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LUXURY EXPERIENCES: ITS DIMENSIONS AND THE ROLE OF CUSTOMER SATISFACTION

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Abstract

The luxury industry is growing at a fast pace, and customer experience is gaining more and more importance as brands are looking for ways to differentiate themselves and engage their customer customers through memorable experiences. However, literature on the luxury industry still focus more on product brands and not as much on luxury experiences and luxury services, which is a growing segment of the industry. On the other hand, regarding customer experience, literature is mainly focused on the firm point of view, and not on how the customer actually feels.

Taking into consideration these gaps, and noticing the importance of addressing luxury experiences in the guests point of view, the objective of this study was to develop and validate a model that was composed by experience dimensions and outcomes already validate in extant literature, with the goal to understand the relation between the quality of the experience, customer satisfaction and possible impacts for the brand. The model is not only composed by dimensions already tested in extant literature, but also by a spiritual dimension which is aligned with the new luxury concept. Regarding the outcomes, the present study also considered less researched outcomes besides the ones that are more usual to address.

This model was tested on Torel Boutiques, a luxury hospitality group, which owns 4 luxury properties in Portugal. The data was collected through the application of questionnaires to Torel Boutiques' guests. All the dimensions tested were validated, and we confirmed that the quality of the luxury experience has a positive impact on customer satisfaction, which in turn, also has a positive impact on the outcomes included in the model. It it is important to notice that the sensory and intellectual dimension stood out from others, and the new spiritual dimension was also confirmed with a higher significance than some of the other dimensions.

This study contributes both to fill the literature gaps identified and to help decision makers designing better luxury experiences by taking into consideration the customer feelings and how that can leverage brand image.

Key words: luxury industry, consumer experience, customer satisfaction, experience dimensions, experience outcomes, hospitality sector

Resumo

A indústria do luxo está a crescer a um ritmo exponencial, e a experiência do consumidor está a ganhar uma crescente importância à medida que as marcas procuram maneiras para se diferenciarem e envolverem com os seus clientes através de experiências memoráveis. Ainda assim, a literatura relacionada com o setor de luxo tem-se centrado mais em marcas de produtos e não tanto em experiências e serviços de luxo, um segmento que tem vindo a ganhar mais importância na indústria do luxo. Por outro lado, no que diz respeito à experiência do consumidor, a literatura é maioritariamente centrada no ponto de vista do prestador e não tanto nos sentimentos do consumidor.

Tendo em consideração estas lacunas na literatura e a importância de entender as experiências de luxo do ponto de vista do consumidor, o objetivo deste estudo foi desenvolver e validar um modelo composto pelas dimensões e resultados da experiência já validados na literatura anterior, com o propósito de entender a relação entre a qualidade da experiência, a satisfação do consumidor e os possíveis impactos para a marca. O modelo não só é composto pelas dimensões já testadas na literatura, mas também conta com a dimensão espiritual que está alinhada com o novo conceito de luxo. Em relação aos impactos, este estudo também considerou impactos menos abordados na literatura para além dos mais usualmente utilizados.

O modelo foi testado no grupo Torel Boutiques, que conta com 4 propriedades luxo em Portugal. Os dados foram recolhidos através da aplicação de questionários aos hóspedes do grupo. Todas as dimensões testadas foram validadas e confirmamos que a qualidade da experiência tem um impacto positivo na satisfação do consumidor, que, por sua vez, também tem um efeito positivo nas consequências testadas. Também é importante notar que as dimensões sensorial e intelectual se destacaram das outras e a nova dimensão espiritual também foi confirmada com uma significância mais elevada do que algumas das outras.

O presente estudo contribui tanto para preencher as lacunas identificadas na literatura como para apoiar a gerência na criação de melhores experiências de luxo, tendo em conta os sentimentos dos consumidores e como isso pode alavancar a imagem da marca.

Palavras-chave: indústria do luxo, experiência do consumidor, satisfação do consumidor, dimensões da experiência, consequências da experiência, setor da hospitalidade

Table of Contents

Table Index

Figure Index

I.   Introduction

The Luxury market has been growing in a consistent way. In 2019, according to Bain & Company, the luxury segment represented approximately €1.3 trillion. Due to COVID-19 it is estimated a forthcoming year on year decline between 25% and 30% (D'Arpazio et al., 2020). Because of this, the importance of understanding the basis of value of the industry under analysis is huge. According to Bain & Company the luxury industry can be segmented as following: personal luxury goods, luxury hospitality, luxury cruises, luxury cars, designer furniture, fine wines and spirits, fine food, private jets and yachts, and fine art. Even though "luxury goods" is the biggest and most important segment within the entire market, truth is that luxury experiences that include luxury hospitality, cruises and fine dining are growing at a fast pace since 2010 (Bain & Company, 2019). Between 2010 and 2017, the growth rate of this segment was of 10% while the one of luxury goods was of 6%. Even if the importance of this segment is increasing, the research on this specific topic is still undeveloped, as the luxury literature focus mainly on tangible goods (Atwal & Williams, 2009).

The discussion on customer experience started a few years ago, as it became clearer its importance in today's economy. In this "experience economy" (Pine & Gilmore, 1998), all the five senses are involved, being the consumer immersed by a memorable and personal experience. But when we talk about luxury brands which are conceptually different, there is a need to approach the theme in a specific way (Grigorian & Petersen, 2014). This being said, not only luxury brands are still neglected in literature, but most of the extant literature on luxury brands is focused mainly on tangible goods like stated before.

In an attempt to address this problem, some recent research focus on outlining new concepts associated to the "new luxury", luxurious experiences and different forms of consumption (von Wallpach et al., 2020). Luxury is about emotions more than rationality, and the customer experience and luxurious experience themselves are very important tools to understand and unveil the drivers and what constitute this new "luxury trend". New concepts are being discussed such as "affordable luxury" (Lo & Yeung, 2020) and "hedonic escapism" (Holmqvist et al., 2020) , in an attempt to address this gap in understanding luxury experiences that are not related with luxury products and retail. However, the literature is

still scarce, not only on luxury experiences but also on the particular case of new luxury concepts like affordable luxury in hospitality, therefore defining what constitutes and drives these kind of luxury experiences is still a challenge to be solved. On top of this, there is a prevalent perspective that approaches customer experience as the customer response to certain stimuli staged and managed by the service provider, on the other hand, there is a lack of studies that offer a Service-Dominant approach, accessing how the customer actually feels, presenting the experience as an offer itself.

In this study we will address and define the dimensions of luxury experiences by trying to understand if dimensions of other luxury sectors and categories identified in previous literature (such as physical, sensorial and emotional) can or not be applied in this subject. Alongside with this we aim at understand the role of customer satisfaction and its impact on the traditional concepts of loyalty and willingness to recommend and also on brand prestige, brand uniqueness and willingness to pay a higher price for it. We will do so by following the least dominant perspective, one focused on the customer. Therefore, our research questions are as following:

RQ1: What are the dimensions of luxury experiences and what is their impact on customer satisfaction?

RQ2: What is the impact of customer satisfaction with the luxury experience in outcomes such as loyalty, willingness to recommend it and to pay a premium price for it, as well as on brand prestige and brand uniqueness?

To answer to all the questions stated above we settled a collaboration with a well-positioned company in this sector, "Torel Boutiques", luxury hotels, being, in that way, able to perform the analysis on a case study that will encompass the application of questionnaires to that company's customers. The investigation will contribute to a better understanding of the dimensions of the luxury experiences as well as its impacts on outcomes such as loyalty, willingness to pay a premium price and to recommend the experience, brand uniqueness and brand prestige. The present work aims at understanding not only the impacts of the customer satisfaction for the brand but also the experience dimensions from the customer perspective and, in this way, contribute to a deeper understanding and better management of the experiences, having the customer as focus.

The study will be divided in parts, in the part II we will start by doing a literature review of the most important concepts, customer experience, customer experience in hospitality, luxury experiences and luxury experiences in hospitality. After that, in part III, we will present the empirical study itself, starting with the research model and hypotheses, the context of the investigation, the research methodology, research findings and its discussion and lastly the conclusions, limitations and suggestions for future research.

I.   Literature Review

1)   Customer experience

From a very early stage some authors started to point out the role and importance of experiences for consumers. It was recognized that what motivates and satisfies people goes beyond the tangibility of a product, people desire good and satisfying experiences and not a product itself (Abbott, 1955). Experiences are not something tangible nor physical but they have a value that stays with people over time, and that is why they desire them so much (Pine & Gilmore, 1998).

In the past years, the concept of experience has been widely discussed and many definitions were offered by a variety of authors. For Holbrook and Hirschman (1982) the consumption experience is a phenomenon that encompasses the pursuit of feelings, fun and fantasies, and therefore deeply connected with one's inner self. Padgett and Allen (1997) also pointed out the distinctive role of feelings and thoughts, defining an experience as what occur when people consume a certain product or service. Given their importance in understanding consumption and therefore the consumer behavior, Pine and Gilmore (1998) recognized experiences as being a distinct economic offering and independent from other concepts like commodities, goods and services. These authors introduced the concept of "experience economy" and experiences are memorable events able to immerse individuals by engaging them in a personal way.

Some authors offer more expansive definitions, for Meyer and Schwager (2007) the customer experience encompasses every aspect of what a firm offers to its customers, from service and customer care quality, product features and usability and even advertising and packaging. Lemon and Verhoef (2016) also conceptualize a broader definition, for these authors the customer experience is what occurs over time throughout all the points of contact between a firm and a consumer. Brakus et al. (2009) studied the concept on a brand perspective and defined brand experience as something subjective and related with customer internal responses to several brand-related stimuli.

The definitions presented are summarized in **Table 1**.

Table 1 – Customer experience definitions (self-elaboration based on the literature review)

Authors	Definition
Holbrook and Hirschman (1982)	Consumption experience as the pursuit of feelings, fun and fantasies.
Padgett and Allen (1997)	Experience as what occur when people consume a certain product or service.
Pine and Gilmore (1998)	Experience as a distinct and independent economic offering, memorable events able to immerse individuals.
Meyer and Schwager (2007)	Customer experience encompasses every aspect of what a firm offers to its customers.
Lemon and Verhoef (2016)	Customer experience is what occurs over time throughout all the points of contact between a firm and a consumer.
Brakus et al. (2009)	Brand experience as something subjective and related with customer internal responses to several brand-related stimuli.

Not only the definition of customer experience is discussed in previous literature but also types and dimensions of experiences.

As it happens with definitions, there are also multiple views in what concerns the types of experiences. Abbott (1955) did not pointed out clearly types of experiences but the study identified two types of "wants" related with experiences. The first type is the "basic want", which is when people desire a certain experience; the second is a "derivate want", which is when people desire a product not for the product itself but for the experience it provides.

Some authors toke more complex stands and identified more than two types of experiences. Pine and Gilmore (1998) identified four experience categories; entertainment experiences, like watching television or going to a show; educational events, for example taking lessons; escapist experiences, like playing on a band of which the person is part of; esthetic experiences, like visiting a touristic destination. This classification results from evaluating experiences on two dimensions: participation and connection.
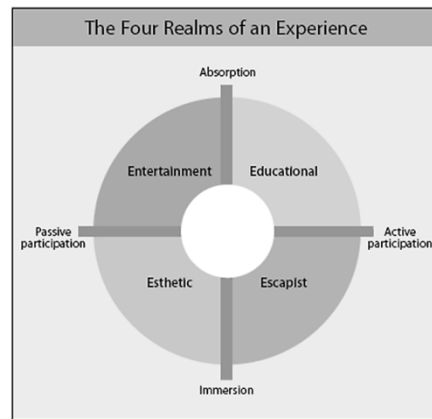
Figure 1 – The four realms of an experience ((Pine & Gilmore, 1998)

On the other hand, Schmitt (1999) identified five types of experiences, sensory, affective, cognitive, physical, and social-identity experience. The first type is related to the senses, the second one with feelings, the third one with thinking, the fourth one with acts and the last one with relating or not to a certain group or culture.

Like stated before, Pine and Gilmore (1998) suggest that experiences can be seen across two dimension, the participation of the customer, which can be active or passive, and the connection of the customer with what is happening. This connection can have an immersion-oriented character, being the customer part and involved in what is happening and an absorption-oriented character, when the person is viewing what is happening but is not actively part of it. Later after this, Brakus et al. (2009) conceptualized experience to be composed by four dimensions, sensory, affective, intellectual, and behavioral.

All this together confirms that the customer experience is indeed something personal and deeply subjective, which makes it a very complex subject to be addressed and important to understand. There are multiple definitions of customer experience and of key concepts related with it, but one thing is consensual among extant literature, customer experience is a multidimensional construct, which is deeply related with both physical, psychological and social responses of a certain individual.

2) Customer experience in hospitality

The hospitality industry, from which lodging and food and beverages sectors make part, is by nature experiential because the experiences provided by the businesses in this industry are the core of it (Yuan & Wu, 2008). The industry is pointed out as being "experience-intensive" (Alnawas & Hemsley-Brown, 2019) or "the most experience-based service industry" (Khan et al., 2015) and this happens because the entire business is built around offering memorable experiences to customers (Gilmore & Pine, 2002).

For Alnawas and Hemsley-Brown (2019) there are two schools of thought regarding customer experience definitions. The first one sees it as the customer response to all points of contact with the firm and that usually fails to recognize all the sensations involved. The second is one that focus on sensory engagement and sees it as an experience itself. Together with this view, there are many definitions of what customer experience is, and also a clear fragmentation and theoretical confusion, which is reflected in a lack of consensus on what customer experiences involve (Becker & Jaakkola, 2020).

Regarding research traditions, that are related with how the authors see customer experience, there are two main groups. Some authors and studies define experience as the reflection of what firms stage, manage and offer; others define it as the response of the customer to a product or service (Becker & Jaakkola, 2020). The first, which is the most prevalent perspective, approaches customer experience as the customer response to certain stimuli staged and managed by the service provider, the environment and the personnel quality for example. For Becker and Jaakkola (2020) this view usually has the goal to investigate how can firms influence and better a certain experience by managing aspects under its control. On the other hand, the second and least followed perspective is one where the consumer is the focus and entails a more Service-Dominant approach. It investigates what the customer actually feels, viewing the experience as an offer itself and therefore analyzing the responses to the consumption process and surpass the relationship between the customer and the firm, and for that reason are not under managerial control. This second school of thought is focused on the individual, by focusing research on the personal perception of the consumer it is possible to understand how the experience makes him feel (Wirtz et al., 2020).

By reviewing studies on customer experience in hospitality, most of them identify the dimensions of the experience following exactly the first and dominant perspective. Alnawas and Hemsley-Brown (2019) that identify the dimensions of experience in the hotel industry and Andersson and Mossberg (2004) that do the same for dining experiences are very similar in the dimensions identified, despite some minor differences in dimensions related with the nature of the subject. Atmospherics or the interior of the place, the relation between customer and staff, and the interaction with other guest are common to both studies. Ali and Omar (2014), analyzing the customer experience in resort hotels, identified the same three dimensions stated before but conceptualized them as two groups, physical environment and social environment, that entails interaction with staff and with other customers. Investigating the attributes that affect customer satisfaction in restaurants, Liu and Jang (2009) stated that the basic attributes of the restaurant experience are service, environment and food, being the first two common to all the previous studies and the third common to Andersson and Mossberg (2004). Similarly, Ren et al. (2016) focus on staff-customer relation and environment, with the difference that the last one encompasses two groups, the first is tangible features like cleanliness, the second is aesthetics.

There are two things that seem to be common to the studies previously identified, one is the fact that environment features and quality of the staff interaction are two dimensions of the experience following this dominant research tradition; the other is the fact that all dimensions pointed out are under the firm control and can be adjusted and managed, which is consistent with the dominant perspective identified by Becker and Jaakkola (2020).

On the other side, by investigating brand-name hotel experiences, Manthiou et al. (2015) used the scale proposed by Brakus et al. (2009), composed by four dimensions: sensory, affective, intellectual, and behavioral. The Brakus et al. (2009) scale dimensions are explained as follows:

 1) **Sensory** dimension is related with the detection of things through the senses, sight, sound, smell, taste, and touch. This stimulation of the senses is often related with aesthetic strategies and visual identities of the brands.

 2) **Affective** dimension is related with the evocation of emotions, feelings and sentiments. A customer might feel fear, pleasure, love or disgust, between many others.

3) **Intellectual** dimension is aligned with intellectual stimulation. According to Schmitt (1999) the experience can motivate intellectual engagement through surprise and provocation and this way customers can be intellectually stimulated.

4) **Behavioral** dimension is, like the word says, related with behavioral responses in consumers. For example, guests might feel active after a certain experience (Hwang & Hyun, 2012) and it is even possible that a behavioral stimulation affects the consumer lifestyle and interpersonal relations (Schmitt, 1999).

By following this scale, Manthiou et al. (2015) focused on the costumer perspective and investigated how and what the consumer actually feels. From detection of something caused by sensory stimulus like smell and touch, to affective experiences caused by inner feelings and emotions. In this way, Manthiou et al. (2015) examined how the customer experience is formed from these four dimensions, that are focused on the customer perspective and not on firm-related features from a managerial point of view. The analysis made is summarized in **Table 2**.

Table 2 – Comparison of models, its dimensions and research tradition – customer experience in hospitality (self-elaboration based on the literature review)

Authors	Context	Dimensions	Research Tradition
Alnawas and Hemsley-Brown (2019)	hotels	Emotional-related experiences; Staff-Customer Interaction, Customer-Customer Interaction; Lifestyle, Learning; Atmospheric; Guest Security	responses to staged managerial stimuli
Andersson and Mossberg (2004)	restaurants	Food; Service; Fine cuisine; Restaurant interior; Good company; Other guests	responses to staged managerial stimuli
Ali and Omar (2014)	resort hotels	Physical Environment; Social Environment	responses to staged managerial stimuli
Liu and Jang (2009)	restaurants	Food; Service; Atmospherics; Others	responses to staged managerial stimuli
Ren et al. (2016)	budget hotels	Tangible–sensorial; Staff relational/interactional; Aesthetic perception; Location	responses to staged managerial stimuli
Manthiou et al. (2015)	hotels	Sensory; Affective; Intellectual; Behavioral	customer as focus, service dominant

3) Luxury experiences

To talk about luxury experiences, one must first understand what luxury is and what differentiates a luxury experience from the remaining experiences.

For centuries, luxury has been something reserved for a small group of people, royalty, religious authorities, tyrants and generals were the ones with access to it and would use it to impress others (Chandon et al., 2016). Luxury is something that is rooted in our nature (Kapferer & Bastien, 2009), and it has its origins back in the human history.

The case of Ancient Egypt is pointed by Kapferer and Bastien (2009) as one of the first evidences of luxury; back then preserving the body was believed to be the way to preserve the soul, and it was something only affordable for a very small elite, luxury was indeed about "elevation", like the authors call it. But as time went by, some drivers made significant change in the luxury construct, due to democratization and increase in spending power, luxury became available to a wider group of people and not as inaccessible as it once was (Kapferer & Bastien, 2009) (Chandon et al., 2016).

Traditionally luxury is associated with exclusivity, social status and high quality and price. Even though some literature recognizes high price and quality as the way to position a luxury brand, most literature states that such things are not enough. For Kapferer and Bastien (2009) high pricing is primary but not enough, being aesthetics and hedonism core attributes as well, and Grigorian and Petersen (2014) also point out that quality is not enough as a luxury experience stands for a differentiated offer that is related with symbolic and experiential value, beyond functionality.

According to Ko et al. (2019) a luxury brand is aligned with the following: (1) high quality, (2) authentic value, (3) prestigious image, (4) premium price, (5) able to connect deeply with consumers. High quality and premium price are common attributes amongst other studies, but some other attributes also play an important role in the luxury construct. Scarcity, uniqueness and aesthetics increase the desirability for luxury brands and heritage is important to build a prestigious image (Dubois et al., 2001).

When it comes to research traditions, the same applies on the luxury industry, Wirtz et al. (2020) recognize the particular importance of the less followed research tradition, focused

on the individual and on what luxury is for him, on the luxury services and experiences context. While on luxury goods objective qualities are easier to identify and evaluate, on luxury services, subjective perceptions influence the experience itself and are of great importance. However, most luxury definitions are related with luxury goods, and not luxury services or experiences (Wirtz et al., 2020).

Even though luxury is deeply rooted with traditional assumptions, the perceptions of luxury are in constant change (Cristini et al., 2017) and new concepts associated with this are appearing. Luxury is not only about status and monetary value anymore; experience, authenticity, and personal transformation are now key concepts in understanding what luxury is, rather than monetary value (Yeoman, 2010) and concepts like hedonism, which refers to emotional benefits such as pleasure (Yang & Mattila Anna, 2016), and affordable luxury are becoming increasingly more associated with this construct. Some luxury brands created entry products to capture middle-class consumers, making available affordable luxury versions, even though affordability goes against the tradition luxury constructs.

There are new luxury concepts associated with the traditional ones and there is a change from symbolic and functional values to emotional values (Cristini et al., 2017), this is particularly important when addressing luxury services, where the experience is the core of the offering and therefore conspicuousness is not as relevant as on luxury goods (Wirtz et al., 2020). Some authors call this shift, together with the democratization of luxury, the increased importance of experience and the reasons behind luxury consumption, the "new wave of luxury" (Kauppinen-Räisänen et al., 2019).

In this new wave, people are seeking deeper meanings in luxury consumption (Cristini et al., 2017; Kauppinen-Räisänen et al., 2019) and the concept of well-being is now related to it, some authors even define luxury as hedonic escapism and luxury experiences as a beautiful moment for the consumer (Holmqvist et al., 2020). The consumer well-being is the impact of consuming a product, service or experience on the consumer perception of the quality-of-life (Grzeskowiak & Sirgy, 2007). From a luxury perspective, well-being can be an emotional response closely related with happiness and joy when the consumer interacts with a luxury brand (Prentice & Loureiro, 2018) and overall satisfaction with life may come from luxury consumption (Makkar & Yap, 2018). In the particular case of luxury cruises, Kang (2020) states that the positive emotions that come from the luxury experience result in a

sense of well-being, these emotions can be such as pleasure, relaxation and escapism. In the context of luxury experiences, escapism is particular important as it is what many times differs a luxury experience from everyday reality due to the temporality associated with it and making it a moment of luxury (Holmqvist et al., 2020). For some authors, experiences are deeply connected with the self (Carter & Gilovich, 2012), and given that experiences are less conspicuous than possessing luxury products, the motivations for its consumption can be the pursuit of self-indulgence and hedonism, the pursuit of pleasure, and therefore are closely related with the concept of well-being (Hudders & Pandelaere, 2012; Makkar & Yap, 2018).

Being luxury understood as capable of generating emotional boost and increasing the quality of life, it is particularly important that luxury experiences can answer to consumers hedonic needs and expectations, as well-being can affect their behavioral intentions (Hwang & Hyun, 2017).

4)   Luxury experiences in hospitality

The hospitality industry is by nature experiential and this makes more prominent the fact that there is an hedonic value associated with it (Yang & Mattila Anna, 2016). In the luxury industry the hedonic value is even more salient, as people are willing to pay more for basic needs like accommodation and food for the simple fact that there are luxury values associated with the experience, which evokes emotional satisfaction for the customers (Lo & Yeung, 2020).

Even though the luxury experiences sector is still one underdeveloped in the literature, some studies also address the dimensions of luxury experiences in hospitality. Similarly to what we analyzed in the "Customer experience" section, there is also a dominant research tradition of considering dimensions that are staged by the firm and consequently under its control. According to Walls et al. (2011), in the context of luxury hotels, there are two groups of variables associated to customer experience in luxury services: 1) Physical Environment; 2) Customer Interaction. The first dimension entails all that has to do with the ambience, for example cleanliness, security and the landscape; design of the space; sensory features, like the temperature and smell; and also, artifacts and signs. The second one is related with the staff quality and relation with customers, and also the interaction between customers and other guests. On a context of affordable luxury hotels, Lo and Yeung (2020) proposed the

same dimensions as Walls et al. (2011), physical environment, guest-to-staff encounters and guest-to-guest encounters.

On a different context, fine-dining restaurants, Cheng et al. (2012) conceptualizes the dimensions of the customer experience to be tangibility, reliability, responsiveness, assurance and empathy. After analyzing the components of each, the tangibility dimension is similar to the physical environment dimension on the previous mentioned studies and all the others are related to the restaurant quality of service, including the relation and quality of staff.

All the studies presented above follow the dominant research tradition, the dimensions of the customer experience appear as antecedent to the experience itself as it is something that the firm can manage in order to change and improve the experience (Becker & Jaakkola, 2020). The factors analyzed have more to do with the reasons why the customer feels in a certain way and not so much with what he actually feels.

From the studies analysed, in a luxury experience in the hospitality context, the only exception to the dominant research tradition is Hwang and Hyun (2012), where the authors use the four dimensions of the Brakus scale (i.e., sensory, affective, intellectual and behavioral) to measure brand experience. However, the focus of the study is brand prestige and the investigation takes place specifically in a context of luxury restaurants.

The analysis made is summarized in **Table 3.**

Table 3 – Comparison of models, its dimensions and research tradition (self-elaboration based on the literature review)

Authors	Context	Dimensions	Research Tradition
Walls et al. (2011)	luxury hotels	Physical Environment, Customer Interaction	responses to staged managerial stimuli
Cheng et al. (2012)	fine-dining restaurants	Tangibility, Reliability, Responsiveness, Assurance, Empathy	responses to staged managerial stimuli
Lo and Yeung (2020)	affordable luxury hotels	Physical Environment, Guest-to-staff Encounters, Guest-to-guest Encounters	responses to staged managerial stimuli
Hwang and Hyun (2012)	luxury restaurants	Sensory; Affective; Intellectual; Behavioral	customer as focus, service dominant

5) Customer satisfaction consequences for the brand

After experiencing a brand, a service or even a product, customers judge and evaluate the brand based on their experience. Therefore, the quality of the experience is expected to have an impact on customer satisfaction, which is confirmed in several previous studies both in the hospitality industry and others (Cole & Chancellor, 2009; Dominici & Rosa, 2010; Fernandes & Cruz, 2016). The customer satisfaction is a central concept in marketing as it is the way to meet the consumers' needs and expectations.

Following what was said before, satisfaction is conceptualized as an evaluation and judgement process where the consumer address whether or not the experience meets its previous expectations (Yi, 1989).

According to previous studies, the customer experience has an important role as it is not only a part of the brand design and identity (Brakus et al., 2009) but it is also part of the customer satisfaction construct (Ha & Perks, 2005), which has an impact on future action such as repurchase or recommendation (Hwang & Hyun, 2012). In the context of dining experiences, according to Ladhari et al. (2008) customer satisfaction is related with the high level of service and impacts the brand on many levels, and therefore plays an important role in the relation between the customer and the brand. In fact, the customer experience characteristics are a way to judge brand prestige and if a customer gets a feeling of "well-being" after a purchase or experience, it will affect positively its future behavior towards the brand (Hwang & Hyun, 2012).

Given the close relation of all the concepts, it is important to understand each one of them and why they are important in the luxury industry. It is recognized that customer loyalty is related with customer satisfaction (Fornell et al., 1996; Ladhari et al., 2008). Indeed, customer loyalty is understood as the strength of the relation between the customer and the brand which is reflected in repeat patronage, on a behavioral perspective, and in the individual's relative attitudes, on a attitudinal perspective (Dick & Basu, 1994). Therefore, a loyal customer not only repurchases or revisits the brand but also holds favorable attitudes towards the brand, such as willing to recommend it and to pay a premium price.

Following what was said before, a loyal customer is more willing to engage in positive word of mouth Heesup Han and Kisang Ryu (2009), which is recommending spontaneously the

brand to someone (Ladhari et al., 2008). The probability of a recommendation happening is bigger when the experience results in positive emotions for the consumer (Lovett et al., 2013), and therefore customer satisfaction plays an important role in recommending a certain service or not (Ladhari et al., 2008). Therefore, positive word of mouth communications have an important role on customer behavior and are essentially an interpersonal communication on social contexts that result from having certain experiences and the need to share them (Berger, 2014). The motives behind the word of mouth may be of many kinds but according to Berger (2014) and Lovett et al. (2013) most of the things people share with others are self-oriented and serve the purpose of deepen social bonds and put the self in a favorable position. This becomes particularly important when talking about luxury, as word of mouth can be used as "status signaling" and people not only display their purchases and experiences but also talk about it as a signal of their social status and uniqueness among their peers and other groups (Lovett et al., 2013).

According to H. Han and K. Ryu (2009) loyal customers are also more likely to spend extra money and therefore willing to pay a higher price for the product or experience. This means that positive emotions that result from a certain service or experience might be reflected in a willingness to pay more (Ladhari et al., 2008). Like we have seen in the section "Luxury experiences", high price can be one of the characteristics in the luxury industry, and for that reason understanding whether or not consumers are willing to pay a higher price for a particular luxury experience is very important and it may also be interesting to address to which extant the same applies to affordable luxury experiences.

Another important thing is how a brand is perceived by the consumers and the image it has, which, in a broad sense, we can call the brand image. In a luxury context, and addressing brand image, uniqueness and prestige are two particularly important constructs. Brand uniqueness is related to how much a brand is perceived to be different and distinct from its competitors (Netemeyer et al., 2004). Luxury purchases are sometimes motivated by a need to differentiate and stand out from others, therefore, brand uniqueness addresses this consumer's need (Franke & Schreier, 2008), by making him feel special and unique. On the other hand, brand prestige is the degree to which a brand is associated with a high status and esteem (Stokburger-Sauer et al., 2012). Brand prestige plays an important role in luxury because consumers tend to understand the use of prestige brands as a signal of social status, wealth and power (Jan-Benedict et al., 2003), which are deeply connected with luxury like we

have discussed in the "Luxury Experiences" section. Therefore, brand prestige is essential to "feed" one's ego, as individuals have a need for self-enhancement and appreciate being connected with such high status brands (Stokburger-Sauer et al., 2012). According to Dubois and Czellar (2002), prestige may come from a specific attribute of the brand, such as unique know how, or from the overall quality of the brand's offer, and brand uniqueness may contribute to the prestigious status of the brand. Concluding, not only brand uniqueness and brand prestige are related with each other, but they are also deeply related with luxury brands and experiences.

II. Empirical Study

1)   Research model and hypotheses

This investigation aims at answering the research questions previously stated by addressing a gap in the literature and in this way offering insights in such an important sector of the luxury industry like luxury experiences. The main goal is to identify the dimensions that constitute the luxury experience and its quality, and understand their impact on customer satisfaction and consequently on outcomes that impact the brand itself.

The investigation model will be based on the second research tradition identified in the literature review, customer focused and SD dominant, given the gap previously identified. The proposed model (Figure 1) was constructed based on the literature review and so did the choice of dimensions and outcomes. The model considers the Brakus' scale dimensions (i.e., sensory, affective, intellectual and behavioral) and also includes what we called the **spiritual** dimension after identifying the importance of the well-being concept on a luxury context in several previous studies such as Hwang and Hyun (2012), Hudders and Pandelaere (2012) and Makkar and Yap (2018). The outcomes included in the model are the ones most frequently addressed in the literature review as well.
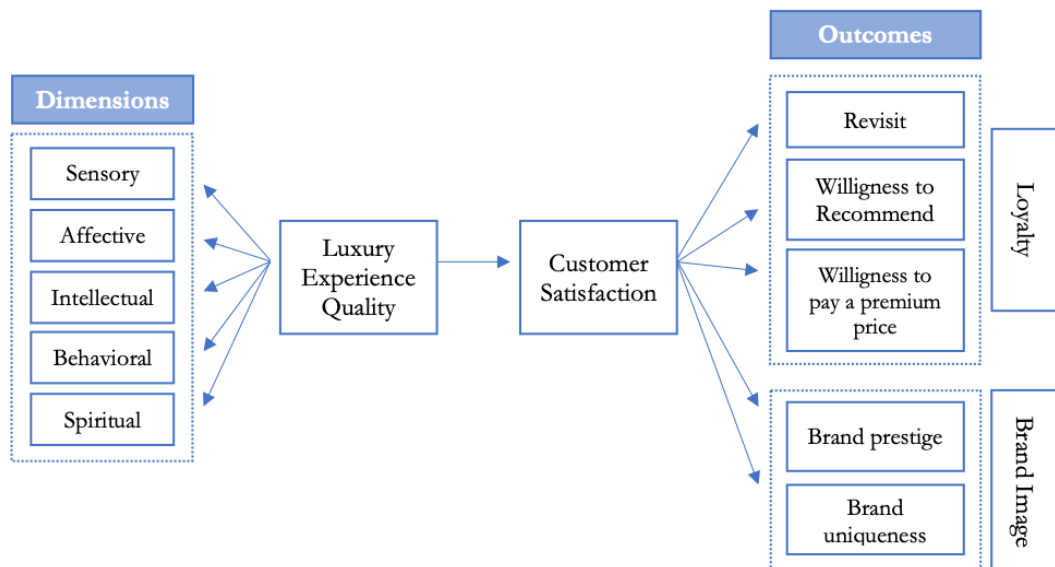

Figure 2 – Research model (self-elaboration)

The **sensory** dimension is related with the senses; sight, sound, smell, taste, and touch. Brands tend to work on aesthetics strategies and visual identities. This stimulation of the senses is many times related with brands creating aesthetic strategies and visual identities (Brakus et al., 2009) that helps them differentiate from its competitors and encourages the customer to buy. In the luxury hospitality, the sensory dimension is particularly important because individuals seek for a differentiated sensory and exciting experiences (Yang & Mattila Anna, 2016), that is accentuated by the experiential nature of this sector (Holbrook & Hirschman, 1982). On top of this, sensory experiences are very important factors in the process of understanding a brand as prestigious or not, and therefore essential in a luxury context (Babin & Attaway, 2000; Dubois & Czellar, 2002).

During the consumption experience, the customer experiences certain emotions and feelings, such as excitement, joy, and on the negative side fear or disgust (Richins, 1997). For Creusen and Schoormans (2004) study, that focus on product choice, there are emotional and feeling responses associated with the customer experience and these have an impact on the brand perception and on customer satisfaction. Therefore, the **affective** dimension plays and important role on the luxury hospitality sector, where the brand value perception is of great importance once consumers look for suppressing needs that are beyond the functional value (Hwang & Hyun, 2012), like we have previously addressed. According to Brakus et al. (2009) the affective dimension is part of the customer experience and affects customer satisfaction positively, in addition to this, other studies confirm and validate this dimension and its impact on customer satisfaction or other constructs related with it.

The customer experience can stimulate the individual intellectually, in fact, according to Schmitt (1999), the experience can appeal to the intellect by creating cognitive and problem solving situations that make the customer feel surprised, intrigued or provoked, stimulating their curiosity (Brakus et al., 2009). In a luxury hospitality context, the customer may feel more immersed in the experience if stimulated in this way by things such as the hotel design, ambience or strategies (Hwang & Hyun, 2012). The **intellectual** dimension is recognized as part of the brand experience on global brands by Sahin et al. (2011), that also confirmed its impact on brand satisfaction. Hwang and Hyun (2012), on luxury restaurants and Manthiou et al. (2015), on name-brand hotels, acknowledge the important role of creative thinking on the brand experience that ends up contributing to loyalty and brand prestige.

The **behavioral** dimension is, like we stated before along with the explanation of the Brakus' scale, as the word says, related with behavioral responses in the consumer. According to Brakus et al. (2009), a brand experience can be action oriented and this means it might induce certain behaviors and can even affect the customer's lifestyle, interactions and its willingness to accomplish future tasks (Helman & Chernatony, 1999; Schmitt, 1999). In a context of luxury hospitality this may be of great importance, because individuals might seek for experiences that will take them from feeling disconsolate to feeling active, energetic or relaxed, depending on what they are looking for. This is something that can probably be more easily found in a differentiated setting, and probably not as easily on a low status service setting (Andersson & Mossberg, 2004); being of great interest to a luxury hotel that its guests can be stimulated to certain behaviors once they experience it.

The **spiritual** dimension acknowledges the deep connection between the experience, the self and the sense of well-being. Like we have previously addressed, there is a close relation between luxury experiences and well-being, like several studies point out (Makkar & Yap, 2018; Prentice & Loureiro, 2018). In the new wave of luxury, where luxury can be seen as less conspicuous, the positive emotions that come from a luxury experience play an important role (Cristini et al., 2017; Kauppinen-Räisänen et al., 2019) and consequently affect the customer behavior (Hwang & Hyun, 2017).

Following what was said before, the customer satisfaction increases when a high quality experience, that makes the guest feel in certain ways, is offered (Dominici & Rosa, 2010). In the literature review there are several studies that confirm the direct relation between the experience quality and customer satisfaction, such as Fernandes and Cruz (2016) and Cole and Chancellor (2009).

The Brakus' scale dimensions were considered part of the experience on both Hwang and Hyun (2012) and Manthiou et al. (2015) models, on a luxury restaurants context and name-brand hotels respectively, and its importance on the experience quality and effect on customer satisfaction is supported by the literature reviewed. In addition, the importance of the spiritual dimension was also corroborated by the literature review. Accordingly, we hypothesized the following:

H1: The luxury experience quality and its five dimensions have a positive impact on customer satisfaction.

The literature review (Chapter II, 5) demonstrates that in the luxury context not only the most common outcome in previous studies such as loyalty is important, but also the brand image.

Indeed, customer satisfaction is proven to have a direct impact on customer loyalty, being many times seen as the starting point of a long relation of customer loyalty (Dominici & Rosa, 2010; Ladhari et al., 2008). It was also seen that a customer that has experienced positive emotions and therefore is satisfied with the experience is more willing to engage in positive word of mouth and recommend it (Lovett et al., 2013). In addition to this, the literature review also confirmed the close relation of customer satisfaction and willingness to pay a premium price, in fact H. Han and K. Ryu (2009) confirmed that satisfied and loyal restaurant customers were willing to pay extra money.

The literature also highlighted the importance of brand prestige and brand uniqueness and how that might be affected by customer satisfaction, prestige may come from the overall quality of the brand's offer and uniqueness is closely related with this construct (Dubois & Czellar, 2002). Therefore, we hypothesized the following:

H2: Customer satisfaction has a positive impact on loyalty, i.e., (a) revisit, (b) willingness to recommend it and (c) willingness to pay a premium price.

H3: Customer satisfaction has a positive impact on brand image, i.e., (a) brand uniqueness and (b) brand prestige.

2)   Context of the investigation

As the luxury market grows at a fast pace, luxury experiences are gaining new meanings and now, luxury is about emotions more than rationality. Customer experience and luxurious experiences themselves are very important tools to understand and unveil the drivers and what constitute this new "luxury trend".

Therefore, this investigation will be done in the context of luxury hotels, as in luxury hospitality, experience is key in offering a service that will impact the customer in a positive way. We will be using the case study of "Torel Boutiques", a Portuguese group that is composed by four luxury properties. "Torel Palace Porto", "Torel Palace Lisboa", "Torel Avantgarde Porto" and "Torel 1884 Suites & Apartments - Porto". The properties are distributed between Porto and Lisbon, and each one has a very particular luxury experience designed around different sources of inspiration. One of the properties has an experience designed around portuguese writers, others were inspired by the portuguese art and other by the portuguese explorers. The group aims at offering an unique and customized service, through the luxurious hospitality experience, and therefore it is very relevant under the scope of this investigation.

3)   Research methodology

3.1) Research type

Since this investigation aims at contributing to underdeveloped literature in the luxury experiences context, we will be analyzing the experience dimensions in the least explored research tradition perspective and to do so we will use quantitative methods. We will be confirming the dimensions previously identified in the extant literature and its relations with other constructs, which is aligned with the use of quantitative methods (Shukla, 2008). This will be done through the application of questionnaires to "Torel Boutiques" properties guests after their experience. According to Malhotra et al. (2017) questionnaires are a very strong tool to collect primary data. This happens not only because questionnaires allow to gather a significantly high number of responses but also because it allows to ask about emotions, feelings and intentions.

3.2) Questionnaire

The goal of this research is to identify the dimensions that constitute the luxury experience and its quality, and understand the impact on customer satisfaction and consequently on outcomes that impact the brand itself. This being said, the questions on this questionnaire aim at answering these points and are based on previous studies and models addressed in the literature review. The questions were asked by using the Likert scale from 1 to 5, where

1 means "totally disagree" and 5 means "totally agree". The real questionnaire can be found at the appendix.

The questionnaire is composed by two parts. In the first one, eight questions were made in order to characterize the respondents. In the second one, there are 32 questions about the experience dimensions, which are the sensory, the intellectual, the affective, the behavioral and the spiritual and also about the outcomes, which are satisfaction, loyalty and brand image. The dimensions and outcomes, in accordance with extant literature, that were used in the questionnaire are summarized in table 4.

3.3) Data collection and Analysis

In order to validate the questionnaire, a pretest was run on 3 people, 2 of them had already been in more than one of Torel Boutiques' properties and the other was a regular guest at luxury hotels. The feedback received was of great importance as it allowed us to reformulate some questions that were not easily understood by the guests and in this way making the questionnaire a better fit for the customers we were going to have as respondents.

After validating the questionnaire and making all the adjustments that came from the pretest, several questionnaires were distributed at several of Torel Boutiques' properties.

After extracting the data from all the questionnaires, a descriptive analysis of the sample was performed. After that, a factor analysis, which allows us to understand the structure of the interrelated variables and explore their correlations, was performed. And to conclude, the validation of the structural model was also performed by using the Structural Equation Model, based on Partial Least Squares Structural Equation Modelling (PLS-SEM), and the software used was SmartPls. PLS-SEM is a modelling technique well-suited for assessing complex predictive models and for the theory building stages of an exploratory study. Moreover, PLS-SEM enjoys increasing popularity given its ability to model latent constructs even for conditions of non-normality and small to medium-sized samples (Hair et al. 2011).

Table 4 – Dimensions and outcomes of the questionnaire

Dimensions / Outcomes		Questions	Source
Sensory		This experience made a strong impression on my visual sense and/or other senses.	Hwang and Hyun (2012) / Manthiou et al. (2015)
		This experience appealed to my senses.	
		I felt like my senses were stimulated during this experience.	
Affective		I felt a real sense of harmony in this hotel.	Hosany and Witham (2009)
		Just being here was a very pleasant experience.	
		I felt rested and pampered.	Tsaur et al. (2007)
Intellectual		This experience activated my interest to learn more about the hotel brand and the destination.	(Jiménez Barreto et al., 2019)
		This hotel brand stimulated my curiosity and creativity somehow.	Manthiou et al. (2015)
		I feel like I have learned something about the hotel brand and the destination during this experience.	
Behavioral		After this experience I feel more active and energetic.	Hwang and Hyun (2012)
		After this experience, I feel ready to work and/or complete tasks more effectively.	
		This stay resulted in bodily experiences (such as relaxation, wellness, leisure activities) that made me feel rejuvenated.	Manthiou et al. (2015)
Spiritual		This experience played an important role in enhancing my quality of life.	Hwang and Lyu (2015)
		This experience met my overall well-being needs.	
		This experience contributed to my well-being.	
Customer Satisfaction		Overall, I am satisfied with this hotel.	Hwang and Hyun (2012)
		Staying at this hotel has been a wise choice.	
		I am delighted with this hotel.	
Loyalty	Revisit	I would like to stay at this hotel again.	Hwang and Hyun (2012)
		I would visit this hotel more often in the next few years.	Tsaur et al. (2007)
		I would consider this hotel my first choice when seeking for a luxury experience again.	
	Willingness to pay a premium price	I would continue to visit this hotel if the price increases.	Tsaur et al. (2007)
		I would pay a higher price than competitors charge for the benefits I received here.	
	Willingness to recommend it	Either in person or through social media, I would say positive things about this hotel.	Tsaur et al. (2007)
		Either in person or through social media, I would recommend this hotel to others.	
		Either in person or through social media, I would encourage others to visit this hotel.	
Brand Image	Brand Prestige	This hotel is very prestigious.	Hwang and Hyun (2012)
		This hotel has high status.	
		This hotel is very upscale.	
	Brand Uniqueness	This hotel is distinct from other hotels.	Netemeyer et al. (2004)
		This hotel is unique.	
		This hotel really stands out from others in the same category.	

3.4) Research findings

3.4.1) Sample

When it comes to the sample demographic characteristics, the factors analysed were gender, age, nationality, highest level of education and occupation. The respondents were also asked about their frequency at staying at luxury hotels, frequency at staying at Torel Boutiques' properties and length of their stay.

Regarding the gender, from the 120 answers, 58 (48,33%) were male, 56 (46,67%) were female and 6 (5%) prefered not to say, as it is demonstrated in figure 3.
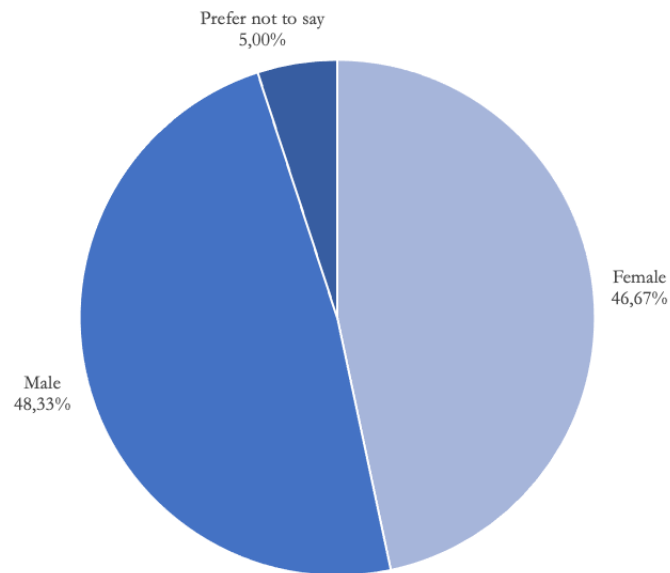
Figure 3 – Gender of the respondents (self-elaboration)

The respondents age ranged from 18 to more than 65. The most significant group is the one with ages between 36 and 50, accounting for 39 answers (32,50%) but the second major group only has one respondent less, which is the group of individuals with ages between 26 and 35, totalizing 38 answers (31,67%). These groups are followed by the one of ages between 18 and 25, with 20 answers (16,67%). The groups with the lowest number of answers are the individuals between 51 and 65 and the individuals with more than 65 years old, account for 15 (12,5%) and 8 answers (6,67%), respectively. These results are in order with the growing importance of millennials and younger generations in the luxury industry (Bain & Company, 2019).
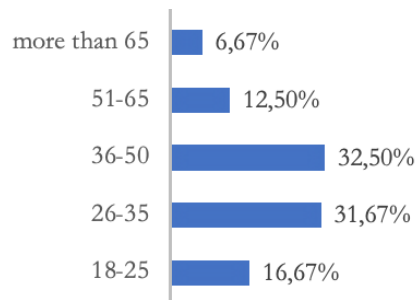
Figure 4 – Age of the respondents (self-elaboration)

Regarding the level of education of the respondents, the most significant group is the one of individuals with a bachelor's degree, 39 answers (32,50%), followed by the individuals with a master degree, 34 answers (28,33%). The groups of respondents with high school degree or equivalent, postgraduate degree, doctorate degree or higher and less than high school degree were less dominant, with only 15%, 14,17%, 9,17% and 0,83%, respectively, as shown in the figure below.
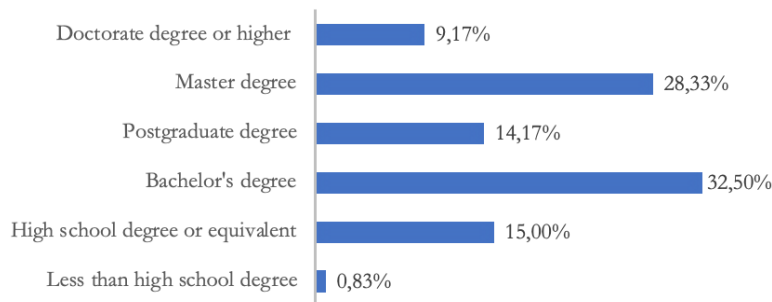
Figure 5 – Highest level of education of the respondents (self-elaboration)

The sample compromised 20 different nationalities, and also some respondents with double nationality. Most of the answers came from Portuguese people, 47 answers (39,17%), being this the dominant group, followed by American and British respondents which accounted for 13 and 12 answers respectively, which means 10,83% and 10%. Brazilian, French and double nationality citizens were the groups that presented more responses after these, with 7 (5,83%), 6 (5,00%) and 5 (4,17%) answers, respectively. All the other nationalities presented lower percentages of respondents and are, therefore, less dominant. Nevertheless, all nationalities are presented in figure 6.
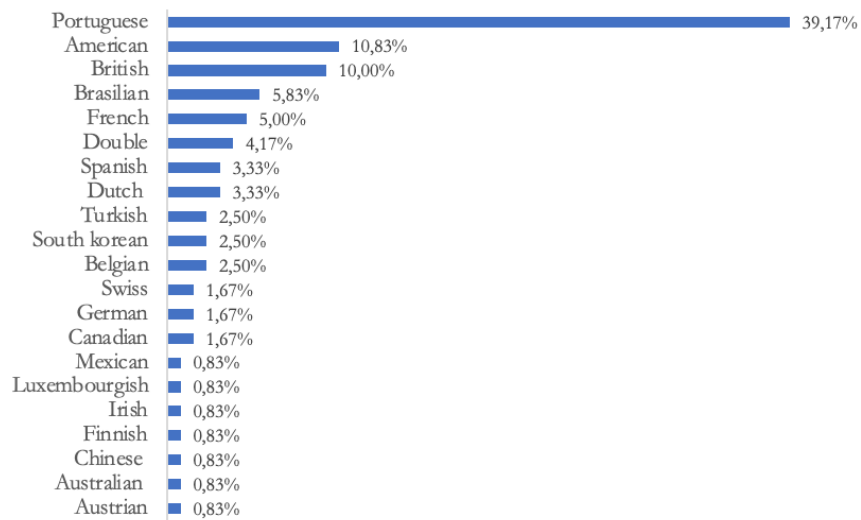
Figure 6 – Nationality of the respondents (self-elaboration)

The grand majority of the respondents were full time employed, 66 answers which means 55%, and the second most significant group were the individuals which are self-employed, 25 answers which accounts for 20,83%. The students were another relevant group, account for 10% of the answers, and all the others were less dominant as seen in figure 7.
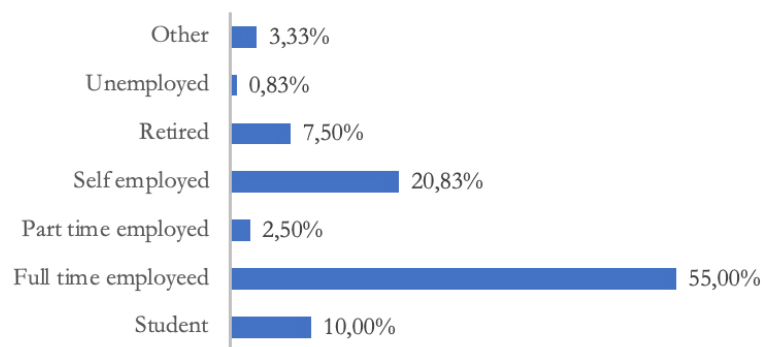
Figure 7 – Occupation of the respondents (self-elaboration)

Regarding the frequency at which the respondents visit luxury hotels, 52 (43,33%) answered "sometimes", 47 (39,17%) answered "frequently", 16 (13,33%) answered always and only 5 (4,17%) answered that they never stood at luxury hotels, which makes it possible to see that most of the respondents had already have a luxury experience in the hospitality industry before.
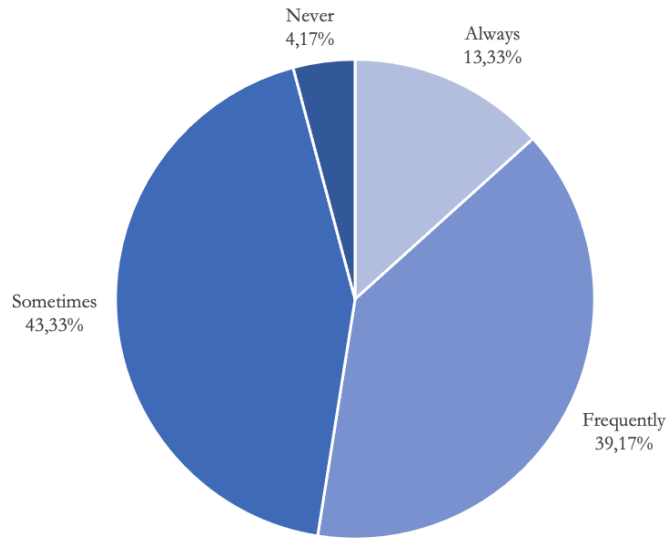
Figure 8 – Frequency of visiting luxury hotels (self-elaboration)

On the other hand, when it comes to the frequency of visiting Torel Boutiques' properties, 89 (74,17%) of the respondents said it was their first time, 28 (23,33%) said they visited the properties more than once and only 3 (2,50%) of the respondents were regular customers.
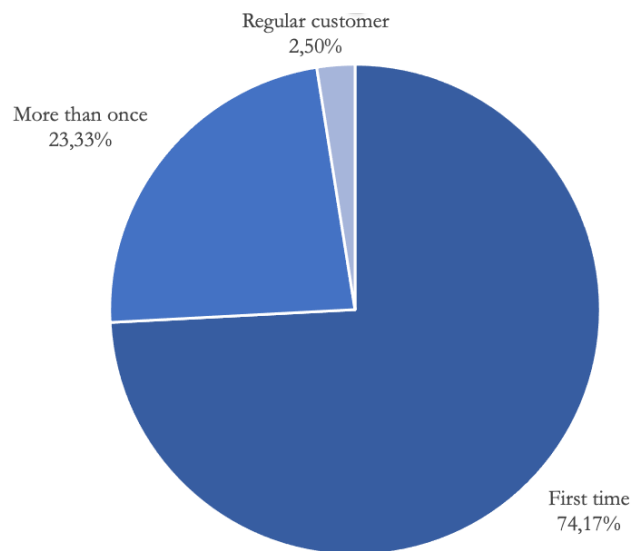
Figure 9 – Frequency of visiting Torel Boutiques' properties (self-elaboration)

Regarding the length of the stay under analysis, most of the respondents stood for less than 3 nights, 75 answers (62,50%), 42 (35%) of the respondents stood for less than a week and only 3 (2,50%) of them stood between 1 and 2 weeks.
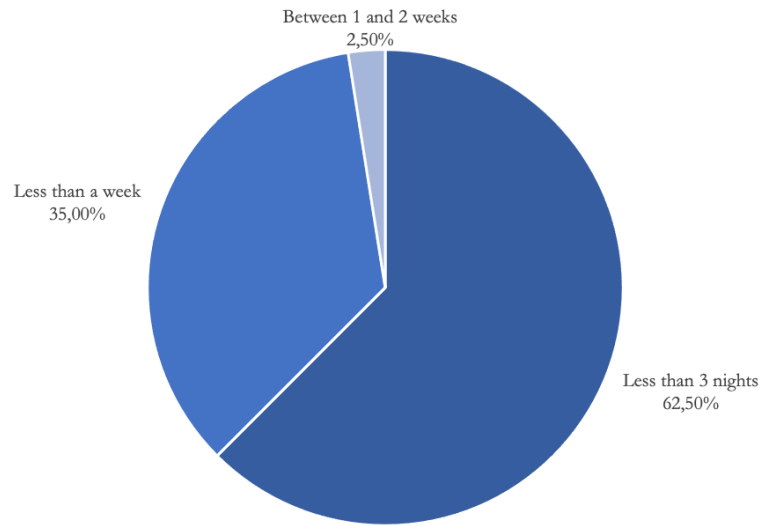
Figure 10 – Length of the stay (self-elaboration)

3.4.2) Descriptive Analysis

In order to start the analysis of the data collected, a descriptive statistics analysis was performed. In Table X the values of the mean and standard deviation, are presented for each of the scale items. The items analysed were the ones present in the questionnaire, the five dimensions (sensory, affective, intellectual, behavioral and spiritual), customer satisfaction, brand loyalty (revisit, willingness to recommend the experience, willingness to pay a premium price) and brand image (brand uniqueness, brand prestige).

Regarding the mean, we can say that most respondents agreed with the affirmations on the questionnaire, like presented on the table, as most of the affirmations present a mean equal or higher than 4.

Only 5 of the affirmations presented a mean lower than 4 (on a scale from 1 to 5), but 3 of them presented a value higher or equal to 3.95, very close to 4. The affirmation with lowest mean values were WPPP1 "I would continue to visit this hotel if the price increases.", with a mean of 3.71, and WPPP2 "I would pay a higher price than competitors charge for the

benefits I received here.", with a mean of 3.62, which means these are the questions with which the respondents might have agreed less, but still present values relatively close to 4.

On the other hand, when analysing the affirmations with higher mean, the one that stands out is REV1 "I would like to stay at this hotel again.", with a mean of 4.69, meaning most respondents almost strongly agreed with this affirmation.

Regarding the standard deviation, the values are not very different amongst affirmations, however we can see that there are clearly one affirmation that presents a higher value than others and also an affirmation that presents a significant lower value. The affirmation WPPP2 "I would pay a higher price than competitors charge for the benefits I received here." presents a standard deviation of 1.21, the highest of the sample, meaning this was the question that presented more discrepancies in the answers given by the respondents. On the contrary, the affirmation REV1 "I would like to stay at this hotel again." presented the lowest value of all, 0.55, which means that the discrepancies amongst respondents regarding their will to stay at the hotel again were not as significant.

Table 5 – Analysis of the items (mean and standard deviation)

Item	Mean	Standard Deviation
Sensory dimension (SE)		
SE1: This experience made a strong impression on my visual sense and/or other senses.	4.39	0.80
SE2: This experience appealed to my senses.	4.25	0.85
SE3: I felt like my senses were stimulated during this experience.	4.09	0.91
Affective dimension (AF)		
AF1: I felt a real sense of harmony in this hotel.	4.46	0.68
AF2: Just being here was a very pleasant experience.	4.65	0.61
AF3: I felt rested and pampered.	4.54	0.63
Intellectual dimension (IN)		
IN1: This experience activated my interest to learn more about the hotel brand and the destination.	3.96	1.03
IN2: This hotel brand stimulated my curiosity and creativity somehow.	4.18	0.88
IN3: I feel like I have learned something about the hotel brand and the destination during this experience.	3.99	0.97
Behavioral dimension (BE)		
BE1: After this experience I feel more active and energetic.	4.03	0.93

BE2: After this experience, I feel ready to work and/or complete tasks more effectively.	3.95	1.02
BE3: This stay resulted in bodily experiences (such as relaxation, wellness, leisure activities) that made me feel rejuvenated.	4.00	0.97
Spiritual dimension (SP)		
SP1: This experience played an important role in enhancing my quality of life.	4.12	0.85
SP2: This experience met my overall well-being needs.	4.37	0.81
SP3: This experience contributed to my well-being.	4.40	0.77
Customer Satisfaction (CS)		
CS1: Overall, I am satisfied with this hotel.	4.56	0.66
CS2: Staying at this hotel has been a wise choice.	4.58	0.61
CS3: I am delighted with this hotel.	4.44	0.69
Revisit (REV)		
REV1: I would like to stay at this hotel again.	4.69	0.55
REV2: I would visit this hotel more often in the next few years.	4.19	0.92
REV3: I would consider this hotel my first choice when seeking for a luxury experience again.	4.27	0.79
Willingness to pay a premium price (WPPP)		
WPPP1: I would continue to visit this hotel if its prices increase.	3.71	1.08
WPPP2: I would pay a higher price than competitors charge for the benefits I received here.	3.62	1.21
Willingness to recommend (REC)		
REC1: Either in person or through social media, I would say positive things about this hotel.	4.54	0.64
REC2: Either in person or through social media, I would recommend this hotel to others.	4.41	0.71
REC3: Either in person or through social media, I would encourage others to visit this hotel.	4.53	0.62
Brand prestige (BP)		
BP1: This hotel is very prestigious.	4.40	0.69
BP2: This hotel has high status.	4.43	0.68
BP3: This hotel is very upscale.	4.40	0.76
Brand uniqueness (BU)		
BU1: This hotel is distinct from other hotels.	4.39	0.71
BU2: This hotel is unique.	4.42	0.78
BU3: This hotel really stands out from others in the same category.	4.33	0.71

3.4.3) Validation of the measurement model

The Confirmatory Factor Analysis (CFA) is usually used to validate how suitable is the adjustment of the measurement model to the observed structure's correlation between the proposed model variables, and this analysis is one of the first steps when performing an Analysis of the Structural Equation (Marôco, 2021). This analysis was done by using the software SmartPLS.

For each indicator, in order to access the measurement's reliability, the values of the Cronbach's alpha, the composite reliability, the average variance extracted, the t-values and the loadings, were calculated. All these values are summarized in Table X.

Regarding the Cronbach's alpha values, all the indicators presented values above 0.6, being the lowest value 0.743 (spiritual dimension), which is still a strong value. The values of average variances extracted (AVE) and the values of composite reliability (CR) are also above the recommended minimums, which are of 0.7 and 0.5, respectively (F. Hair Jr et al., 2014) proving themselves reliable and valid.

Regarding the loadings of each item, all the values are superior to 0.7, and the t-values observed are superior to 1.96, proving in this way that the indicators are strongly related to the constructs, are valid and reliable.

Table 6- Factor analysis (self-elaboration with SmartPLS results)

Item	Loadings	T-value	CR	AVE
Sensory dimension (SE) (α=0.783)	-	-	0.874	0.700
SE1: This experience made a strong impression on my visual sense and/or other senses.	0.719	8.813	-	-
SE2: This experience appealed to my senses.	0.907	50.351	-	-
SE3: I felt like my senses were stimulated during this experience.	0.873	39.504	-	-
Affective dimension (AF) (α=0.755)	-	-	0.859	0.671
AF1: I felt a real sense of harmony in this hotel.	0.836	25.932	-	-
AF2: Just being here was a very pleasant experience.	0.826	12.381	-	-
AF3: I felt rested and pampered.	0.795	17.373	-	-
Intellectual dimension (IN) (α=0.813)	-	-	0.889	0.728
IN1: This experience activated my interest to learn more about the hotel brand and the destination.	0.842	23.777	-	-
IN2: This hotel brand stimulated my curiosity and creativity somehow.	0.868	29.913	-	-

IN3: I feel like I have learned something about the hotel brand and the destination during this experience.	0.849	25.226	-	-
Behavioral dimension (BE) (α=0.819)	-	-	0.893	0.736
BE1: After this experience I feel more active and energetic.	0.883	39.646	-	-
BE2: After this experience, I feel ready to work and/or complete tasks more effectively.	0.890	46.627	-	-
BE3: This stay resulted in bodily experiences (such as relaxation, wellness, leisure activities) that made me feel rejuvenated.	0.798	16.282	-	-
Spiritual dimension (SP) (α=0.743)	-	-	0.853	0.660
SP1: This experience played an important role in enhancing my quality of life.	0.794	24.281	-	-
SP2: This experience met my overall well-being needs.	0.827	21.522	-	-
SP3: This experience contributed to my well-being.	0.816	22.651	-	-
Satisfaction dimension (CS) (α=0.811)	-	-	0.889	0.727
CS1: Overall, I am satisfied with this hotel.	0.788	14.323	-	-
CS2: Staying at this hotel has been a wise choice.	0.887	36.248	-	-
CS3: I am delighted with this hotel.	0.879	31.395	-	-
Revisit (REV) (α=0.751)	-	-	0.857	0.666
REV1: I would like to stay at this hotel again.	0.826	18.865	-	-
REV2: I would visit this hotel more often in the next few years.	0.776	16.230	-	-
REV3: I would consider this hotel my first choice when seeking for a luxury experience again.	0.845	24.375	-	-
Willingness to pay a premium price (WPPP) (α=0.835)	-	-	0.923	0.857
WPPP1: I would continue to visit this hotel if its prices increase.	0.944	11.283	-	-
WPPP2: I would pay a higher price than competitors charge for the benefits I received here.	0.907	13.159	-	-
Willingness to recommend (REC) (α=0.829)			0.898	0.746
REC1: Either in person or through social media, I would say positive things about this hotel.	0.818	16.028	-	-
REC2: Either in person or through social media, I would recommend this hotel to others.	0.890	33.149	-	-
REC3: Either in person or through social media, I would encourage others to visit this hotel.	0.880	34.682	-	-
Brand prestige (BP) (α=0.883)	-	-	0.929	0.814
BP1: This hotel is very prestigious.	0.959	117.074	-	-
BP2:This hotel has high status.	0.926	54.089	-	-
BP3:This hotel is very upscale.	0.815	15.317	-	-
Brand uniqueness (BU) (α=0.874)	-	-	0.922	0.798
BU1: This hotel is distinct from other hotels.	0.911	55.053	-	-
BU2: This hotel is unique.	0.854	21.267	-	-
BU3: This hotel really stands out from others in the same category.	0.912	33.108	-	-
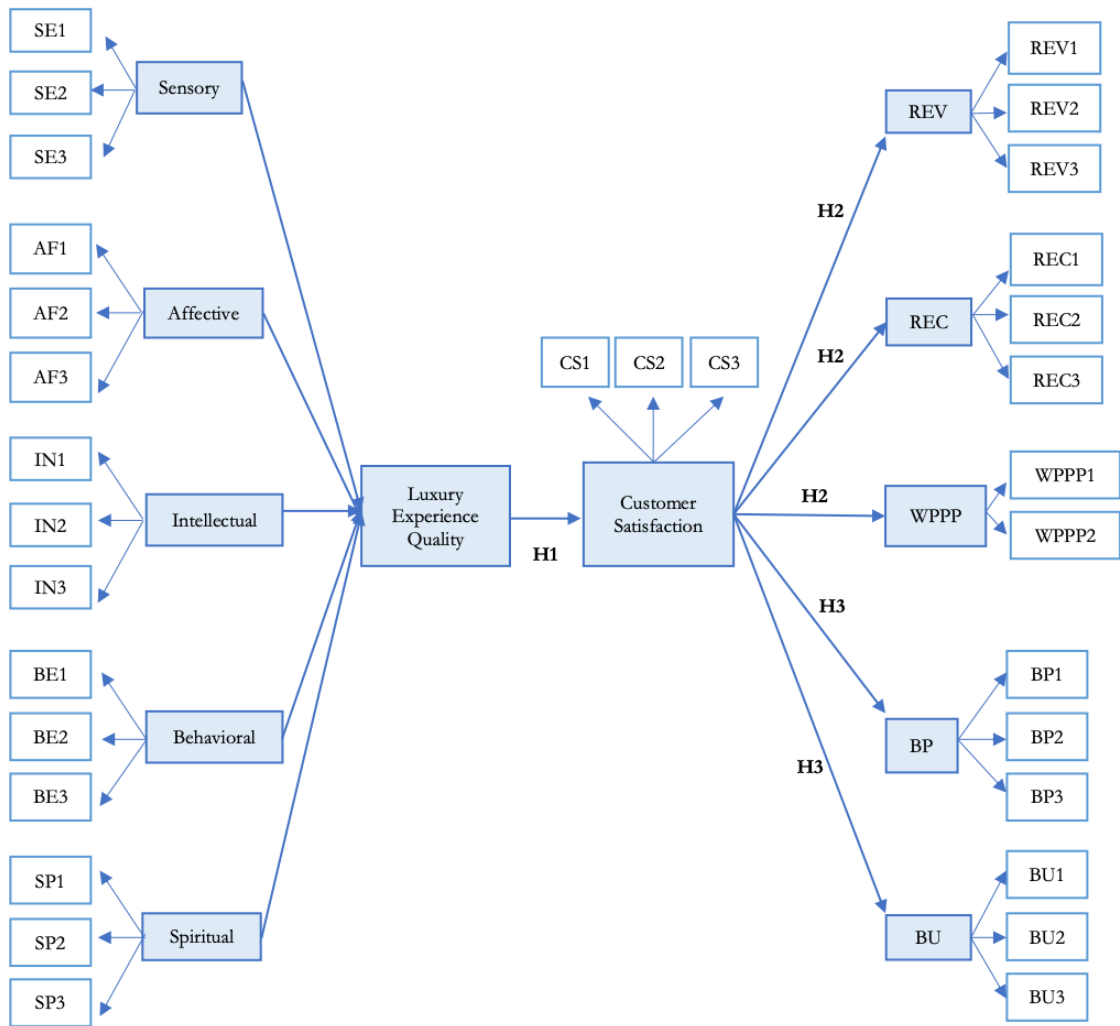
Figure 11 – model at SmartPLS (self-elaboration with SmartPLS results)

The discriminant validity was also tested, through the square root of the average variance extracted of each construct and the correlations between indicators. The correlations between indicators must not be higher than 0.85 (Bagozzi & Yi, 1988) and the square root of the AVE of each construct must be higher than the correlations between that indicator and the other indicators (Fornell & Larcker, 1981). In table 7 is possible to observe that the discriminant validity is confirmed and therefore it is possible to say that indicators are different amongst each other and do not overlap.

Table 7- Discriminant validity of the measurement model (self-elaboration with SmartPLS results)

	AF	BP	BU	BE	CS	IN	REC	REV	SE	SP	WPPP
AF	0.819*										
BP	0.659**	0.902*									
BU	0.524**	0.679**	0.893*								
BE	0.490**	0.545**	0.578**	0.858*							
CS	0.728**	0.763**	0.668**	0.452**	0.853*						
IN	0.558**	0.589**	0.666**	0.751**	0.541**	0.853*					
REC	0.731**	0.811**	0.693**	0.511**	0.852**	0.604**	0.863*				
VER	0.624**	0.735**	0.746**	0.540**	0.773**	0.648**	0.777**	0.816*			
SE	0.692**	0.636**	0.575**	0.645**	0.592**	0.753**	0.666**	0.641**	0.837*		
SP	0.624**	0.657**	0.549**	0.709**	0.579**	0.717**	0.637**	0.621**	0.779**	0.812*	
WPPP	0.150**	0.332**	0.480**	0.324**	0.222**	0.394**	0.273**	0.462**	0.288**	0.182**	0.926*

*square root of AVE; **correlations between the constructs

3.4.4) Validation of the structural model

3.4.4.1) Measurement of the outer model – formative construct

In the proposed model, sensory, affective, intellectual, behavioral and spiritual dimensions are the constructs representative of a higher construct, Luxury Experience Quality. To measure the higher-order formative construct, the luxury experience quality, the other five indicators, which are the five lower-order reflective dimensions, are repeated (Ringle et al., 2012).

Once the LEQ is composed by five dimensions, it is important to make sure that there is no excessive multicollinearity, as this might mean that the higher-order construct is not suitable (Diamantopoulos & Winklhofer, 2001). In order to do so, the variance inflation factor (VIF) was measured, and the values registered were all bellow 5, as recommended by F. Hair Jr et al. (2014), proving there is no excessive correlation and all dimensions can be kept in the model. The loadings of the dimensions were all superior to 0.1 and the t-values superior to 1.96, proving the significance and validity of the dimensions in the construction of the formative construct, the luxury experience quality (F. Hair Jr et al., 2014).

All this being said, it is possible to say that the five reflective dimensions (sensory, affective, intellectual, behavioral and spiritual) compose the higher-order construct, luxury experience quality, which is a multidimensional and formative construct.
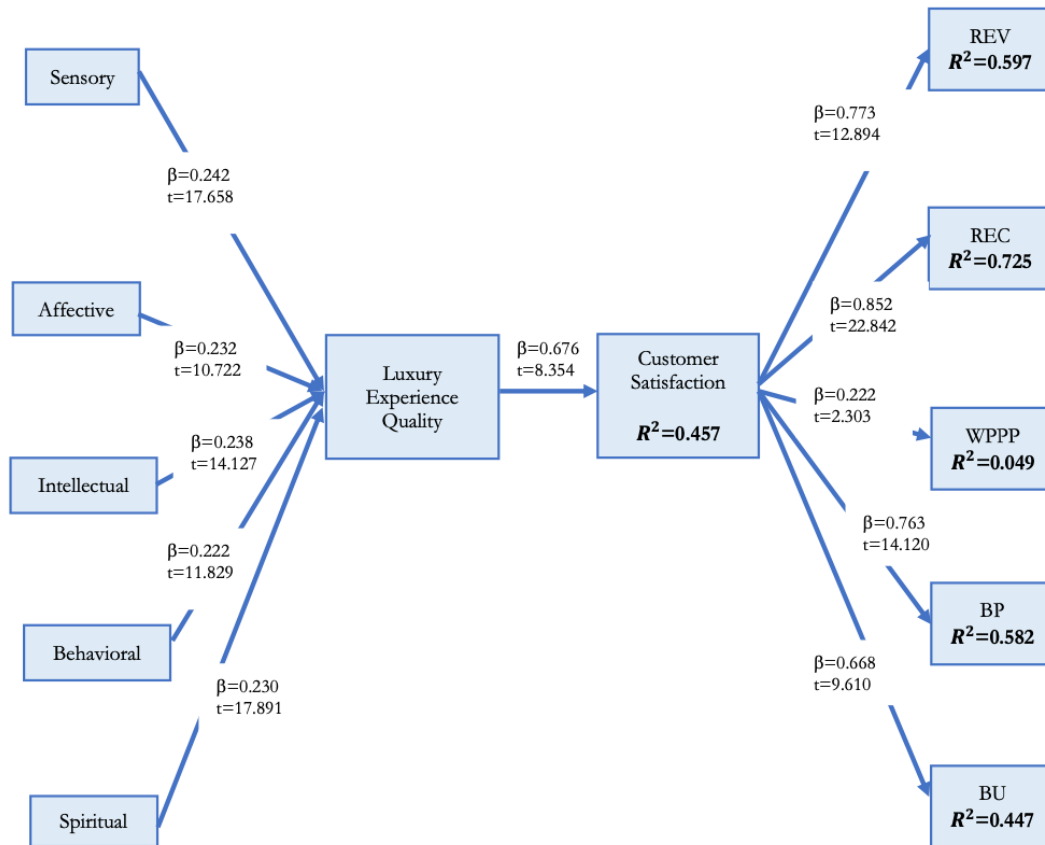

Figure12- Results of the structural model (self-elaboration with SmartPLS results)

3.4.4.2) Measurement of the Inner Model (Hypothesis Analysis: H1-H3)

After confirming that the Luxury Experience Construct is indeed composed by the five dimensions presented in the model, it is time to evaluate the effect of the luxury experience quality on the customer satisfaction and the consequences of the customer satisfaction on brand loyalty (revisit, willingness to recommend it, willingness to pay a premium price) and brand image (brand uniqueness and brand prestige). We will analyse the quality of the structural model by verifying if the hypothesis (H1, H2 and H3) are confirmed or not. On a global level, all paths presented t-values superior to 1.96, proving its significance.

Regarding H1 "The luxury experience quality and its five dimensions have a positive impact on customer satisfaction.", if we look at figure X, we can see that the model explains 46% of the customer satisfaction and we can see that the CS is positively and significantly affected by the LEQ (β=0.676, t-value=8.354), therefore H1 is confirmed.

Regarding H2 "Customer satisfaction has a positive impact on loyalty, i.e., (a) revisit, (b) willingness to recommend it and (c) willingness to pay a premium price.", if we look at figure X, we can see that CS explains 60% of the will to revisit the hotel, 73% of the willingness to recommend it and only 5% of the willingness to pay a premium price. We can also see that the customer satisfaction also affects positively and significantly the will to revisit, the willingness to recommend it and the willingness to pay a premium price, with all values of β positive and superior to 0.1 and all t-values superior to 1.96. Willingness to revisit presented β=0.773 and t-value=12.894; willingness to recommend it presented β=0.852 and t-value=22.842 and willingness to pay a premium price presented β=0.222 and t-value=2.303. It is interesting to notice that while all items presented β values superior to 0.6 and t-values higher than 9, WPPP only presents a β value of 0.222 and a t-value of 2.303, lower but still positive and significant. Therefore, H2 is confirmed.

Regarding H3 "Customer satisfaction has a positive impact on brand image, i.e., (a) brand uniqueness and (b) brand prestige.", we can see that the model explains 58% of the brand prestige and 45% of the brand uniqueness. We can also see that the customer satisfaction affects positively and significantly brand image, with β=0.763 and t-value=14.120 for brand prestige and β=0.668 and t-value=9.610 for brand uniqueness. Therefore, H3 is confirmed. All the values for each factor are summarized in the table 7. Accordingly to what was observed, the validity of the structural model is confirmed.

Table 7- Results of the structural model (self-elaboration with SmartPLS results)

Independent Variable	Dependent Variable	β	t-value	Result
SE	LEQ	0.242	17.658	Significant*
AF	LEQ	0.232	10.722	Significant*
IN	LEQ	0.238	14.127	Significant*
BE	LEQ	0.222	11.829	Significant*
SP	LEQ	0.230	17.891	Significant*
LEQ	CS	0.676	8.354	Significant*
CS	REV	0.773	12.894	Significant*
CS	REC	0.852	22.842	Significant*
CS	WPPP	0.222	2.303	Significant*
CS	BP	0.763	14.120	Significant*
CS	BU	0.668	9.610	Significant*

*Significant if t>1.96

(SE-sensory dimension; AF-affective dimension, IN- intellectual dimension; BE-behavioral dimension; SP-spiritual dimension; LEQ-luxury experience quality; CS-customer satisfaction; REV-revisit; REC-willingness to recommend it; WPPP-willingness to pay a premium price; BP-brand prestige; BU-brand uniqueness)

3.5) Research Findings Discussion

Table 8- Results of the Hypotheses tested

Hypothesis	Result
H1: The luxury experience quality and its five dimensions have a positive impact on customer satisfaction.	Confirmed
H2: Customer satisfaction has a positive impact on loyalty, i.e., (a) revisit, (b) willingness to recommend it and (c) willingness to pay a premium price.	Confirmed
H3: Customer satisfaction has a positive impact on brand image, i.e., (a) brand uniqueness and (b) brand prestige.	Confirmed

Like we can see in table 8, all the hypotheses were confirmed.

Regarding H1, that tested how the luxury experience quality impacts customer satisfaction, we can say that the achieved results are in line with the ones from previous literature. First, the formative construct, the luxury experience quality, was proven to be suitable as it was composed by the five reflective dimensions. The four dimensions of the Brakus scale (i.e., sensory, affective, intellectual and behavioral) and the spiritual dimension, which came from the importance of the well-being concept when talking about luxury experiences (Hwang and Hyun (2012); Hudders and Pandelaere (2012); Makkar and Yap (2018)), were the five lower-order reflective dimensions. When it comes to the impact of the luxury experience quality on the customer satisfaction, the findings are also in line with previous literature, that, has we have seen before, stated that the customer satisfaction increases when a high quality experience is offered (Dominici & Rosa, 2010); Fernandes and Cruz (2016); Cole and Chancellor (2009)). Therefore, we can confirm that if the experience is of great quality in all the five dimensions, the customer will be satisfied. It is also important to notice that the Brakus scale dimensions (i.e., sensory, affective, intellectual and behavioral), usually applied in a context of product brands, were also confirmed in this context of an hospitality service, were literature is scarce, especially in the luxury industry. Even though the significance of all dimensions were similar, the sensory and intellectual dimension stand out. Regarding the new dimension, the spiritual, we can say that it was also confirmed with a t-value even higher than some of the other dimensions.

H2 tested if "Customer satisfaction has a positive impact on loyalty, i.e., (a) revisit, (b) willingness to recommend it and (c) willingness to pay a premium price." and was confirmed by the achieve results. According to previous literature, customer satisfaction has a direct impact on customer loyalty, (Dominici & Rosa, 2010; Fornell et al., 1996; Ladhari et al., 2008). The findings, just like in extant literature, confirm that customer satisfaction not only plays an important role in repeated patronage but also has a positive impact on recommendation and willingness to pay a premium price (H. Han & K. Ryu, 2009; Lovett et al., 2013). However, we have noticed that the strength of the impact on willingness to pay a premium price was lower than the impacts on revisit and willingness to recommend, but still significant. This is also in line with previous literature, H. Han & K. Ryu, 2009 proved that satisfied customers were willing to pay extra money, but also alerted that this might only happen with the highest satisfaction levels, which may be the reason for the lower values,

once the highest mean amongnst items regarding CS was 4.6. In conclusion, customer satisfaction is a way to create customer loyalty, as it has a direct impact on it, satisfying guests are more likely to revisit, recommend and even pay a premium price.

Regarding H3, that tested the impact of customer satisfaction on brand image, i.e., brand prestige and brand uniqueness, the findings also meet the ones on previous literature. Dubois and Czellar (2002) confirmed the connection of prestige and uniqueness with the overall quality of the brand's offer and therefore, the customer satisfaction. According to the findings, customer satisfaction, positively affects the brand image, which confirms the importance of assuring a high-quality experience in the luxury context.

4)   Conclusion

4.1) General conclusions

The Luxury market has been growing in a consistent way (D'Arpazio et al., 2020) and experiences are becoming more and more important (Grigorian & Espinoza-Petersen, 2014), therefore there is a huge importance of understanding the basis of value of this industry. Not only there is a lack of studies in the luxury experiences field, as most of the studies are focused on tangible goods, there is also a huge gap as most of the studies focus on how the customer actually feels, presenting the experience as an offer itself., instead of approaching customer experience as the customer response to certain stimuli staged and managed by the brand.

Having this gap into consideration, this study goal was to validate a model, based on the extant literature, that was composed by the four dimensions of the Brakus scale, and also the spiritual dimension, and offered an understanding of how the luxury experience quality affected customer satisfaction and also helped to evaluate the impact of the satisfaction on some of the most important constructs in the luxury industry, loyalty and brand image.

This investigation concluded that the quality of the luxury experience is indeed measure by the five dimensions proposed, and it has a positive impact on customer satisfaction, like was expected. On the other hand, customer satisfaction also has a positive impact on the outcomes included in the model, i.e., revisit, willingness to recommend it, willingness to pay a premium price, brand prestige, brand uniqueness. The research questions were answered

and the study contributed to filling the existent gap on customer-focused studies in the luxury experience realm.

4.2) Contributions, limitations and suggestions for future research

This study contributes both to present literature about customer experience and the literature about the luxury industry. As seen before, regarding the luxury industry literature, most researches focus on luxury goods and not on luxury services and experiences, even though the last is a growing segment of the industry. Regarding the customer experience, particularly on the realm of services and hospitality, most research focus on the firm point of view (i.e., employees, ambience, etc.) and not as much on the guest feelings, which in turn is more explored in product brands.

The present study uses what has been used in luxury and non-luxury product brands, but instead in the hospitality sector. Besides using the Brakus scale, the dominant theoretical framework, which is composed by the four experience dimensions as felt by the consumer, this study also includes the spiritual dimension, focused on the well-being concept, particularly important in the new luxury concept, totally aligned with mindfulness. To the best of our knowledge, this additional dimension, which was validated in the present research, has never been explored in previous studies as a part of the luxury experience.

Lastly, this study contributes to the literature on luxury experience outcomes, including not only the ones that are usually studied (revisit and recommendation), but also including outcomes about the brand image (i.e., brand prestige and brand uniqueness) and also the willingness to pay a premium price.

This study helps to understand how the customer actually feels during a luxury experience, and the consequences for the brand that come from customer satisfaction. Therefore, these findings can help managers, marketing professionals, and decision makers in designing better luxury experiences by taking into consideration the customer feelings and how that can leverage brand image. Customers value all the dimensions of the experience which means it is important to create memorable and complete experiences that in turn will satisfy customers and have a positive impact for the brand. The spiritual dimension was confirmed and is aligned with the new luxury concept, therefore, managers can invest more in this field that

revealed itself part of the luxury experience and must not be left aside. If managers design memorable luxury experiences focused on what their guests actually feel and build on customer satisfaction, the consequences for the brand will indeed be positive, engaged and loyal customers and an increasing prestige and uniqueness for the brand.

However, some limitations were also found. The study was only done through the application of questionnaires in one hotel brand, "Torel Boutiques", therefore, in the future, it would be important to extend the investigation to other hotel brands. On top of this, the findings are a result of the application of the questionnaire at a luxury hotel, in the future, other luxury experiences could be tested.

Regarding the sample, we can say that it was a small sample. Besides this, even though we collected answers from multiple nationalities, Portuguese is clearly the dominant one, accounting for almost 40%, therefore, future studies could take a cross-cultural approach so that future findings can have a higher international relevance, and even make it possible to compare different cultures when it comes to their perception of the experience. As some of the guests have never stayed at luxury hotels before, future studies could also test if there is a significant difference between customers who are used to this type of experiences and the ones who are not.

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Appendix

Questionnaire

TOREL BOUTIQUES EXCEPTIONAL | **FEP** ECONOMICS AND MANAGEMENT

Hi, my name is Catarina Cruz and I am a currently concluding my MSc degree in Management at the University of Porto. Together with the Torel Boutiques Collection, I am conducting a research on hospitality luxury experiences from the guests' point of view.

It would mean a lot if you could take a few minutes of your time to answer to this questionnaire about your experience at this hotel. If you are a couple, I would appreciate if you could fill two different papers. All responses are confidential and anonymous and will only be used for academic purposes.

Thank you for being part of this project and for making it possible!

Age
- 18-25
- 26-35
- 36-50
- 51-65
- more than 65

Gender
- male
- female
- prefer not to say

Highest level of education completed
- Less than high school degree
- High school degree or equivalent
- Bachelor's degree
- Postgraduate degree
- Master degree
- Doctorate degree or higher

Occupation
- Student
- Full time employeed
- Part time employeed
- Self employed
- Retired
- Unemployed
- Other

Nationality:
_____

Do you usually stay at luxury hotels?
- Always
- Frequently
- Sometimes
- Never

How many times have you been at one of Torel Boutiques' hotels?
- This was my first time.
- More than once.
- I am a regular customer.

How long was your last stay at Torel Boutiques hotels?
- Less than 3 nights.
- Less than a week.
- Between 1 and 2 weeks.

On a scale from 1 (Strongly disagree) to 5 (Strongly agree), please evaluate your current experience at this Torel Boutiques' hotel.

This experience made a strong impression on my visual sense and/or other senses.

1 2 3 4 5

I felt a real sense of harmony in this hotel.

1 2 3 4 5

Just being here was a very pleasant experience.

1 2 3 4 5

This experience appealed to my senses.

1　2　3　4　5

I feel like I have learned something about the hotel brand and the destination during this experience.

1　2　3　4　5

I felt rested and pampered during this experience.

1　2　3　4　5

This experience contributed to enhancing my quality of life.

1　2　3　4　5

I felt like my senses were stimulated during this experience.

1　2　3　4　5

This hotel brand stimulated my curiosity and creativity.

1　2　3　4　5

After this experience I feel more active and energetic.

1　2　3　4　5

This experience activated my interest to learn more about the hotel brand and the destination.

1　2　3　4　5

This experience contributed to my well-being.

1　2　3　4　5

After this experience, I feel ready to work and/or complete tasks more effectively.

1　2　3　4　5

This experience met my overall well-being needs.

1　2　3　4　5

This stay resulted in bodily experiences (such as relaxation, wellness, leisure activities) that made me feel rejuvenated.

1　2　3　4　5

Overall, I am satisfied with this hotel.

1　2　3　4　5

Either in person or through social media, I would say positive things about this hotel.

1　2　3　4　5

I would like to stay at this hotel again.

1　2　3　4　5

Either in person or through social media, I would encourage others to visit this hotel.

1　2　3　4　5

Staying at this hotel has been a wise choice.

1　2　3　4　5

This hotel has high status.

1　2　3　4　5

I would consider this hotel my first choice when seeking for a luxury experience again.

1　2　3　4　5

I would continue to visit this hotel even if the price increases.

1　2　3　4　5

This hotel is unique.

1　2　3　4　5

This hotel is very prestigious.

1　2　3　4　5

I would visit this hotel more often in the next few years.

1　2　3　4　5

Either in person or through social media, I would recommend this hotel to others.

1　2　3　4　5

This hotel really stands out from others.

1　2　3　4　5

I would pay a higher price than competitors charge for the benefits I received here.

1　2　3　4　5

This hotel is distinct from other hotels.

1　2　3　4　5

This hotel is very upscale.

1　2　3　4　5

I am delighted with this hotel.

1　2　3　4　5

Again, thank you for your participation!