SUMMARY OF THESIS

for

Anita Zátori

Tourism experience creation from a business perspective

PhD. thesis

Supervisor:

László Puczkó, Ph.D

Budapest, 2013
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1. Precedents of the research and justification of the chosen topic

Although tourists create their experiences according to their very own interests, as well as their social and cultural backgrounds, the business of tourism makes a significant contribution in giving life to a context for the aforementioned experiences, and what is most important: it influences – stimulates or hinders – the involvement of the tourist into a given experience. This thesis examines the experiences rooted in tourist allures which also are the most determining factors regarding the overall destination experience. Consequently, the objects of the research are destination experience mediators – i.e. travel agencies and tour companies offering city sightseeing tours for visitors. I chose Budapest as the location of my research. The sample consisted of the managements, guides and customers (tourists) of the destination experience mediators.

One of my main goals was to explore the means of experience-creation conjured from the interaction between provider and consumer, thus the research examines the experience-creation of the consumer from the viewpoint of the provider.

I have also aimed to collect and process the experiences and know-how of tourism service providers putting the experience-centric approach, more precisely the staged experience concept and the experience co-creation concept into practice, while also examining the effects of latter concepts on the consumer experience.

1.1. Research questions and hypotheses

The main research questions are the following: How does the destination experience mediator influence the experience-creation of the tourist?

The aim and the argument of the research are located in the cross section of a pair of topics. One of them is tourism, more narrowly, the tourism experience, while the other one is the marketing concept of the consumer experience.

The research was realized with the aid of the following research questions and their corresponding assumptions and hypotheses:

Question 1: How and to what extent does the experience-centric concept, more precisely the staged experience concept and the experience co-creation concept determine the management approach and activity of destination experience mediators?
In relation to the first research question, the following assumptions were determined:

- **Assumption 1:** The experience-centric approach is mostly characteristic of small-scale tour providers.
- **Assumption 2:** In the case of alternative tour providers, the experience co-creation concept is the ruling principle.
- **Assumption 3:** The staged experience concept is not predominant among any of the tour providers.

**Question 2: How can the destination experience mediator influence the consumer experience created during the tour?**

In relation to the first research question, the following assumptions were determined:

- **H1:** Interaction contributes to the degree of the consumer’s involvement into a given experience.
- **H2:** The experience environment contributes to the involvement into a given experience.
- **H3:** Perceived customization contributes to the involvement into a given experience.
- **H4:** Involvement into a given experience affects the memorability of that experience.
- **H5:** Involvement into a given experience affects the authenticity of that experience.

Comparing the results of the two research questions, the following hypotheses are examined:

- **H6:** Providers preferring the experience-centric approach are able to reach a higher degree of involvement regarding the role of the tourist in experience-creation than providers preferring the non-experience-centric approach.
- **H7:** Providers mainly preferring the experience co-creation concept have the most success in involving the tourist into the process of experience-creation.

*Figure 1: A methodological summary of the research*
Figure 1 demonstrates a summary of the methodology used during the course of the research: in-depth, descriptive, and cause-effect researches were carried out based on the managements, employees, and consumers of the destination experience mediators included in the sample.

1.2. Justification of the chosen topic

The chosen topic and the magnitude of the research are primarily justified by the under-researched state and actuality of the topic, and the practical relevance of the research, as researchers of the topics highlight it. The empirical investigation of experience-centric management in the field of tourism is not a explored thoroughly in international context, and it represents an empirically almost untouched area in domestic context. Tourist experience has been examined from the sixties almost only from consumer perspective. Tourist experience management theory has started to be formed and conceptualized from the new millennium only, since the publishing of The Experience Economy concept by Pine and Gilmore (1998, 1999), which drove the attention of academics to this aspect.

Experience management perspective is not uniform, and it is full of positivist management literature, offering best practices for business competitiveness and success. Lately the attention of the industry has turned towards how consumers are co-creating value and their experiences together with the company, brand and/or other consumers. This has also appeared in scientific investigations, mostly in area of general marketing. The importance of the topic was also articulated in circles of tourism academics.

The fact that the thesis lies largely on international literature also proves the novelty of the topic, because of the lack of Hungarian literature. From this reason, I had to create new Hungarian mutation and phrases based on the English one.
2. Methods in use

2.1. Literature review

Literature review was realized from 2010 in the topic of experience and related management and marketing aspects from general and tourism perspective. The keywords of the literature review were the followings: experience, experience creation, experience-centric management, experience co-creation, staged experience, memorable tourism experience, customer experience concept, value co-creation, experience economy, flow, authenticity, interaction, experience environment, customization and experience involvement.

Figure 2: Themes framing the theoretical part of the thesis

Based on available literature sources (before February 2012) the Conceptual Frame of Experience-centric Management was created, which is mostly relevant in context of tourism, but it can be applied and used in other contexts, too, after small modifications. The Conceptual Frame of Experience-centric Management (Table 1) also served as analytical frame of the qualitative research results.

Table 1: The Conceptual Frame of Experience-centric Management

<table>
<thead>
<tr>
<th>Conceptual framework of staged experience:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Staged experience is the source of added value.</td>
<td></td>
</tr>
<tr>
<td>Drama should be the focal metaphor of business. Company is viewed as a „theatre”, workers are „actors”, customers are an „audience” or „guests”, physical environment is a „stage”, and „show” is performed by experience (service) providers.</td>
<td></td>
</tr>
<tr>
<td>Finding the value of an experience for a customer is significant, and it also forms an essential element of a competitive brand.</td>
<td></td>
</tr>
<tr>
<td>Drama marks the interaction between a company and the customer. The engagement of the customer and the importance of the experience depend on the level and quality of interaction. Consequently, deeper level of customer involvement is the company’s priority.</td>
<td></td>
</tr>
<tr>
<td>Optimal experience environment and its props enable higher level of interaction and deeper involvement into the experience.</td>
<td></td>
</tr>
<tr>
<td>Sustainable competitiveness can only be reached by creating unique and memorable experiences. The most valuable form of experience does not only entertain, but insures the possibility of personal development.</td>
<td></td>
</tr>
<tr>
<td>The company standardizes the creation of experience, so heterogeneity of the service is reduced.</td>
<td></td>
</tr>
</tbody>
</table>
• Frontline workers should build their personality traits into their roles.
• Scripts should be written in case of each interaction situation, and for all stages.
• Metaphors of drama and storytelling should be applied.

**Conceptual framework of co-creation experience concept:**

- The individual and his/her experience co-creation are in the centre of the value creation process. The consumer and the company co-create the value, so experience co-creation is the basis of value.
- Consumer co-creates the experience with the organization and other consumers, while she is an active participant in value searching, producing and abstraction.
- Consumers do not stand alone, they form a consumer community.
- Involvement of consumer into experience co-creation and unique value creation is at the organization’s best interest.
- To enhance experience co-creation with the consumer, organizations should cooperate and form a network.
- Interaction between the consumers and the organization is the locus of value co-creation.
- Creating an experience environment in which consumers can have active dialogues and co-construct personalized experiences; product may be the same but customers can construct different experiences. The organization should allow an experience variety for the consumer.
- The organization should effectively innovate its experience environment to allow variety of experience creation.
- The context and the level of consumer involvement contribute to personal meaning formulation and the perceived uniqueness of experience co-creation.
- The essential building blocks of experience co-creation are dialogue, access, transparency and risk-benefits.
- Products and services are parts of experience environment, where individual consumers participate in experience co-creation.
- Products and services are only intermediaries of (co-created) experiences.

**Conceptual framework of experience-centric management perspective:**

- It is a management of experiences, and not products.
- Treats experience as content, formable and developable, and not only as a part of a product, nor simply as a context.
- Believes that on the consumer side, travelling is increasingly about experiences, fulfillment and rejuvenation.
- Enhancing active participation and involvement of the consumer.
- Assigns a high importance to interaction with the consumer.
- It results in a knowledge-intensive process, which is not possible if the organization’s main focus is on service provision.
- Consumers’ anticipated experiences and points of interest are investigated.
- These anticipated experiences and points of interest are utilized in product, method and experience environment development.
- New experience themes are in the centre of innovation.
- Its strategy builds on intangible resources and utilization of goodwill, rather than on material resources.
- Experience-centric perspective demonstrates itself through investments and marketing activity, too.
- Believes that the creation of myths and stories ensures a steady foundation for successful experiences. Narrative should overcome facts and script.
- On destination level, encourages active participation of local community in creating tourism experience.

*Source: own compilation (2013)*
2.1. Characteristics of the primary research

To find an answer for the central research question, primary data collection was carried out with the triangulation-method, had three main sources (company leadership, employees directly interacting with consumers, and the consumers themselves), put three research methods into practice (interview with the management, observation, questionnaire), and consisted of three separate sections (interview with the management, interview with the tour guide, observation and questionnaire during the course of the tour). These formerly mentioned factors allow a deeper exploration of the research problem and contribute to the reliability and validity of the research results.

![Figure 3: Data collection sources](image)

The three data collecting methods (interview, observation, questionnaire) aimed to investigate the experience creation between provider and tourist by mutually compensating their disadvantages with their advantages. The reason for choosing such a complex methodology was – according to the aim of the research – to get a deeper and more comprehensive exploration of the various methods of tourism experience creation (from a corporate point of view) between provider and tourist, within the boundaries of the available research resources.

The lack of research resources (personal, financial, temporal) tend to somewhat limit the potential of a given research. Consequently, with the aid of my counselor, I was determined to choose a research methodology which meets several requirements:

- capable of collecting an ideal amount of complex data,
- combining various methods increases the reliability and validity of the research,
- can be put into practice by a beginner researcher,
affordable,
meets the requirements of a PhD thesis.

The connections between the research questions and the chosen methodology are demonstrated below in Table 2.

<table>
<thead>
<tr>
<th>Research questions</th>
<th>Subjects of the research</th>
<th>Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) How is the experience-centric concept, more precisely the staged experience concept and the experience co-creation concept reflected in the management approach and activity of destination experience mediators?</td>
<td>companies – managers, employees directly interacting with consumers, and the consumers themselves</td>
<td>qualitative: interviews and observation</td>
</tr>
<tr>
<td>(2) How does the destination experience mediator influence the experience-creation of the tourist during the tour?</td>
<td>consumers</td>
<td>quantitative: questionnaire</td>
</tr>
</tbody>
</table>

Source: own compilation (2013)

2.2. Qualitative research
The qualitative research, which lasted over a year, produced an outstandingly rich set of data on account of the 11 providers, 22 observed tours, 18 tour guide interviews, and 11 manager interviews included in the sample. The goal was to investigate the extent to which the tour providers in Budapest apply the experience-centric approach regarding their methods and management perspective: how do they view consumers, what are the cornerstones of their strategic thinking, and how do they apply these principles when designing and executing various work processes. Beyond that, the research aimed to explore the value-creating process in its entirety, thus interviews were made with not only managers, but also with guides (i.e. those directly interacting with consumers).

To get a deeper exploration and more comprehensive exploration of the topic, besides the methodology of the in-depth interview, and the conversations with the individuals taking part in the service-providing process, observation was also put into practice as the next step of the research. The focus of the observation was on the process of the tour as the central element of the service. The three separate, nevertheless connected research elements aimed to shed light on the following questions:
• How are the experience-centric approach and its various concepts manifested in the management perspectives and activities of destination experience mediators?
• To what extent does the experience-centric approach – more precisely the staged experience concept and the experience co-creation concept - the characteristic of the various types of providers?

The first question is explorative, while the second one is descriptive. The collected data were analyzed with the aid of research sub-questions created within the conceptual boundaries of experience management.

2.4. Quantitative research

The precondition of structural hypothesis model (path) analysis is the unidimensionality, reliability and validity of latent constructs. Therefore the first step taken was to ensure the unidimensionality of constructs through exploratory factor analysis. The analysis was realized with software SPSS 20.0.

*Figure 4: The hypothesis model*

Based on the results of exploratory factor analysis, as a second step confirmatory factor analysis was performed to validate and test the reliability of constructs as a more rigorous procedure. According to model fit values modification of indicator structures was realized. To perform the analysis AMOS 20.0 was used.
Table 3: CFA model fit values

<table>
<thead>
<tr>
<th>Model Fit</th>
<th>Supplier influence</th>
<th>Experience-involvement</th>
<th>Experience Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN/DF</td>
<td>2,401</td>
<td>2,920</td>
<td>3,034</td>
</tr>
<tr>
<td>NFI</td>
<td>.925</td>
<td>.902</td>
<td>.959</td>
</tr>
<tr>
<td>CFI</td>
<td>.955</td>
<td>.933</td>
<td>.972</td>
</tr>
<tr>
<td>RMSAE</td>
<td>.064</td>
<td>.074</td>
<td>.077</td>
</tr>
<tr>
<td>P</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: own compilation (2013)

After testing the measurement scales of latent variables, as a next step the relationship and influence between variables (which are set on hypothetic correlation based on theory) was analyzed.

The relationships between latent variables formed a model characterized by structural equation modeling (SEM). Structural equation modeling is a scale validation, in fact, which aims to test the relationship among variables. Two types of structural equation modeling procedures are distinguished: covariance-based techniques (Amos, LISREL) and variance-based techniques (e.g. Partial Least Square – PLS).

To perform the analysis with Amos or LISREL was not justifiable because the complexity of the model (13 latent variables), which reached beyond the 300-500 sample-size (N=348), did not make it possible to measure the model (Hair et al., 2009). Furthermore, covariance-base SEM method which measures model fits is rather applied to test already existing scales waiting for further development, testing theory rather than theory building or model creation (Anderson – Gerbing, 1988; Henseler et al., 2009). For model analysis with exploratory character PLS method is suggested by most of the academics.

PLS, which also investigates structural models, but it is covariance-based, is more suitable for multiplied reasons. It is applicable to analyze small samples, as well. It creates an advantage for the research to analyze the three subsamples separately. It is main disadvantage compared to SEM (Amos, LISREL), that it is not able to provide complex criteria for model fit. (only $R^2$ is measured). Despite it is a more suitable tool in first phases of model building, because its predictive ability is better. (Henseler et al., 2009). At the same time, „PLS represents a logical methodological alternative for theory testing” (Henseler et al., 2009, p. 297).

The next step was realizing the PLS analysis with SmartPLS software. The model (Figure 4) consisting the scale structure set by confirmative factor analysis was in the focus of the path analysis. Beside the path coefficients, the reliability and validity of the latent variables and the structural model were also examined.
3. The results of the thesis

The main results of the qualitative phase of the research:

- The analysis and the evaluation of the qualitative results were performed through the Conceptual Frame of Experience-centric Management, which was created based on literature review. Comparison of the 3 subgroup evaluations made it possible to answer the assumptions of the research:
  - **Assumption 1:** The experience-centric approach is mostly characteristic of small-scale tour providers. Based on the results the assumption was accepted.
  - **Assumption 2:** In the case of alternative tour providers, the experience co-creation concept is the ruling principle. The assumption was accepted, but it is necessary to note that the level of application of staged experience creation concept was not very far behind.
  - **Assumption 3:** The staged experience concept is not predominant among any of the tour providers. The assumption was not accepted. Results show that the experience-centric perspective of big-scale tour providers first of all is reflected in tools and views of stage experience creation concept.

Main results related to quantitative phase and the structural model:

- The fit of the structural model is expressed by goodness-of-fit value, the $R^2$ determinative coefficient in relation of the endogenous latent variables, which proved to be substantial on the first level, and moderate on the second level. **This provides a good fit for the model, and demonstrates its functionality.** The estimated values for path relationships shows that exogenous variables explain the total variance of experience-involvement in 66%, total variance of authenticity in 46%, and total variance of memorability in 45,7%.

- **The hypotheses of the structural model are accepted or not based on path coefficients – the value of standardized regression coefficients ($\beta$), respectively based on significance level estimated by bootstrapping procedure (Table 4).**

- The tourism experience involvement scale is also an important result of the thesis. The scale consisting of experience indicators based on literature review presents four dimensions of tourism experience involvement:
  - emotional experience involvement,
  - mental experience involvement,
flow-like experience involvement,
- social experience involvement.

**Emotional experience involvement** results in an emotively perceived type of experience – such as excitement, enjoyment, inspiration, fascination, surprise.

**Mental experience involvement** results in a cognitively perceived experience – such as learning, the activation of the desire to learn, or something thought-provoking or interesting.

**Flow-like experience involvement** results in an emotive, yet cognitively perceived experience which is of conative and/or creative nature, and constitutes a higher level of involvement. The indicators measuring flow-like experience involvement examine the following factors: perception of uniqueness, meaningfulness, escapism, getting lost in the story created during the course of the service.

**Social experience involvement** refers to the social experience surfacing during the course of the service which is determined by the interactions of the participants. This is an essential dimension of each and every experience that is created with the participation of a group of individuals. The indicators measuring the level of social involvement are group atmosphere, enjoying the company of fellow group member, the amount of communication within the group, and the amount of communication with frontline employees.

### Table 3: Evaluation of hypothesis acceptations

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Accepted</th>
<th>Based on</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Interaction contributes to the degree of the consumer's involvement into a given experience.</td>
<td>yes</td>
<td>PLS, path coefficient</td>
</tr>
<tr>
<td>H2a: The interactive content of the tour contributes to the involvement into a given experience.</td>
<td>yes</td>
<td>PLS, path coefficient</td>
</tr>
<tr>
<td>H2b: The organizational experience environment contributes to the involvement into a given experience.</td>
<td>no</td>
<td>PLS, path coefficient</td>
</tr>
<tr>
<td>H3: Perceived customization contributes to the involvement into a given experience.</td>
<td>yes</td>
<td>PLS, path coefficient</td>
</tr>
<tr>
<td>H4: Involvement into a given experience affects the memorability of that experience.</td>
<td>yes</td>
<td>PLS, path coefficient</td>
</tr>
<tr>
<td>H5: Involvement into a given experience affects the authenticity of that experience.</td>
<td>yes</td>
<td>PLS, path coefficient</td>
</tr>
<tr>
<td>H6: Providers preferring the experience-centric approach are able to reach a higher degree of involvement regarding the role of the tourist in experience-creation than providers preferring the non-experience-centric approach.</td>
<td>yes</td>
<td>PLS, path coefficient and qualitative result comparison</td>
</tr>
<tr>
<td>H7: Providers mainly preferring the experience co-creation concept have the most success in involving the tourist into the process of experience-creation.</td>
<td>yes</td>
<td>PLS, path coefficient and qualitative result comparison</td>
</tr>
</tbody>
</table>

*Source: own compilation (2013)*
Figure 5: PLS path analysis - $R^2$ and path coefficients (source: SmartPLS 2.0, own research)
3.1. Significance of the results

**Academic significance**

The results of the thesis are well-suited for the current development of tourism literature. When choosing the topic of the thesis, one of the most influential deciding factors was to come up with something that is both closely connected to international research trends and can be regarded as a currently relevant problem from a professional point of view. The chosen topic set out to fill a void in literature by examining the tourism experience from the supplier’s side. Consequently, the thesis has the potential to gain international significance.

The academic significance of the thesis lies in the empirical examination of the dimensions of the experience, in scheming up the conceptual boundaries of the experience-centric management, and, last not least, in examining the tourism experience from the supplier’s side with qualitative and quantitative empiricism.

Furthermore, the empirical research produced explorative results – a prime example being the various manifestations of the concepts of the experience-centric approach, which, if supplemented with relevant researches – thus increasing their reliability -, can contribute to the field’s ever-growing basis of knowledge.

The hypotheses originating from the theory empirically tested the coherences, and the majority of them were proven to be true – further increasing their scientific significance. The coherencies proven to be false by the research also led to useful conclusions, although their thorough rejection requires further research.

The structural model schemed up in the research was deemed partially acceptable, and the results of the research, hand in hand with a research questioning the theory, can give life to new conversations within academic circles. Moreover, the miscellaneous factors that surfaced while scheming up the structural model might inspire further researches and tests, which are introduced in the chapter discussing the future research options.

The thesis – built upon a strong foundation of literature review - presents the first systematic exploration and systematized summary of the topic in Hungarian.
Methodological significance

Based on the results it can be suggested that on account of scale development procedures already in the present stage, results are characterized with explanatory value, and structural model of supplier-side experience creation in aspect of all endogenous variables, and except of one, all exogenous variables testified an acceptable goodness-of-fit.

The mixed methodology can be viewed as one of the methodological importance of my doctoral dissertation. It aimed and enabled to analyze the researched topic in-depth and multilayered form. In the area of scientific researches about the current topic there are only few published researches with mixed methodology.

Application of SEM (structural equation modeling) method into the investigation of tourism experience and experience creation can be perceived as another methodological significance. During literature review I did not find any publication, which would apply PLS (Partial Least Square). However, several questions are waiting to be answered, and where PLS could be a right tool to use. Therefore, the thesis and current research might have an impact of spreading this technique among the academic researchers of the topic.

Practical significance

Since data collection was carried out directly on the field, in cooperation with tourism service providers, the practical relevance of the results is overwhelming, thus the conclusions can be and observations can be put into practice.

The practical significance of the thesis reaches far beyond the boundaries of tour guides and tour providers, and extends to and perhaps beyond the entirety of tourism and leisure. The results (which, first and foremost, cover the tools and methods of experience creation) can be applied by and useful for those professional fields, providers, and companies that intend to put the experience-centric approach into practice in their strategies or work processes.
4. Main references


5. List of own publications related to the topic

Foreign language book chapter:


Hungarian language book chapters:


Papers in academic journals:


Papers in international conference proceedings:


International conference presentations:


Zátori, Anita (2013): The impact of experience management perspective and tour guiding methods on tourist experience. 3rd International Research Forum of Guided Tours, NHTV, Breda, the Netherlands, 2013 April 4-6.

