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ABSTRACT

Pine and Gilmore (1998) set out the vision for a new economic era: the 'experience economy' in which consumers are now searching for extraordinary and memorable experiences. Since then, a rich body of research on applications of the experience economy concepts have appeared in the consumer literature. However, it is only recently (Oh, Fiore and Jeoung, 2007) that academic investigation on the measurement of tourism experiences have emerged in the literature. The purpose of the research is to replicate and validate Oh, Fiore and Jeoung (Measuring Experience Economy Concepts: Tourism Applications, Journal of Travel Research, 46, November 2007, pp. 119-132) proposed measurement scale in the context of cruising. The study further extends Oh, Fiore and Jeoung (2007) conceptualisations and investigates the relationship between experience evaluations, satisfaction and intention to recommend. Overall, findings of this study enhance theoretical progress on the experiential concept in tourism.

INTRODUCTION

A decade ago, Pine and Gilmore (1998) set out the vision for a new economic era: the 'experience economy'. In this fast growing experience economy, consumers look for affective memories, sensation and symbolism which combine to create a holistic and long-lasting personal experience. Nowadays, traditional marketing approaches that focus on functional product attributes and quality are inadequate (e.g. Schmitt, 2003; Gentile, Spiller and Noci, 2007). Instead, consumers are in search for experiences that 'dazzle their senses', 'engage them personally', 'touch their hearts' and 'stimulate their minds' (Schmitt, 1999), whilst indulging in 'fantasies, feelings and fun' (Holbrook and Hirschman, 1982). From the Burning Man Festival in Nevada (Kozinets, 2002), to swimming with Dolphins (Curtin, 2006) and white water river rafting (Arnould and Price, 1993), people are in search for unique, memorable and extraordinary experiences. As a result, Pine and Gilmore (1998) argue that in order to be successful, businesses should provide unforgettable satisfactory experiences to their customers by adding value to their offerings. In the future, it is the ability to create personal experiences to drive customer loyalty that will give companies a sustainable competitive advantage (Prahalad and Ramaswany, 2004; Shaw and Ivens, 2005).

Pine and Gilmore (1998) identify four 'realms' of consumer experiences which are differentiated at two levels: i) the degree of customer involvement (*passive vs. active participation*); and ii) the desire with which the customer connect or engage with the event/performance (*absorption vs. immersion*). The four types of experiences are educational (active/absorption); escapist (active/immersion); entertainment (passive/absorption); and esthetics (passive/immersion). The education experience actively engages the mind of the consumer, intrigue them and appeal to their desire to 'learn something new'. Escapist experiences are immersive and is the extent to which an individual is completely engrossed and absorbed in the activity. Typical examples include theme parks, adventure lands, simulated destinations and themed attractions among others. Entertainment is probably one of the oldest forms of experience and usually involves a passive involvement of the individual. Some common examples of entertainment include variety shows and live concerts. Finally, esthetics refers to consumers' interpretation of the physical environment around them. Since Pine and Gilmore (1998) work, a rich and diverse research stream on consumer experience has appeared in the literature (e.g. Addis and Holbrook, 2001; Carù and Cova, 2003; Poulsson and Kale, 2004; Ponsonby-Mccabe and Boyle, 2006; Gentile, Spiller and Noci, 2007). More recently, developments and applications have emerged in tourism research (e.g. Andersson, 2007; Yuan and Wu, 2008).

Tourism is one of the pioneering examples of the experience economy as evidenced in earlier literatures back in the 1970s (e.g. Cohen, 1979). The tourism experience is considered to be unique, emotionally charged and of high personal value (McIntosh and Siggs, 2005). However, with a few exceptions, there is a lack of academic research on the conceptualisation and measurement of tourism experiences (Gretzel, Fesenmaier, Formica and O'Leary, 2006). Realising this limitation, Oh et al., (2007) empirically tested Pine and Gilmore's (1998) conceptual model using customers' lodging experiences with bed-and-breakfasts (B&B). Based on a rigorous and methodologically sound approach to scale development (e.g. Churchill, 1979; Gerbing and Anderson, 1988), Oh et al., (2007) developed a measure to capture tourism experiences. The multidimensional scale was valid and reliable and consists of four dimensions with four statements each. Oh et al., (2007: 129) claim that their scale is "likely to be stable across subjects and settings". The authors call for additional research to i) replicate their model in other tourism settings; and ii) to establish the relationships between the dimensions of customer experiences and post-consumption evaluations. Accordingly, the main objective of this research is to validate Oh et al., (2007) measurement model in the context of cruising. The study further extends Oh et al., (2007) conceptualisation and investigates the relationship between experiences, satisfaction and intention to recommend.

Studying guest experiences within the cruise industry provided a desirable setting for several reasons. Cartwright and Baird (1999) note that the most common reasons for purchasing a cruise holiday are to be looked after in luxury and to be entertained. As a result, these pre-purchase expectations place fundamental importance on the overall experiential value of the cruise vacation. In addition, cruise vacations are laden with experiential benefits and offer opportunities for tourists to engage in a socially unique and memorable experience (Kwortnik, 2006). However, with few exceptions, academic research on cruising remains sparse (Teye and Leclerc, 2002). Petrick (2004) posits that the cruise industry has a poor understanding of its patrons. As a result, the author calls for additional research in understanding cruisers' experiences and post-consumption evaluations.

METHODS

Data were collected via a personally administered questionnaire from 169 guests on a two-week cruise vacation onboard the megaship "Rhapsody of the Seas" cruise liner, owned and operated by Royal Caribbean International Cruise Line. The cruise left Singapore and travelled to Hong Kong, with scheduled stops in Cambodia, Vietnam and Thailand, where passengers could freely disembark and/or take organised excursions. On the last day, whilst waiting for onward transportation, respondents were approached at random to participate in the survey. The sample was almost equally split between males (53%) and females (47%). Only a small proportion of respondents were on their first cruise (25%) with the majority being experienced cruisers: 1-2 times (32%), 3-4 times (21%) and >5 times (22%). Respondents were mostly accompanied with their family (46%) and their partner (42%). In terms of nationality, the sample was a good representation of the actual passenger profile with USA (38%) as the largest group, followed by UK (29%) and Australia (15%). The remaining 18% included countries such as China (5%), Norway and Russia.

The research instrument consists of a number of rating scales to capture the study's main variables: cruisers' experience, memory, arousal, overall perceived quality, intention to recommend and satisfaction. Cruisers' experiences were operationalised using Oh et al., (2007) tourists experience scale (Table 1). The four dimensions of experience: education; entertainment; esthetic and escapism, were each represented with 4 statements measured on a 7-point scale: [1] *strongly disagree* to [7] *strongly agree*. Arousal (α=.83) was captured using four items tapping respondents' evaluations of how *interesting*, *stimulating*, *exciting* and *enjoyable* the cruise experience was on 7-point scale with anchors [1] not at all and [7] very much. Memories (α=.82) about the cruise experience were measured on a 7-point scale (1=strongly disagree and 7=strongly agree) using the following three items: "*I will have wonderful memories about this cruise experience*"; "*I will remember many positive things about this cruise experience*"; "*I won't forget my experience on this cruise*". Two items were constructed to tap overall perceived quality (α=.90): *poor/excellent*; and *inferior/superior*. Overall satisfaction (α=.84) was assessed using two items: *extremely dissatisfied/extremely satisfied*; and *terrible/delighted*. Finally, respondents' intention to recommend was measured with the question "*How likely is it that you would recommend this cruise to friends or family members*" (extremely unlikely [-3] and extremely likely [+3]).

FINDINGS

Confirmatory factor analysis (CFA) was used to establish the unidimensionality, discriminant and convergent validity of the experience scale (MacCallum, 1986). A 16-item, 4-dimensional CFA model was estimated using LISREL 8.1. An inspection of the initial model, revealed that the fit indices were below acceptable thresholds ($\chi^2_{(98)}$=234.72, p=0.00; GFI=0.85; NNFI=0.89; CFI=0.91; standardised RMR=0.063; and RMSEA=0.092). The results were subjected to modification to improve the model fit while at the same time ensuring theoretical significance of the model. An examination of the modification indices (MIs) revealed that 2 statements were candidates for deletion: *It stimulated my curiosity to learn new things* (Education); and *I felt a real sense of harmony* (Esthetics). The new hypothesized model exhibited a better fit: $\chi^2_{(69)}$=135.9, p>0.05; GFI = 0.91; NNFI = 0.93; CFI = 0.95; standardised RMR=0.045; RMSEA=0.07. Convergent validity was examined by looking at the significance of individual items loading on their underlying dimension (Anderson and Gerbing, 1988). Factor loadings for the individual scale items were highly significant ($p < 0.001$: t values > 10) and substantial with values ranging from 0.59 to 0.90 (Table 1). Composite reliabilities for the four dimensions exceed the minimum recommended standards of 0.70 (Bagozzi and Yi, 1988). Results thus establish the

convergent validity of the experience scale (Hair et al., 2006). The average variance extracted (AVE) estimates were above 0.50 (Fornell and Larcker, 1981), suggesting that the sub-scales are unidimensional. The squared correlations between pairs of constructs were less than the AVEs, and thus provide empirical support for the discriminant validity of the measures (Fornell and Larcker, 1981).

Table 1. Standardized Factor Loadings and Construct Reliabilities

Dimensions and Indicators	Standardized Factor Loadings[a]	Composite Reliability[b]	Average Variance Extracted[b]
Education		.86	.68
I learnt a lot during this cruise	.75		
The experience made me more knowledgeable	.90		
It was a real learning experience	.82		
Entertainment		.88	.65
The onboard activities were amusing	.80		
The entertainment was captivating	.84		
Onboard activities were entertaining	.77		
Activities onboard were fun	.82		
Esthetics		.83	.61
The setting of the ship was attractive	.77		
The setting of the ship pay close attention to design details	.82		
It was pleasant just being here	.76		
Escapism		.82	.54
I felt I played a different character here	.81		
The experience let me imagine being someone else	.59		
I completely escaped from my daily routine	.78		
I felt like I was in a different time or place	.74		

[a] From confirmatory factor analysis; [b] According to Fornell and Larcker (1981)

Nomological validity of the scale was established by examining the relationships between the experience dimensions and theoretically related constructs (memories, arousal and overall quality). Multiple regressions results indicate that the four experience dimensions were statistically related to memory [R^2=62%; F (4,164)=66.67, p=0.00]; arousal [R^2=58%; F (4,164)=56.05, p=0.00] and perceived overall quality [R^2=43%; F (4,164)=31.15, p=0.00]. In terms of relative importance, the esthetics dimension makes the largest contribution across the three models (all beta coefficients hold the largest values). Overall, results provide evidence of the stability and validity of Oh et al., (2007) four dimensional experience scale.

Cruisers' Experiences, Satisfaction and Intention to Recommend

The second objective of this study was to investigate the relationship between cruisers' experiences, satisfaction and intention to recommend. Tourists rely heavily on non-commercial sources of information, such as recommendations from friends and family when choosing a holiday (Klenosky and Gitelson, 1998). Given its significance, in the tourism literature, modelling intention to recommend behaviours remain an important area of research

(e.g. Hui, Wan and Ho, 2007). Furthermore, tourists' satisfaction levels are closely associated with behavioural intention, in particular, the likelihood of recommendation (e.g. Bigné, Sánchez, Sánchez, 2001). Similarly, Petrick (2004) notes that cruise passengers with higher satisfaction are influential in generating positive word of mouth. However, the relationship between cruise experiences, satisfaction and intention to recommend remains unsubstantiated. Accordingly, in this study, we hypothesise that a pleasant experience will have a positive impact on overall satisfaction evaluations and, which in turn, influence cruisers' intention to recommend. Multiple regression analyses, using Baron and Kenny (1986) procedures, were used to test for mediation (Table 2). Overall satisfaction was considered as the mediator, the four dimensions of cruisers' experience as predictor variables and intention to recommend as the criterion (dependent) variable.

Table 2 Regressions Testing the Mediating Effect of Satisfaction on the Relationship between Cruisers Experiences and Intention to recommend

Independent/Mediating Variables	Model 1 Intention to Recommend		Model 2 Satisfaction		Model 3 Intention to Recommend	
	Beta	t-value	Beta	t-value	Beta	t-value
Education	0.10	1.36	0.08	0.95	0.064	1.00
Entertainment	0.28***	2.09	0.16**	1.96	0.20**	2.43
Esthetics	0.36***	3.92	0.40***	4.07	0.16**	1.96
Escapism	0.015	0.17	0.017	0.18	0.023	0.306
Satisfaction	-	-	-	-	0.50***	8.09
Constant		-4.25		-3.15		-11.80
Multiple *R*	0.64		0.58		0.76	
R²	0.40		0.33		0.58	
F test statistic/ significance	$F_{(4,164)}$ =28.16, *p*=0.00		$F_{(4,164)}$ =20.22, *p*=0.00		$F_{(5,163)}$ =44.49, *p*=0.00	

*** Significant at the $p < 0.001$; **Significant at the $p < 0.05$

In Table 2 regression results (Model 1) show a significant relationship between the four dimensions of cruisers' experiences and intention to recommend ($R^2 = 0.40$, $F_{(4,164)} = 28.16$, $p = 0.00$). The second step to test for mediation mandates that there is a significant relationship between the independent variable (experience dimensions) and the mediating variable satisfaction (Model 2). Significant relationship was established between cruisers' experiences and satisfaction ($R^2= 0.33$, $F_{(4,164)} = 20.22$, $p = 0.00$). The final step requires that both the independent variables and the mediator are regressed on the dependent variable (Model 3). In Model 3, satisfaction have a significant effect on intention to recommend (beta = 0.50; $p = 0.00$), but the significant beta coefficients for the independent variables in Model still hold in Model 3. Results thus establish a *partial mediation* of satisfaction in the relationship between experiences and intention to recommend.

DISCUSSIONS AND CONCLUSIONS

The main objective of this study was to extend Oh et al.'s (2007) conceptualisation of the experience economy to cruise holidays. Oh et al., (2007) provide a practical framework to implement the concepts of experience economy in the B&B lodging industry but call for

future research to empirically test the viability of the experience economy dimensions across various consumption settings. Accordingly, this study has sought i) to establish the validity and generalizability of Oh et al., (2007) tourists' experience measurement scale; and ii) to further extend Oh et al., (2007) work by investigating the relationship between experience dimensions, satisfaction and intention to recommend. Overall, results confirm the successful application of the experience economy concepts to cruising. Data analyses indicate that the experience scale displayed strong psychometric properties in terms of unidimensionality, reliability and validity.

Furthermore, in line with Oh et al., (2007) recommendations for additional research, a secondary aim of this paper was to investigate the unproven relationship between cruisers' experiences and the consequence variables of satisfaction and intention to recommend. Results indicate that, overall, the four realms of experiences have a direct effect on intention to recommend. In addition, satisfaction was found to partially mediate the relationship between cruisers' experiences and intention to recommend. Cruise management, should create positive, pleasant and memorable experiences in order to generate higher satisfaction levels and to positively influence passengers behavioural intentions.

From a practical standpoint, an understanding of cruisers' experiences along the four dimensions validated in this study will enable marketers/planners to better design marketing and promotional strategies. Faced with growing competition, cruise liners are under greater pressure to understand its patrons' experiences and in turn how they relate to post-consumption evaluations. This study sheds some light into the dimensions of cruisers' experiences and its relationship with satisfaction and intention to recommend. Cruise marketers in their promotional campaigns, should emphasise the educational, esthetics, escapism and entertainment value of the cruise vacation. In terms of relative importance, esthetics was found to be the most important dimension in predicting satisfaction and intention to recommend. Therefore, cruise liners should focus on creating attractive ships, with aesthetically pleasing environment.

The study entails some limitations which have to be taken into account when interpreting the results. The study findings are limited to one cruise ship (Rhapsody of the Seas) and at a specific time of the year (a two-week period in January). Studying cruise passengers at different times of the year, on different ships, at different locations/destinations and on multiple cruise lines would increase the generalisability of the results. In addition, the sample size was relatively small and as a result, findings cannot be generalised to the wider tourist/cruisers population. In addition, this research did not take into account the impact of on-board service employees' behaviour on cruisers' experiences. Cruise ships have high staff-guest ratios and the levels of contact between guests and employees are more prolonged. As a result, this offers greater opportunities for interactions (Gibson, 2008) and thus might considerably affect cruisers' overall evaluation of the service experience (e.g. Sundaram and Webster, 2000). Future research could investigate, for example, the role of customer contact employees in crafting customer experiences. Finally, additional research is needed to better understand the relationship between the experience economy dimensions and traditional service evaluations (such as service quality). Do the four dimensions of experiences stand alone in creating positive memories and satisfaction? Are Pine and Gilmore's (1998) framework all encompassing enough to capture all aspects of a service encounter? These questions warrant additional research.

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