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The Relationship between Service Experience Equity and Guests' Behavioral Intention at Eco-Resorts: A study using PLS-SEM

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Abstract

Guest experience studies and the consequences towards behavioral intention play a significant role in the success of resort industry. Hence, this study attempts to investigate the relationship between service experience equity and behavioral intention at eco-resorts. This study also aims to discover the new experience and phenomenon of ecotourism particularly in eco-resort setting in Malaysia. The result of the hypotheses is tested using partial least square of structural equation modeling (PLS-SEM) and several conclusions were achieved. Noticeably, the service experience equity perceived by eco-resorts' guests showed significant influence their behavioral intention in staying at eco-resorts.

Keywords: Service Experience Equity; Behavior Intention; Eco-resort; Eco-tourism

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1.0 Introduction

The development and sustainability of guest's behavioral intention are becoming increasingly important in the context of services for the hospitality industry. Recently, the explanation of this concept has gained attention in numerous empirical research for many areas such as environmental psychology, marketing, organizational behavior, retailing and consumer research (Crosby & Johnson, 2007; Ryu, 2005) due to the significance for the marketers and businesses to study the patterns of behavior intention that lead guests to revisit the resorts. The rising number of foreign tourists choosing eco-tourism as their major visiting destination boosted the demand of eco-resorts especially in the Asian region.

Establishing the unique and memorable service experience in the eco-resorts can be superior tactics to enhance the value equity of the resorts guests. Also, favorable service experience will lead to approach behavior intention for the guests to stay in the resorts in the future. Conversely, little was known about the service experience equity compared to customer equity itself which was already established in marketing literature and empirical studies. Also, Wong (2013) argued that the importance of service experience equity which assembled the functional and emotional attributes have not been empirically examined to any great extent especially in the hospitality industry. A crucial gap in the literature has been identified as the empirical support towards understanding customer experience in the hospitality service encounter is still minimally considered by researchers. Moreover, researchers have identified that the reactions of the guests towards the physical environment are directly related to the guests' emotional states, mostly for hedonic consumption whereby it can influence the guests' behavioral intention either to behave approach or avoidance behavior (Lucas & Santos, 2003; Newman, 2007; Ryu & Jang, 2007; Wakefield & Blodgett, 1996; Witz, Matilla & Tan, 2007). This study is believed that

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the relationship between service experience equity and behavior intention is considered one of the most critical variables in understanding customer experience in the hospitality service.

Wong (2013) so far is the only researcher to have investigated the association between service experience equity and loyalty to measure guests' behavioral intention. Therefore, it is clear that there is an urgent need to study the influence of these variables in the mentioned setting. It is expected that the outcomes of this study will contribute to the understanding of guests experience and provide new results in the hospitality studies. In essence, this research ultimately supports the tourism sector and resorts industry in achieving its target as the "driver" to hasten the national economy and sustainable development. Lastly, this study attempts to investigate the effect of service experience equity on the guests' behavioral intention.

2.0 Literature Review

The study of the customer equity and the consequences towards behavior intention has a more extensive degree in hospitality and tourism industry. Be that as it may, researches concerning service experience equity are still insignificantly experimental despite the fact that it supersedes the value equity which is more pertinent to be utilized as a part of the setting of the service industry. Given the ideas from the earlier literature, service experience equity can be characterized as customer's functional and emotional appraisal of their encounters when they gain a service from, and communicate with service suppliers (Wong, 2013). It can also be alluded to as a combination of guests who saw the experience of the functional and emotional parts of the service experience. Guests' service experience happens due to the associations of a service supplier's physical and emotional offerings, for example, the service environment, employee service, service convenience and hedonic service (Wilburn, 2006).

A few researchers have done distinctive studies in the fields of hospitality industry on tourists' experience and satisfaction. In this specific industry, it has, at all times been an industry in which the experience of the buyer assumes a critical part of the accomplishment of the hotels and resorts (Ford & Heaton, 2000). As a request to maintain in this firm focused industry, hospitality ventures need to truly fixate their of consideration on visitors or guests' needs, wishes and cravings to make their hospitality service as a certified affair and get the rehash business in the present day hospitality industry (Freund, 2003). Nowadays, creating service experience equity has gotten to be crucial for viable situating and separation procedure for some organizations particularly in the hospitality business.

The service experience equity is underlined in light of four essential segments: service environment, employee service, service convenience and hedonic service. The service environment contains physical components amid the service experience that are substantial to the customers. Service environment otherwise called "servicescape" (Bitner, 1992) displayed the air, building outline, format, inside stylistic layout, hardware and signage of the physical setting given by the service proprietors. Furthermore, the business develop environment serves as a social trade which satisfies the functional and emotional needs of clients through the contact during the service encounter (Chang & Horng, 2010; Harris et al., 2000; Rosenbaum, 2011) so it gives some kind of value that brings about the service experience through wonderful service environment. Moreover, service experience equity can likewise be created by the employee and customer interaction (Crosby & Johnson, 2007; Mascarenhas et al., 2006) due high collaboration between the service providers and customers. The noteworthy experience conveyed by employee or serving staff can improve the emotional connection of the customers to devour the service again later on. Subsequently, the involvement with the employee service can convey useful and passionate advantages to the customers which lead them to stay longer with the service provider.

Additionally, service convenience is huge to the service experience equity because of the customers' discernments towards their time and exertion for the service picked up. The higher the comfort of the service, the chances of the customers to return to the area also will be high (Seiders, Voss, Godfrey & Grewal, 2007). Truth be told, service convenience is quality recommendation experienced by customers amid the service experience (Rust et al., 2004). In addition, hedonic service additionally adds to the service experience equity as per Bigne, Mattila and Andreu (2008), which characterized hedonic service as business spotlight on the shopper encounter that mirrors the requirement for joy, fun and fervor of the customers. A prevalent hedonic service will give the customers a genuine, passionate ordeal that could touch their heart and along these lines lead them to stay longer and return to the service providers later on (Berry, 2002). In a nutshell, service experience equity is a selective idea that incorporates different functional and emotional values into a complete conceptualization and measure with which customers see and survey the service provider.

Donovan and Rossiter (1982) tried the Mehrabian-Russell (1974) hypothesis by considering approach-shirking conduct in retail settings. The discoveries uncovered that store SERVICESCAPE was spoken to mentally by purchasers as two noteworthy emotional states; pleasure and arousal, that these two emotional states were significant mediators amongst atmosphere and shopping practices inside the store. Straightforward effect, or store instigated joy, was an intense determinant of methodology evasion practices inside the shop. The impact of passionate influence may be regularly neglected in retail location determination contemplates where subjective impacts (e.g., value, area, assortment and nature of the product) are basically underlined. The study demonstrated that the enthusiastic reactions evoked by nature inside the store were essential determinants of the degree to which the individual spent past what he/she initially arranged. Intellectual components may to a great extent represent store determination and the majority of the arranged buys inside the shop. The concentrate additionally proposed that excitement, or store-affected sentiments of fervor, could build time spent in the shop and in addition a willingness to associate with deals work force. In-store or In-shop boosts that prompted excitement were genuinely simple to distinguish and included brilliant lighting and cheery music.

Zeithaml et al. (1996) states that behavioral expectations shows whether customers will stay with or defect from the organization. These behavioral aims are either favorable or unfavorable. The great incorporates positive informal, more spending with the administration supplier, paying a value premium and staying steadfast. The unfavorable incorporates leaving the administration

supplier, negative verbal, less going through with the company and/or making lawful move (Ladhari, 2009). Also, Oliver (1997) described behavioral aims as "an expressed probability to take part in conduct." In this context, behavioral goals are considered to incorporate return to and verbal aims (Jani & Han, 2011). Therefore, guests' past experiences with services results in the formation of a mentality toward the resorts that is enormously connected with guests' intentions to revisit and recommend the resorts in the future.

3.0 Methodology

This study was conducted by using correlational research technique which describes the relationship among variables (Salkind, 2009). This research is designed to investigate the relationship service experience equity (i.e. service convenience, service environment, employee service and hedonic service) and behavior intention among eco-resorts' guests. The sample was collected from selected ten eco-resorts in Malaysia using purposive sampling technique. This technique is used as it provides fast, inexpensive and easier for the researcher to obtain the data. These data were coded and analyzed using SmartPLS version 2.0.

4.0 Results and Findings

Partial least squares (PLS) technique also known as components-based structural equation modeling (SEM) is used to analyze the data in this study. PLS-SEM can evaluate the psychometric properties by using the measurement model and estimate the parameters via structural model (Chin, 1998). Hitherto, the objective of using PLS-SEM is to maximize the explained variance of the endogenous variables (i.e. behavior intention). Referring to Anderson and Gerbing (1988), the measurement model was first determined to measure the convergent and discriminant validity then followed by assessing the structural model. On the other hand, the bootstrapping method (500 re-samples) was used to determine the significance levels for loadings, weights and path coefficients (Chin, 1998).

Measurement model

The measurement model consists of relationships among the latent variables and their items/indicators. It is required to establish the construct validity for the measurement model before evaluating the structural model for hypothesis testing. Items in the measurement model need to demonstrate sufficient convergent and discriminant validity as a condition for establishing a structural model (Hair et al., 2006).

Convergent Validity

Table 1.0 presents the items loadings, average variance extracted (AVE) and composite reliability (CR) of this study.

Table 1.0 Items loadings, AVE and CR

Construct	Items	Loadings	AVE	CR
Behavior Intention	BI1	0.905	0.783	0.955
	BI2	0.932		
	BI3	0.939		
	BI4	0.911		
	BI5	0.915		
	BI6	0.678		
Service Experience Equity	SEE		0.941	0.968
Service Convenience	SC1	0.927		
	SC2	0.941		
Service Environment	SE1	0.797		
	SE10	0.776		
	SE2	0.836		
	SE3	0.861		
	SE4	0.867		
	SE5	0.870		
	SE6	0.840		
	SE7	0.773		
	SE8	0.769		
SE9	0.804			
Employee Service	ES1	0.934		
	ES2	0.951		
	ES3	0.935		
Hedonic Service	HS1	0.911		
	HS2	0.937		
	HS3	0.924		

Based on the above results, the items loadings of all indicators in this study ranging from 0.678 to 0.951 exceeded the required cut-off level of 0.60 (Bagozzi & Yi, 1988). Moreover, the composite reliability values for all the constructs that are ranging from 0.955 to 0.968 surpassed the threshold value of 0.70 (Hair et al., 2006) while the AVE values for each construct ranging from 0.783 to 0.941 exceeded the suggested value of 0.50 by Fornell and Larcker (1981). Hence, the convergent validity of this study was established.

Discriminant Validity

Table 2.0 shows the latent variable correlations with square root of average variance extracted in this study.

Table 2.0 Latent variable correlations with bolded square root of the AVEs

	Behavior Intention	Employee Service	Hedonic Service	Service Convenience	Service Employee
Behavior Intention	0.8846				
Employee Service	0.7428	0.9402			
Hedonic Service	0.7370	0.7534	0.9241		
Service Convenience	0.7423	0.7414	0.7316	0.9342	
Service Employee	0.8064	0.7270	0.7276	0.7634	0.8201

Note: Diagonals represent the square root of the AVEs while the off-diagonal entries represent the correlations between constructs. After convergent validity was satisfied, then discriminant validity can be tested in order to identify the degree to which the measures of different constructs are distinct from one another and by assessing the comparison of correlations between constructs with the square root of the AVE for each construct (Fornell, & Larcker, 1981). Based on Table 2.0, the elements in the matrix diagonals which represent the square root of the AVEs are found to be greater in all cases than the off-diagonal elements in their corresponding row and column, therefore, demonstrating that discriminant validity was satisfactory.

Structural Model

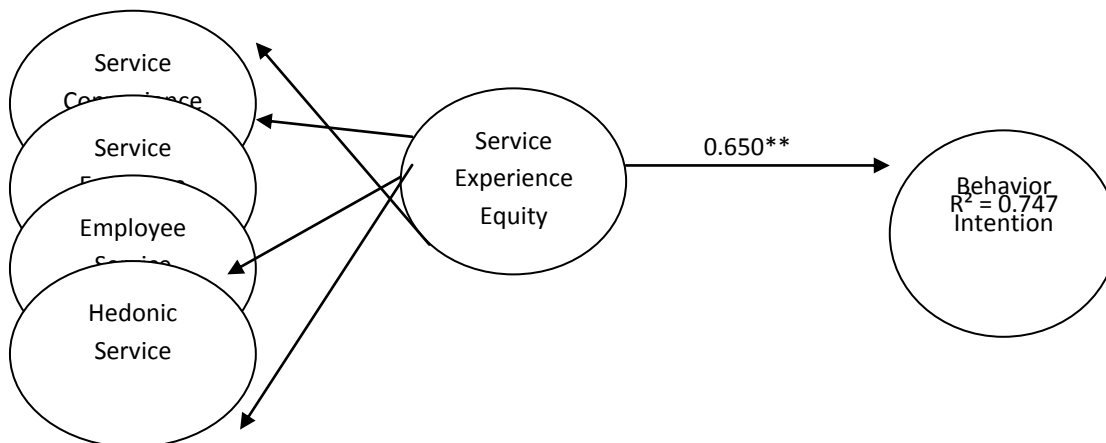


Figure 1 Structural Model of the Study

After the measurement model was satisfied, then the structural model was analyzed. The structural model in this study presents the hypothesized relationship between Service Experience Equity and Behavior Intention. Figure 1.0 shows the R² result for the structural model in this study. The explanatory power of the estimated model can be assessed by observing the R² of the endogenous construct. Hence, the R² value for this model was 0.747, representing that 74.7% of the variance in quality pledge can be explained by all the exogenous variables in the model.

Table 3.0 Results of Hypothesis Testing

Hypothesis	Relationship	Standardised Beta	Standard Error	t-value	Decision
H1	Service Experience Equity => Behavior Intention	0.650	0.073	8.887**	Supported

Similarly, results of t-value in this study also reported that service experience equity have a significant relationship with behavior intention with the value of 8.887. Therefore, based on the above results, H1 was supported.

5.0 Discussion and Conclusion

The relationship between service experience equity and behavior intention is derived from the theory of customer equity and (Rust, 2004) and the model of Mehrabian-Russell (Mehrabian & Rusell, 1974). Form the customer equity theory, the element of service focus has been surpass by value equity. Rust et al. (2004) identified value equity as the customer's objective evaluation of the effectiveness of a brand, based on sensitivity of what is given up for what is received. Auxiliary, it is driven by quality, price, and convenience.

However, service experience equity at the present has superseded value equity, as resorts' guests are seeking not only functional benefits but also emotional benefit which created a total experience in staying at resorts (Mascarenhas et al., 2006).

In corresponding, the Mehrabian-Rusell model suggested the relationship between environmental stimuli, intervening variables, and consumer behaviors are significantly connected to each other. This concept is clearly explained that behavior intention of a person is stimulated by the response to the environment and other stimuli perceived by the consumer. Further, this model facilitates predicting and understanding the effects of environmental changes on human behavior (Mehrabian & Russell, 1974; Russell & Pratt, 1980).

Based on these literatures, the hypothesis above (H1) is developed to test if there is a significant relationship between service experience equity and behavioral intention among eco-resorts' guests. The findings of the results reveals that there is a significant relationship between service experience equity and behaviour intention with the path coefficient value (β) of 0.650 and the t-value is 8.887 and significance at 0.01. Hence, the path of the relationship is important practically and significant statistically as the β value exceeded 0.20 and t-value is significant. It is contributed to the remarkable findings of the study that service experience equity has influences the guest's behaviour intention in staying at eco-resort.

6.0 Implication and Recommendation

The study of behavior intention in hospitality industry is a common and become extended interest of many scholars and researcher from the field of marketing, environment psychology, tourism, retailing and so forth. Although it is not a new idea, but from reviewing and examining the past literatures, the researcher found there is a gap or lack of integration of new construct (i.e., service experience equity and green consumer values) which possibly significant in determining the behavior intention of resort's guests. Despite governments claimed that is a necessitate for accelerating the eco-tourism in Malaysia, but still they are searching for the real needs and try to find linkages of main stakeholders in approaching this motives. Therefore, this study response to the call of this predicament by introducing this model that possibly provide new segment for marketing as well as opportunity to boost up the eco-tourism in Malaysia. The details explanations of the theoretical and practical implications of the study are discussed further.

Auxiliary, there are some possible implications that indicate the contemporary study. It is vary from the customer loyalty in marketing literature, then move to repurchase intention, subsequently to repatronage intention and recently many scholars interested to explore on the behavior intention particularly in leisure service setting. Moreover, limited study in resorts especially eco-resorts give advantage to this study to be as one of the prominent study in the leisure and hospitality service setting.

As referred to the previous behavior intention studies, no research yet has been identified in making use of the service experience equity which supersedes customer equity as antecedents in behavior intention among eco-resorts' guests in Malaysia. As for that reason, no empirical evidence found in the particular area of study. Further, the other reason that contribute to lack empirical study in this area of study mostly due to the little understanding of the conceptualization of service experience equity. Therefore, the study possibly provide a comprehensible and clear understanding on how the service experience equity predominantly plays important role in influencing the behavior intention in Malaysian eco-resorts. Consequently, this study can be regarded as one of the fewest research and contribute to the innovative findings which can give confidence to the Ministry of Tourism and Culture to use and practice of any possible antecedents of behavior intention through the key stakeholders to attract more tourists and local guests to visit eco-resorts in Malaysia.

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