figure 1 Here

Methodology

Development of measurement items for customer experience

The dimensionality of *customer experience* was specifically explored for full-service hotels. A total of 50 customers staying in full-service hotels located in Beijing, Shanghai, Shenzhen, Hangzhou and Zhengzhou, China, were interviewed from March to April 2018. Two full-service hotels from each city and five customers from each hotel were selected. Questions asked were principally related to the customer's experience in the hotel and the factors influencing their experience. The average interview time for each customer was approximately 30 minutes. The collected data were analyzed by one of the authors and research assistants. The process of coding follows steps suggested by Richards (2009). Finally, 28 items (details are available in the Online Supplementary Document) were extracted to be used for further analysis.

Then, in July 2018, a small survey was conducted. Two hundred customers from full-service hotels in ten cities of China, i.e., Shanghai, Beijing, Shenzhen, Chengdu, Zhengzhou, Qingdao, Hangzhou, Guangzhou, Xiamen and Nanjing, were asked to complete a questionnaire related to their customer experience. A total of 176 valid responses were collected. The data were randomly divided into two parts. One was used to refine the items, and the other half was used to examine the validity and reliability. Three methods were used to purify the initial items. First, the corrected item total correlation (CITC) was used. Items lower than 0.3 were deleted. Second, items with Cronbach's α values lower than 0.6 were also eliminated. After the first two steps, merely 15 out of 28 items remained. Then, exploratory factor analysis (EFA) was used to reduce the dimensions. The KMO and Bartlett examination equal to 0.863 and 9871.066 respectively. Using the principal component analysis and maximum variance orthogonal rotation method, three dimensions were extracted with the standard of eigenvalue value greater

than 1 (**Table 1**). The cumulative variance of the three dimensions is explained as 73.69%. The Cronbach'α for the entire measure is 0.877. By the analysis of confirmatory factor analysis (CFA), the factor loading for each item is higher than 0.7. That means each item converges to its latent variable, and the scale has convergent validity. All average variation extraction (AVE) values are greater than 0.5, and also greater than the correlation coefficient between factors. The discriminant validity is, therefore, ensured (Wu, 2009).

Please Insert Table 1 Here

In summary, the measurement items identified for *customer experience* are categorised into functional, affective and social dimensions. The functional experience as expected is related to products or services such as the facilities, environment and atmosphere, staff's service attitude and skills. The affective experience reflects on the customers' emotional responses, either positive or negative. However, the empirical analysis indicated that customers generally have positive emotional responses to the full-service hotel (see Online Supplementary Document). Items for both functional and affective dimensions do not diverge far from the literature. The novel items for social experience highlighting customers' social needs are related to social belonging, respect, self-esteem, and social self-image. This scale development study has identified 15 items as in **Table 1**, with the details of the items are available in the Online Supplementary Document).

Generating measurement items through literature

The measurements of *brand trust, brand affect, brand loyalty* and *brand involvement* were obtained from previous studies, including He (2008); Oliver (1999); Wang & Zhou (2011); Yuan *et al*., (2007); Zaichkowsky (1985) ; and Zeithmal *et al*., (1996). The entire scales and respective citations are available in the Online Supplementary Document. All above mentioned scales were defined as multi-dimensional constructs. Three experts were invited to go through the whole questionnaire, in order to ensure content validity. All items were measured by a 7-point Likert scale, where 1 represents strongly disagree, while 7 represents strongly agree.

Data collection

The major survey was conducted in ten of China's main cities, similar to those in the first round of sampling as above. The selection was based on two considerations. First, these cities are China's main tourist destinations attracting a high number of visitors, either travelling for pleasure or business. Second, a vast variety of hotel brands can be found in these cities, and competition is very intense. Therefore, branding is critical for hotels in these cities. Two full-service hotels per city were selected. The selected hotels are chain hotels of both international and domestic brands.

During the period from October 2018 to March 2019, target sample of customers were approached by a systematic sampling method at the main entrance of hotel lobbies. Every fifth customer leaving the hotel was invited to complete the questionnaire, following the suggestion of Heung and Lam (2003). Full service hotels with different brands were chosen from a hotel list provided by each city's hotels association. In each hotel, one or two pre-trained survey helpers selected and interviewed respondents intentionally to ensure the diversity of samples.

Different genders, age, incomes and educations were covered (**Table 2**). Out of 1000

respondents, 732 of them are valid responses. The large sample size enhances the

representativeness of the sample, and is suitable for the structural equation modeling (SEM),

as partial least squares (PLS)-SEM analysis expects a ratio of 10 responses for each item in the

analysis (Iacobucci, 2010).

Please Insert Table 2 Here

Data Analysis

The data analysis includes four steps. First, the descriptive statistics and EFA were performed

using SPSS 19. Second the measurement model was tested using the PLS-SEM approach by

Smartpls 3. The examination of measurement model generates the reliability, convergent, and

discriminant validity for constructs. Third, a structural model examining causal relationships

between different dimensions of *customer experience* and *brand loyalty* were estimated with

Smartpls 3. Fourth, to test the aforesaid hypotheses 1-7, the structural model including all latent

variables was computed. The PLS-SEM approach is used. It can analyze causal relationships,

as well as mediate and moderate effects simultaneously with a loose requirement of normal

distribution of data (Urbach and Ahlemann, 2010). As a large number of items (n=49) were

used to measure the latent variables, item parceling strategy was employed to reduce the

number of items and the total measurement error, according to the suggestion of Bandalos

(2002).

Findings

Reliability and validity

Respondents generally hold a positive attitude towards their hotel experience and hotel brand, since the mean scores of all items are above 5. Items with factor loading in EFA lower than 0.5 were eliminated from subsequent analysis. The factor loadings for all items in CFA are higher than 0.8. The Cronbach' α and Dillon-Goldstein's rho coefficients are greater than 0.70 for all constructs supporting the reliability of measurement tools (Hair *et al*, 2014). The composite reliability of each construct reaches the acceptable standard of 0.7 (Urbach and Ahlemann, 2010). AVE for each construct are higher than 0.5 indicating the convergent validity (Alsharo, 2016). The cross-loadings automatically calculated by Smartpls are checked to ensure the discriminant validity. **Table 3** shows the calculation of reliability and validity indicators.

Please Insert Table 3 Here

The effects of customer experience dimensionality on brand loyalty

The causal relations between three dimensions of *customer experience* (i.e., functional experience, affective experience, and social experience) and *brand loyalty* were examined to investigate whether different facets of customer experience have similar influences on brand loyalty. The PLS-SEM approach was utilized, as the dependent variable *brand loyalty* has two dimensions (i.e., attitudinal and behavioral). The R^2 of the model indicates that affective, functional and social experience explain 58.1% of the variance in *brand loyalty*, suggesting the homological validity of the model as recommended by Chin (1988). The value of Stone–Geisser Q^2, calculated using the blindfolding procedure, is found to be greater than zero (Q^2 =0.512), supporting a predictive relevance in explaining the endogenous latent variable (Urbach and Ahlemann, 2010). Standardized Root Mean Square Residual (SRMR) equals to

0.048(< 0.5) suggesting that the goodness of fit is satisfactory (Wen *et al.*, 2004). The values

of variance inflation factor (VIF) are less than the required threshold of 5 (Hair *et al.*, 2011),

therefore a multicollinearity issue does not exist. The path coefficients of functional experience,

social experience, and affective experience on *brand loyalty* are 0.256, 0.529 and 0.045

respectively. The social experience is the most significant determiner of *brand loyalty* (**Table

4**). For full-service hotels, customers can generate brand loyalty because of satisfaction with

their functional experience. But social experience has a more significant relation with *brand

loyalty*. Customers' feelings of respect, social interaction, social self-image, and self-esteem

gained from their experiences staying in a full-service hotel is more critical in the formation of

their loyalty to the brand. It worth to note that in this study, the respondents, in general,

expressed a very good customer experience (Means=5.80), suggesting that they tend to form

positive attitudes and possibly inducing positive bias towards brand loyalty.

Please Insert Table 4 Here

Test of the structural model

The structural model including comprehensive causal effects from *customer experience* to

brand trust and *brand affect*, and then to *brand loyalty* is tested. Item parceling can reduce

model parameters and generate more stable parameter estimates, greater reliability and more

definitive rotational results (Bandalos, 2002). It is appropriate to be used when items are merely

tools for building a measurement model and relations among latent variables are focused (Little

et al., 2002). The internal-consistency approach of item parceling was used in this study. Items

of each sub-dimension (**Figure 1**), which are unidimensional theoretically and loaded on one

dimension in EFA, were averaged and replaced with the new mean score. Consequently, *customer experience* are examined by three observed items (Functional, social and affective experience); *brand trust* is also examined by three observed items (quality, capability and benevolence trust); *brand affect* is examined by two observed items (Due and true affect); and *brand loyalty* is examined by two observed items (attitudinal and behavioral loyalty). As shown in **Table 5**, the path coefficients from *customer experience* to *brand trust, brand affect* and *brand loyalty* are 0.619, 0.237 and -0.011. The *p* values for the first two paths are lower than 0.001. Therefore, *customer experience* significantly relates to *brand trust* and *brand affect*. There is no direct relationship between *customer experience* and *brand loyalty*. Tests of *brand trust* and *brand affect*'s mediation effects indicate that *brand affect* is a mediator between *customer experience* and *brand loyalty*. *Brand trust* only has the mediate influence through the chain effect from *brand affect* to *brand loyalty*. Since *customer experience* does not have a direct effect to *brand loyalty*, *brand trust* and *brand affect* are the full mediators between *customer experience* and *brand loyalty*. To sum up, the hypotheses H2, H3, H5, and H6 are confirmed in this analysis.

Please Insert Table 5 Here

Brand involvement has a moderating effect on the relationships between *customer experience* and *brand trust*; and *customer experience* and *brand affect*. But *brand involvement* does not moderate the relationship between *customer experience* and *brand loyalty*. H7a, and H7b are verified. The R^2 of the model indicates that all predictive variables explain 81.5% of the variance in *brand loyalty* (Chin, 1988). The value of Stone–Geisser Q^2 is greater than zero (Q^2

=0.717). The predictive relevance explains the endogenous latent variable (Urbach and Ahlemann, 2010). SRMR equals to 0.047 which is lower than 0.08 indicating a good model fit (Wen *et al*., 2004).

Conclusions

Discussion and conclusions

Three major conclusions are proposed. Firstly, this study put forward that *customer experience* consists of three dimensions: functional, affective and social experience. The scope of functional experience, mainly relating to products and services offered by hotels, is consistent with findings of many previous studies, which include: physical experience (Hussein *et al*., 2018; Ying *et al*., 2020), physical environment (Walls, 2013), functional and mechanical experience (Chepngetich *et al*., 2019), tangible-sensorial experience (Ren *et al*., 2016), and perceived physical experience (Walls et al., 2011). Affective experience, rarely discussed in prior literature, is identified in this study, echoing the suggestion of Walls *et al*. (2011) and Wu and Gao (2019) to emphasize the emotional experience of customers rather than purely cognitive experiences.

The concept of social experience, proposed in this study, is related to but beyond human interaction (Lin *et al*., 2020; Walls, 2013), staff relational / interactional experience (Ren *et al*., 2016) and humanity clues (Chepngetich *et al*., 2019) as stated in prior studies. It shall include customer's self-esteem and social self-image, which rarely mentioned in other studies. The full-service hotel is normally a high-end, luxury hotel. Staying in a full-service hotel, customers are not only looking for superior services, but also meant to impress, to "enhance face" in front

of other people, which is a widespread phenomenon rooted in Chinese culture (Mattila, 1999). Compared to the other two types, social experience is more critical in building brand loyalty. In a culture emphasising the importance of social status (such as face consciousness in China), staying in a luxurious hotel is regarded as a symbol to demonstrate different social hierarchies of groups and in group status (Li and Su, 2007). Consequently, consumers are more likely to relate the brand of a hotel to their social standing and thereby generate brand loyalty.

Secondly, this research investigated the comprehensive causal effects between *customer experience* and *brand loyalty*. The findings renew the knowledge of previous studies in three aspects. First, this study links the relationship between *customer experience* and *brand loyalty*. Previous studies normally focus on the connection between customer satisfaction and brand loyalty (e.g., Al-Msallam, 2015; Back and Parks, 2003). Most studies treated customer experience as a part of customer satisfaction (Verhoef *et al*., 2009). However, delivering customer experience goes beyond customer satisfaction, as satisfied customers may still defect to competitors (Mascarenhas *et al*., 2006). In some industries, organizations have slowly replaced the measurement of customer satisfaction scores with experience audits and implementation of customer experience management (Berry *et al*., 2002). Therefore, understanding the impact of *customer experience* on *brand loyalty* is useful for customer experience management in the hospitality industry. Second, this article verifies the intermediary role of *brand trust* and *brand affect* in the relation between hotel *brand loyalty* and *customer experience*. Back and Parks (2003) suggested *brand loyalty* has four consecutive phases, namely cognitive, affective, conative, and action. Therefore, *customer experience* does not directly relate to brand loyalty, as the H_1 is rejected. *Customer experience* is confirmed to

influence *brand loyalty* through a chain effect from cognitive phase (*brand trust*) to affective

phase (*brand affect)*, and then to *brand loyalty*. Third, *brand trust* does not directly relate to

brand loyalty in the context of full-service hotel customer's experience. This result is different

from findings from prior studies which are in different contexts (e.g., Kabadayi and Alan, 2012;

Song *et al*., 2012). The comprehensive connections between *customer experience* and brand

building-related factors are unveiled in this study.

Third, this study tested the moderating effect of *brand involvement*. The results show that

the higher the degree of *brand involvement*, the stronger the impact of *customer experience* on

brand trust, and *brand affect*. This study also testified that *brand involvement* does not have a

direct moderating effect on the relationship between *customer experience* and *brand loyalty*.

The possible explanation could be that experience is a moderator on the relationship of

involvement and *brand loyalty* (Bennett *et al*., 2005), and the reverse direction does not exist.

These findings extend the knowledge of brand building and give a more comprehensive

explanation on the formation of *brand loyalty*.

Theoretical Implications

Theoretically, this study is one of the first few studies investigating the dimensionality of

customer experience in the full-service hotel sector. Three unique dimensions have been

identified, which are significant different from the factors of customer experience in the budget

hotel. In studies of customer experience in budget hotels, basic services elements, such as

cleanliness, smell, quietness, shower, temperature, maintenance, as well as location and visual

appeal (Ren *et al*., 2016), are the most important attributes of a hotel. In contrast, this study

shows the demands of customers staying in a full-service hotel exceed these basic functional

elements. Experience related to customers' emotional response, self-esteem, and social

belonging emerged to be important.

The study also contributes to the knowledge of the relationship between *customer experience*

and *brand loyalty*. A comprehensive causal effects between *customer experience* and *brand*

loyalty has been established with *brand trust* and *brand affect* as two mediators and *brand*

involvement as the moderator. The model draws a comprehensive picture on how the customer

experience can be directed to the building of loyalty for hotel brand.

Practical Implications

The study has important practical significance. First, hotel managers can improve customer

experience by offering various functional attributes. While in a highly competitive market,

functional experience gradually became the "hygiene factor" of Herzberg's two-factor theory

for full-service hotels, while affective and social experience are the "incentive factors". Hence,

hotel managers should pay more attention to creating affective and social experiences for their

customers. For example, managers could emphasize the rank and status of their hotel brands

when designing their marketing strategies in terms of suitable brand positioning, pricing, and

promotion.

Second, the demonstration of intermediate roles of *brand trust* and *affect* could draw hotel

managers' attention upon the promotion of hotel quality, capability and benevolence to

customers through various channels. By doing so, customers' trust to the hotel brand can be

better established. Meanwhile, establishing an emotional attachment between the customer and

the brand is even more critical for building brand loyalty. Increasing the customer's interactions with hotels and building a brand story can shape a special feeling between the customers and the hotel brand. Besides the true feeling of customers, hotel managers who target customers could also try to stimulate customers' due feeling. That means, hotel managers can build the brand based on social norms and cultural values. Especially, domestic hotel brands can stimulate customers due feeling by emphasizing their localism. This finding could be particularly useful for the hotels focusing on domestic customers. This is an important aspect of hotel brand building in China.

Third, *brand involvement* also plays a role in brand building indirectly by moderating the relationships between *customer experience* and *brand trust,* and *brand affect*. Hotel managers should not only segment the market by demographic variables, but also need to identify and distinguish customers by their psychological types. Highly engaged customers with satisfactory experience have more positive attitudes and emotional connection to hotel brands. Communicating to customers with updated information, as well as organizing brand community can be a useful approach to increase their involvement with the brand.

Limitations and Future Research

The study has a number of limitations. This study did not have sufficient scale and thus did not attempt to analyze various sub-segments of the full-service hotel sector. In future research, a larger sample could be collected so that examination and comparison could be made on the different types of brands and customers, such as foreign versus domestic where differences identified in some studies (e.g., Ying *et al.*, 2020). Further testing could also be done in other

nations, different cultural settings and customers' backgrounds, to verify the measurement items and model. This article tested the intermediary and moderate roles of *brand trust, affect* and *involvement*, but other constructs, such as brand knowledge, brand personality, brand identification, may also play key roles in the mechanism of *customer experience* and *brand loyalty*. An even more comprehensive study can be considered in future studies.

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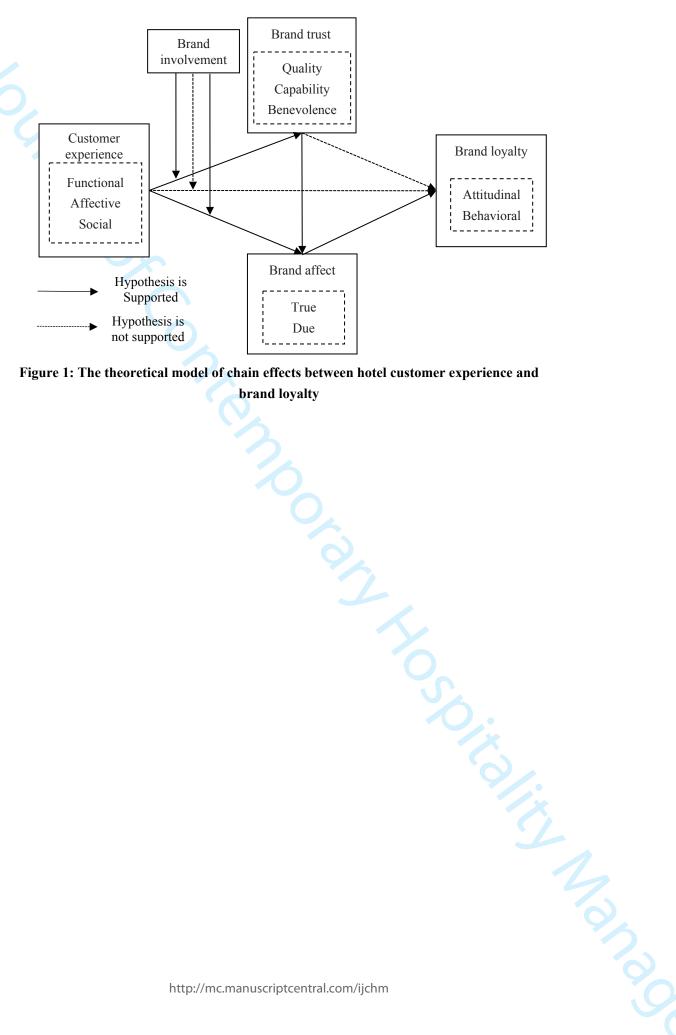**Figure 1: The theoretical model of chain effects between hotel customer experience and brand loyalty**

Table 1: Scale of hotel customer experience bases on a small sample survey

Dimensions		Factor Loading (EFA)	Cronbach'α	Factor Loading (CFA)	Composite reliability (CR)	AVE
Functional	A1/FE1	.808		.812		
	A4/FE2	.831		.803		
	A5/FE3	.786	0.858	.818	0.8587	0.8270
	A7/FE4	.667		.799		
	A8/FE5	.702		.813		
Affective	B11/AE1	.828		.878		
	B12/AE2	.816	0.837	.884	0.8378	0.7611
	B13/AE3	.868		.815		
	B14/AE4	.809		.858		
Social	C21/SE1	.803		.844		
	C22/SE2	.795		.859		
	C24/SE3	.698		.824		
	C25/SE4	.791	0.865	.837	0.8687	0.8856
	C26/SE5	.802		.852		
	C28/SE6	.784		.851		

Table 2: The profile of samples (N=732)

Demographics	Category	Frequency	Percentage %
Gender	Male	449	61%
	Female	283	39%
Age	19-29	45	6%
	30-39	217	30%
	40-49	308	42%
	50-59	104	14%
	Over 60	58	8%
Income (RMB)	Under 5,000	27	4%
	5,000-9,999	124	17%
	10,000-29,999	226	31%
	30,000-50,000	287	39%
	Over 50,000	68	9%
Education	High school or lower	66	9%
	Diploma	153	21%
	Bachelor	419	57%
	Postgraduates	94	13%

Table 3: Validity and reliability of scales

Construct	Item	Mean	Factor Loading (EFA)	Cronbach' α	Factor Loading (CFA)	Composite reliability (CR)	D.G. Rho	AVE
Functional Experience (FE)	FE1	5.82	0.600		0.809			
	FE2	6.02	0.679		0.881			
	FE3	5.98	0.645	0.921	0.896	0.934	0.913	0.740
	FE4	5.97	0.681		0.887			
	FE5	6.05	0.680		0.825			
Affective Experience (AE)	EE1	5.83	0.617		0.885			
	EE2	5.90	0.595	0.917	0.913	0.942	0.918	0.802
	EE3	5.82	0.535		0.922			
	EE4	5.67	0.564		0.860			
Social Experience (SE)	SE1	5.59	0.602		0.867			
	SE2	5.57	0.623		0.906			
	SE3	5.80	0.633	0.927	0.869	0.945	0.927	0.774
	SE4	5.65	0.670		0.900			
	SE5	5.63	0.644		0.858			
	SE6	5.70	0.453		-			
Customer Experience				0.893		0.934	0.895	0.825
Quality Trust (QT)	QT1	5.91	0.490		-			
	QT2	5.99	0.531		0.803			
	QT3	6.03	0.625	0.882	0.869	0.885	0.919	0.740
	QT4	6.06	0.693		0.911			
	QT5	5.99	0.675		0.855			
Capability Trust (CT)	CT1	5.97	0.719		0.896			
	CT2	5.94	0.706		0.885			
	CT3	6.01	0.691	0.925	0.907	0.926	0.943	0.769
	CT4	5.95	0.665		0.864			
	CT5	5.84	0.617		0.832			
Benevolence (BT)	BT1	5.90	0.665		0.864			
	BT2	5.90	0.730		0.904			
	BT3	5.85	0.680	0.882	0.890	0.885	0.919	0.740
	BT4	6.00	0.726		0.889			
	BT5	5.90	0.656		0.844			
Brand Trust				0.934		0.934	0.958	0.883
True Affect (RA)	RA1	5.49	0.552		0.877			
	RA2	5.64	0.565	0.919	0.907	0.919	0.919	0.942
	RA3	5.60	0.659		0.909			
	RA4	5.61	0.666		0.892			
Due Affect (DA)	DA1	5.67	0.648		0.877			
	DA2	5.46	0.750	0.921	0.912	0.922	0.945	0.810
	DA3	5.45	0.731		0.915			
	DA4	5.49	0.755		0.896			
Brand Affect				0.900		0.900	0.952	0.909
Attitudinal Loyalty (AL)	AL1	5.43	0.752		0.905			
	AL2	5.46	0.804	0.899	0.937	0.900	0.937	0.832
	AL3	5.50	0.754		0.894			
Behavioral Loyalty (BL)	BL1	5.61	0.744		0.909			
	BL2	5.68	0.680	0.902	0.933	0.903	0.939	0.837
	BL3	5.72	0.643		0.902			
Brand Loyalty				0.876		0.876	0.941	0.889
Brand Involvement (BI)	BI1	5.56	0.729		0.885			
	BI2	5.51	0.747		0.841			
	BI3	5.58	0.740	0.956	0.866	0.957	0.963	0.741
	BI4	5.67	0.668		0.880			
	BI5	5.65	0.713		0.883			
	BI6	5.77	0.604		0.844			

Table 4: The causal relationships between customer experience and brand loyalty

Dependent variable		Independent variables		
		Functional Experience	Affective Experience	Social Experience
	Path coefficient	0.256	0.045	0.529
Brand Loyalty	p	***	0.351	***
	VIF	2.619	3.591	2.493

$R^2 = 0.581$ Adjustment $R^2 = 0.587$ $Q^2 = 0.512$

Note: *** $p < 0.01$

Table 5: Outcomes of the structure model test

Paths	Hypotheses	Path coefficient	P
Customer Experience → Brand Loyalty	H_1	-0.011	0.783
Customer Experience → Brand Trust	H_2	0.619	***
Customer Experience → Brand Affect	H_3	0.237	***
Customer Experience → Brand Trust → Brand Loyalty	H_4	0.038	0.171
Customer Experience → Brand Affect → Brand Loyalty	H_5	0.116	***
Customer Experience → Brand Trust → Brand Affect → Brand Loyalty	H_6	0.062	***
Moderating Role of Brand Involvement: between Customer Experience and Brand Trust	$H7_a$	-0.038	***
Moderating Role of Brand Involvement: between Customer Experience and Brand Affect	$H7_b$	0.045	***
Moderating Role of Brand Involvement: between Customer Experience and Brand Loyalty	$H7_c$	-0.006	0.376

Note: *** $p < 0.01$

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