The Study of Consumer Behavior in Event Tourism — A Case of the Taiwan Coffee Festival

Wan-Chi Yang, Doctor of Philosophy Candidate of Department of Tropical Agriculture and International Cooperation, Taiwan

ABSTRACT

The purpose of this study were to experiential marketing, satisfaction and loyalty, then to understand the influence of this three variable. A case study was in the Taiwan Coffee Festival. 335 valid questionnaires were collected and used descriptive statistics, and structural equation modeling to analyze and verify the data, and measure the relationships between the constructs. The results of relationship model show that experiential marketing has positive effect of satisfaction, and satisfaction has positive effect of loyalty, experiential marketing has not positive effect of loyalty. 

Keywords: experiential marketing, satisfaction, loyalty

INTRODUCTION

Tourism industry has become the next blooming industry by every country in the world. It has essential value both on creating job opportunities and earning foreign exchange. Through tourism demand depends above all strongly on the economic growth in international tourism. When economies grow, levels of disposable income will usually also rise. A relatively large part of discretionary income will typically be spent on tourism, in particular in the case of emerging economies (World Tourism Organization, 2007).

With the economic growth, Taiwan’s tourism industry has entered people more free time to spend on recreation activities, and have become more concerns about their own personal health and live. Besides giving people a good health, recreation activities are also a great chance for people to do something that they can relax their bodies and their hearts for the next week’s challenge. When recreation becomes more important in our life; it also creates more leisure business. Therefore, tourism marketing has become important. It must decide on not only how many consumers they want and how to focus on the product and service but also what kind of they want. They are much more experienced and demand more, and creation of a powerful image is the marketing process.

When the Schmitt proposed the concept of experiential marketing in 1999, experiences as distinct economic offerings, and has become a main stream in the market. They believe that the focus of the economy has been transferred into experience and experience industries are rising (Pine & Gilmore, 1999; Schmitt, 1999). Consumers have become not only products or services, but also aware of the importance of experiences, which became to notice the consumers’ psychic and esthetics personal needs, so that shape the new consumer culture about taste and style. With traditional marketing can no longer satisfy consumers’ need, how to get attentions from consumers becomes very important for enterprises. Enterprises must create experiences, which can make consumers get into feel surprise, and emphasis on consumer decision process (Pine & Gilmore, 1999). When the products and services become more and more similar, the marketing strategy should focus on consumer experience. Consumers request
merchandise not only practical, but also make consumer satisfied. Services are not important to consumers anymore, now they look for the unique experience in the process of consumption, and must provide valuable experience to consumers (Pine & Gilmore, 1999; Schmitt, 1999). Due to the tourist experiences can’t be bought (Andersson, 2007). They can only care more about the experiences, which are provided by the actions, and they are willing to pay for experiences in the mind of the tourist. In other words, through experiential marketing can let consumers into in some situation, and creates memorable and valuable consumption experiences. Thus, when consumers’ experiential journey, experiences are able to improve the consumers’ satisfaction and then make them become loyal.

Overall, events are an important motivator of tourism, and event tourism became established in the development and marketing plans of most tourism industry (Getz, 2008). And many local government agencies are making efforts to promote themselves as attractive tourism destinations. Currently, event tourism is a very popular destination marketing strategy, because it is an effective strategy to attract many visitors and to create economic development. Taiwan Coffee Festival did not only make Taiwan coffee beans famous, but also create economic value.

Therefore, this research measures the experiential module proposed by Schmitt (1999) including five experiential strategy models. Through case study was undertaken in the Taiwan Coffee Festival, and focuses on the relationship among the experiential marketing, satisfaction and loyalty.

LITERATURE REVIEW

Experiential Marketing

When entering the experience economy, the experience in modern times is very important, that the process of the economic evolution changed along with the consuming type when an experience is added to the service or product provided (Pine & Gilmore, 1998). This means that a much higher price can be charged as the customer finds the offering more relevant to his or her needs (Pine & Gilmore, 1999), and they will remember how you made them feel. Because experience existed in consumer’s mind, and is how all business should provide their products and services in order to satisfy the consumers’ demand in the future (Pine & Gilmore, 1998). By experiential views, economic could be created the opportunity, become a memorial experience through consumer behavior, and also has to include something effect on the person by one sense.

Therefore, given the many possibilities to stage an experience, it would also become easier for a company to differentiate itself from its competitors and thereby be able to charge a premium price (Pine & Gilmore, 1999). The more senses that are stimulated, the more memorable the experience will be, and might therefore even have the power to change a person. As the experience feeling, which be created joy that should be remembered for long time. So, experiential is very important and the development of marketing also becomes Experiential Marketing.

Marketing create value for consumers what they need and want, and build consumer relationships. Then, experiential marketing gives consumers experiences with products in order to give them enough information to make the decision. It is the difference between letting people experience it and get their own event. When people always had experiences in their everyday life, but the consumer will remember the message better though experiential marketing by their senses, feelings, thought process, and actions. Consumers are not only care products or services. They care more about the experiences, which are provided by the stores, and they are willing to pay for experiences (Schmitt, 1999).
Schmitt (1999) argues that experiential marketing can differentiate a product from competitors and it can also promote innovations. Therefore experiential marketing can also generate loyalty consumption (Schmitt, 1999). Experiential marketing is the difference between letting people experience and get their own event. Consumers want something special in their mind or excite personal to senses. Because the traditional marketing can’t satisfy consumers’ need already. Experiential marketing are more memorable than traditional marketing.

According to Schmitt (1999) built Strategic Experiential Models, and can be used to **evaluation** all different types of consumer experiences. The models include sensory experiences (Sense), affective experiences (Feel), creative cognitive experiences (Think), physical experiences, behaviors, and lifestyles (Act), and social-identify experiences that result from relating to a reference group or culture (Relate). As a manager you may view these different types of experiences as strategic experiential modules that constitute the objectives of your marketing efforts.

**Satisfaction**

Satisfaction is an overall affective response to perceived discrepancy between prior expectation and perceived performance (Oliver, 1980; Engel, Blackwell & Miniard, 1990). Satisfaction has been person’s feelings of pleasure or disappointment resulting from comparing a product’s perceived performance or outcome in relation to his or her expectations (Kotler, 2003). Tourist satisfaction is important role to successful marketable tourism products and services, and the decision to return (Kozak & Rimmington, 2000). According to Anderson, Fornell and Lehmann (1994) thinks customer satisfaction is an overall evaluation based on the total purchase and consumption experience with good service over time. Then, Spreng, MasKenzie and Olshavsky (1996) thinks satisfaction is the emotional reaction to a product or service experience, and with the information used in choosing the product. Therefore, tourists’ evaluation their travel experiences through their satisfaction is considered, regardless of their expectations (Yoon & Uysal, 2005).

**Loyalty**

Loyalty means customer is very satisfied with product or service, and can be regarded as the important factor to control consumer’s buying behavior actually (Selnes, 1993).In the other word, consumer’s satisfaction will raise the enterprises loyalty, and the rising of loyalty means that consumer will increase greatly in the repeated probability bought in the future (Reichheld & Sasser, 1990). Jones and Sasser (1995) divide the measurement of customer's loyalty including intent to repurchase, primary behavior, and secondary behavior. Oliver (1997) consider though environment and marketing manners change, which could lead to potential switch behavior, the customer keeps its re-purchase and re-patronage commitment for the favored product and service in the future. Yoon and Uysal (2005) consider loyalty is one of the critical indicators used to measure the success of marketing strategy (Flavian, Martinez & Polo, 2001), and most usually referred to as consumer loyalty with repeat purchases or recommendations to other people. Hence, increasing true customer loyalty is quite important, and willing to certain positive mouth effect.
RESEARCH DESIGN

Framework of the Research
This research framework puts forward the relationships among experiential marketing, satisfaction, and loyalty. This study presents the research framework in Figure 1. Building experiential marketing can success to offer decision for consumer, and affect consumer evaluations of satisfaction and loyalty (Schmitt, 1999). And satisfaction has been found to have an impact on loyalty (Bolton, 1998; Fornell, 1992). As a result, there exists a relationship between experiential marketing, satisfaction, and loyalty.

![Figure 1: Framework of the Research](image)

Hypotheses
H1: Experiential marketing has positive effect of satisfaction.
H2: Satisfaction has positive effect of loyalty.
H3: Experiential marketing has positive effect of loyalty.

Data Collection
Taiwan Coffee has become popular since the first Taiwan Coffee Festival in Taiwan in 2003. There are 335 consumers by test in Taiwan Coffee Festival, and use a convenience sample means. Likert Five-Point Scale was used to measure the point calculation of each scale, including 1 point for “Strongly Disagree”, 2 points for “Disagree”, 3 points for “Neutral”, 4 points for “Agree” and 5 points “Strongly Agree”. The basic data use “SPSS” and “LISREL” tools to help us analysis and to check the model. Finally, the hypotheses of this study were checked by LISREL. And the result will be presented as well.

RESULT

SEM Analysis
In the section, we would use LISREL 8.52 to check the proposed structure model (see Figure 2) and the hypotheses. Adopting structural equation models to test the goodness of fit in the model and identify the direct effects and indirect effects among research variables. The model is to discuss the influence of experiential marketing, satisfaction and loyalty. In this research, the independent variable is experiential marketing with consisting of five indicators. It is Sense, Think, Relate, Feel, and Act. Satisfaction is dependent and gets three indicators. It is experiential satisfaction, consumer satisfaction, product satisfaction Quality. Loyalty is dependent and gets two indicators. It is repurchase loyalty and behavior loyalty. We evaluated the conceptual model through presents the fit statistics of the proposed structural model and the relations among variables.
The proposed model and hypothesized paths were tested on the survey data collected. The measurement and structural models were tested using the LISREL 8.52 structural equation analysis package (Joreskog & Sorbom, 1989). The maximum likelihood method of estimation is utilized to analyze the data. Overall fit of the structural model were checked initially by examining the $\chi^2$ statistics. A significant $\chi^2$ statistic indicates an inadequate fit, but this statistic is sensitive to sample size and model complexity. Therefore, rejection of a model on the basis of this evidence alone is inappropriate. Other measures of fit compensating for sample size are also applied. They include goodness of fit index (GFI), normalized fit index (NFI), comparative fit index (CFI), and root mean square error of approximation (RMSEA). The recommended acceptance of a good fit to a model requires that the obtained GFI and NFI, CFI values should be greater than or equal to .90. In addition to that, an acceptable value of RMSEA should range from .05 to .08 (Hair et al., 2010).

The structural model postulated in Table 1. There were tested by using the five constructs of interest. By using the covariance matrix among 10 measurement variables, SEM analysis was performed against the proposed conceptual model. As for the validation of the three hypotheses in this study, results depicted are $\chi^2=79.44$ and $p=0.0$, GFI=0.95, NNFI=0.96, CFI=0.98, and RMSEA=0.076 for relative fit measures.

![Figure 2: The Conceptual Model in LISREL](image)

**Table 1: Goodness of fit indices of model**

<table>
<thead>
<tr>
<th>Fit statistics</th>
<th>Criteria</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\chi^2$</td>
<td>$\geq 0.9$</td>
<td>79.44</td>
</tr>
<tr>
<td>GFI</td>
<td>$\geq 0.9$</td>
<td>0.95</td>
</tr>
<tr>
<td>NNFI</td>
<td>$\geq 0.9$</td>
<td>0.96</td>
</tr>
<tr>
<td>CFI</td>
<td>$\geq 0.9$</td>
<td>0.98</td>
</tr>
<tr>
<td>RMSEA</td>
<td>$\leq 0.08$</td>
<td>0.076</td>
</tr>
</tbody>
</table>
As shown in Figure 3, convergent validity of the measurement model’s results should be supported by item reliability, construct reliability, and average variance extracted (Hair et al., 2010). Item reliability denotes the amount of variance in an item due to the underlying construct, and t-values associated with each of the standardized loadings are found significant (p< .01), assuring item reliability. In this study the construct reliability of all constructs exceeded the recommended level. These results indicate that the measurement items have high reliability and validity.

![Figure 3: Results of testing the hypothetical model](image)

Table 2 reports the direct, indirect, and total effects of independent variables. First, the direct effect of experiential marketing to satisfaction is .88, and the direct effect of satisfaction to loyalty is .73. Finally, the total effect of process satisfaction on loyalty is .67, including a direct effect of .03 and an indirect effect of .64. The total effect of individual variables on the loyalty is calculated from the sum of direct and indirect effects. Therefore, experiential marketing is the most influential satisfaction, as it has the largest total effect. And satisfaction is influential loyalty. Additionally, experiential marketing process loyalty effects indirectly through the mediation of satisfaction.

<table>
<thead>
<tr>
<th>Path</th>
<th>Direct effect</th>
<th>Indirect effect</th>
<th>Total effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiential marketing → satisfaction</td>
<td>.88</td>
<td>-</td>
<td>.88</td>
</tr>
<tr>
<td>Satisfaction → loyalty</td>
<td>.73</td>
<td>-</td>
<td>.73</td>
</tr>
<tr>
<td>Experiential marketing → loyalty</td>
<td>.03</td>
<td>.64</td>
<td>.67</td>
</tr>
</tbody>
</table>

**Hypothesis Tests**

To sum up, an evident path through experiential marketing, satisfaction and loyalty appears in the estimated model. The results of the hypotheses testing are summarized in table 3. Then, experiential marketing is found to have a significantly positive influence on satisfaction, but is not found to have a significant influence on loyalty. Satisfaction is found to have a significantly positive effect on loyalty. Of the three causal paths specified in the proposed model, two hypotheses were found to be statistically
significant for accepted. Namely, there are the relationships between experiential marketing and satisfaction (H1), between satisfaction and loyalty (H2). But one hypothesis is found to be rejected. It is the relationship between experiential marketing and loyalty (H3). Therefore, hypotheses H1 and H2 were supported, but H3 was not supported.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Causal path</th>
<th>Testing results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Experiential marketing → satisfaction</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>Satisfaction → loyalty</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3</td>
<td>Experiential marketing → loyalty</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

**CONCLUSION**

Recently, consumption experiences have become important for consumer themselves. The economic value of experience is higher than goods or services (Pine & Gilmore, 1999). Experience usually refers to any feeling that consumers get while any activities in life, and gradually pay attention to get the joyful and feeling from activities. Thus, consumer care should have experiences all the time, no matter what they do. On the other hand, experiences can’t be bought. The tourist experience is proposed as the moment when tourism consumption and tourism production meet (Andersson, 2007). However, how successful it will be in creating a good experience. When a good tourism production or service, which created value by consuming tourist’s experiences. And not only upon the objective experience but also upon the tourist’s state of mind at that particular moment, will address the needs of the tourist. They want something special or personal to impress their minds or stimulate their senses.

The research framework is how experiential marketing affects the satisfaction, and process loyalty effects indirectly through the mediation of satisfaction. Therefore, experiential marketing will continue to grow over the coming decade, becoming a central marketing component for every consumer that wants. From the analysis result of this study, experiential marketing would create of satisfaction. It can also bring customer loyalty through of satisfaction, and can become a successful marketing. However, the concept of loyalty and its applications to tourism products or services has been limited, even though loyalty has been thought of the major driving forces in the competitive market (Dimanche & Havitz, 1994; Yoon & Uysal, 2005). Tourists may revisit attitude must through satisfaction effects loyalty. Satisfied customers are loyal customers, which provide opportunity to create value that further long-term relationship. We proposed that a successful tourism production or service should immerse consumers in experiences.

**REFERENCES**


