



# INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



[www.hrmars.com](http://www.hrmars.com)

ISSN: 2222-6990

## Determinants of Customer Experience for Luxury Hotels in Malaysia

Raini Anne Laipan, Mazalan Mifli, Oscar Dousin, Bamini KPD Balakrishnan

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v12-i11/15175> DOI:10.6007/IJARBSS/v12-i11/15175

**Received:** 08 September 2022, **Revised:** 12 October 2022, **Accepted:** 26 October 2022

**Published Online:** 05 November 2022

**In-Text Citation:** (Laipan et al., 2022)

**To Cite this Article:** Laipan, R. A., Mifli, M., Dousin, O., & Balakrishnan, B. K. (2022). Determinants of Customer Experience for Luxury Hotels in Malaysia. *International Journal of Academic Research in Business and Social Sciences*, 12(11), 289 – 303.

**Copyright:** © 2022 The Author(s)

Published by Human Resource Management Academic Research Society ([www.hrmars.com](http://www.hrmars.com))

This article is published under the Creative Commons Attribution (CC BY 4.0) license. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this license may be seen at: <http://creativecommons.org/licences/by/4.0/legalcode>

Vol. 12, No. 11, 2022, Pg. 289 – 303

<http://hrmars.com/index.php/pages/detail/IJARBSS>

JOURNAL HOMEPAGE

Full Terms & Conditions of access and use can be found at  
<http://hrmars.com/index.php/pages/detail/publication-ethics>



# INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



[www.hrmar.com](http://www.hrmar.com)

ISSN: 2222-6990

## Determinants of Customer Experience for Luxury Hotels in Malaysia

Raini Anne Laipan

PhD Candidate, SIDMA College City Campus, Sabah  
Corresponding Author's Email: [rainianne@gmail.com](mailto:rainianne@gmail.com)

Mazalan Mifli, Oscar Dousin, Bamini KPD Balakrishnan

Senior Lecturer, Faculty of Business, Economics and Accountancy, Universiti Malaysia Sabah  
Email: [mmifli@ums.edu.my](mailto:mmifli@ums.edu.my), [odousin@ums.edu.my](mailto:odousin@ums.edu.my), [bamini@ums.edu.my](mailto:bamini@ums.edu.my)

### Abstract

To meet the needs of an increasing number of people who want to take advantage of technology, the lodging industry has begun to offer a diverse range of customer experiences. Scholars have paid more attention to how customers feel about their hotel stays, which is not new. Through a PLS-SEM analysis, this paper shows the results of a survey that asked customers of four- and five-star hotels how they felt about the actions hotels took to improve their service quality. The study gives practitioner information about the most of factor service quality to influence the customer experience. The main goals are to find out the "service quality hotel" quality (Interaction quality, physical environment quality and outcome quality) practises and to see if there is a link on how customers feel about their stay. The results of this study supported the research hypotheses. Study showed that customers experience is most effected by the quality of interactions, followed by the physical environment's quality, and outcomes quality at hotels, which provides them a significant experience of hedonic, economic, social and altruistic values. Implications, limitations, and possible directions for future research are also given.

**Keywords:** Customer Experience, Interaction Quality, Physical Environment Quality, And Outcome Quality

### Introduction

The hotel industry is increasingly becoming more digitalized, and customers enjoy this technology's capabilities and consider it a standard (Beldona et al., 2018). Companies are being forced by digital transformation to change their business models and adapt to the new reality of the market. The study by Mhlanga (2018) indicated that the tangible factor appeared as the best predictor of customer experience. He proposed that the hotel improve the technological features of the rooms by adding more electrical outlets, stronger WiFi connections, charging portable devices, and self-service tablets. It demonstrates today's more technologically and internet-savvy society (Immonen & Sintonen, 2015). People are becoming more aware of the benefits of technology like the internet, digital TV, cell phones,

household appliances, and "smart" electronics. Research done by David Reinsel, John Gantz, & John Rydning in 2018 shows that by 2022, the amount will have grown to more than \$2 trillion. In fact, 79% of companies admit that COVID-19 increased the budget for digital transformation (International Data Corporation). Many people have called these changes an "e-business revolution," or an "electronic business revolution." This idea has caught the attention of many businesses, governments, and people all over the world. So, people now certainly expect to experience the services of this kind of organization. Encouraged by this current trend, this study was made to ensure that the services offered by hotels have the characteristics of current technology that can meet the tastes of customers in this age of technology. Therefore, the hospitality sector specifically in Malaysia can come up with new ideas or strengthen existing strategy in an effort to differentiate itself from competitors by creating an unforgettable customer experience (Caru and Coba, 2007).

Customer experience is a complicated process of figuring out how customers' conscious and unconscious thoughts about their relationship with a company change over time (Kandampully and Solnet, 2017). The customer experience is often co-created by actors who interact with each other (Ponsignon et al., 2017). It is determined by comparing an individual's experience across all touchpoints with his or her expectations (self-oriented value and other-oriented value) (Holbrook, 2006). Since creating favourable and memorable experiences is of the utmost importance for supporting business performance, there is a significant need to know the factors that contribute to customer experience in hotel service in today's business environment. Service quality is considered an essential factor concerning customer experience (Conway & Willcocks, 1997). The purpose of this investigation is to determine how service quality characteristics influence the customer experience. Brady and Cronin (2001) say that there are three main sources of service quality factors: the quality of interactions, the quality of the physical environment, and the quality of the outcome. Before and during the service, the customer's experience with the interaction quality is determined by the conduct and customer interaction with other customers (Wu & Ko, 2013). Customers also experience the physical environment quality, consisting of the atmosphere, room quality, and digital media touch points. Even after customers leave the hotel, the experience stays with them (Woodruff, 1997) as an outcome quality made up of sociability and waiting time (Brady & Cronin, 2001; Pullman & Gross, 2004; Wu & Ko, 2013).

In this paper, three main dimensions of service quality: interaction quality, physical environment quality, and outcome quality (Brady & Cronin, 2001), broad dimensions become the source of factors creating the customer experience. The study of Chahal and Duta's (2014) conceptualization of customer experience suggests that marketing managers should manage the core service quality and excellent design experiences for customers based on four factors contributing to creating favourable customer experiences. These factors are physical surroundings, music, quality, and customer relationships. Luturlean and Anggadwita (2015) have found five strategy factors that directly affect the customer experience. The product or service, the service interface, price and promotion, communication channels, and the relationship between the brand and the product are the five strategy factors. Jagan Nemani says in chapter two of his 2013 book "Shift" that most customer experiences are based on nine factors: needs, price, availability, convenience, service/support, quality, fashion, social responsibility, and brand. All customer segments get the right experience when these nine things come together. Ihtiyar et.al (2018) empirical study shows that servicescape is the most important service value driver when it comes to making customer experiences and building service equity. Things like the hotel's facilities, the service atmosphere, etc., make it easier for

customers to relax and get away from their normal lives. On the other hand, service processes are not as important to customer experience. Aside from that, the role of employees (i.e., how they interact with customers) and the convenience of the service (i.e., how it saves customers time and effort) are average contributors to the customer experience.

Contextually, research from a Malaysian hotel context remains very scanty as most of the existing studies have focused on customer satisfaction. It is specified by Dalla Pozza (2017) that the customer experience determines consumer satisfaction, which impacts customer loyalty (Chahal and Dutta, 2015; Berry et al., 2002) and repurchase intention (Ahmed et al., 2019) very important to pay attention to. Although this concept is nothing new, its importance requires literature to provide more positive attention to this topic. The determining variables of customer experience remain ambiguous (Mhlangga, 2018). In the Malaysian context, a study by Choo et al (2018) develops a holistic customer experience quality survey questionnaire that can suitably be applied in Malaysian heritage hotels. The results show that the quality of the whole customer experience is made up of product experience, focus on outcomes, moments of truth, and peace of mind. Ali et al (2018) did a study that came up with a model to measure how visitors feel and how that affects their happiness, satisfaction, and loyalty in Malaysian theme parks. Their results showed that their hypotheses were true, which means that the physical environment, interactions with staff, and interactions with other customers had a big effect on how happy and satisfied customers were. Ali et al (2014) used the same study design to look at how four aspects of a customer's experience affect their memories and loyalty to Malaysia's tourist spots, such as Langkawi and Penang. Their research shows that customers' memories and loyalty are affected by their experiences in four ways: as a way to learn, to have fun, to enjoy beauty, and to escape reality.

The current study found several angles to take into consideration. First, this study refers to service quality as various sub-dimensions or using a hierarchical model as recommended by previous researchers, many other sub-factors that affect customer experience must be studied and observed (Brady and Cronin, 2001; Verhoef, 2009). Second, Holbrook (2006) did a small review of the existing research on customer experience, which most customers seem to want more and more of these days. Thirdly, the present study introduces a new sub-factor (digital touchpoint) in the hierarchical service quality model, which would influence the customer experience in the technological context. Brady and Cronin (2001) say that not much empirical research has tried to find the attributes or factors that are considered sub-dimensions. In this study, digital media touchpoints were added as a new sub-dimension, which was taken from the fashion and beverage industries (Liu, 2016; Rosen & Waller, 2009).

## **Literature Review**

### *Mean-end chain Theory*

The contextual model of customer experience presented herein can be explained through the mean-end chain theory (M.E.C.). At its most basic, M.E.C. is a way to describe how a product interacts with consumers (Gutman, 1982). In this study, the products and services of the hotel industry are looked at from the point of view of the M.E.C. theory. Researchers say that this method is especially good for figuring out what people value and that it could be used in hotel research to find out why people tend to stay in certain hotels. This theory suggests that customers are associated with products and services at three levels: attributes (components), consequences, and value (goals). So, the study will examine the relationships between hotel service attributes (a business simulation), the consequences of these attributes experienced by a customer in a hotel, and the customer's goals. The M.E.C. theory is a well-known way to

think about how consumers make decisions. (Olson and Reynolds, 2001; Wagner, 2007; Walker and Olson, 1991).

In particular, an attribute is a part of a product or service. Depending on how the product is seen, it can be physical or abstract (Gutman, 1997). Attributes are often expressed objectively in terms of physical characteristics, features, or parts. The best things about hotels were the staff, the rooms, the services, the bathrooms, the views or atmosphere, the services for making reservations, the walls of the rooms and bathrooms, the Internet or WiFi, the location, and how modern the hotel was. The attributes of a hotel maintenance service, on the other hand, are the service attendance response, the expertise of the employee, operation hours, waiting facilities, etc. The bundle of attributes has a consequence either desired or avoided by the user. Consequences are defined as any result (physiological or psychological) that occurs directly or indirectly on the consumer as a result of his or her behaviour and are referred to as benefits (Gutman, 1982). For example, a comfortable stay is a positive result factor that may come from the facility layout, room comfort, convenience, employee skill, service provider troubleshooting, pleasantness, and valence, among others. Importantly, customers tend to care about the consequences. For example, the hotel provides Wifi service with good speed and stable connection, contributing to the desirable consequences. So, all these attributes must be measured in terms of their quality factor for the user.

The value, or goal, or customer experience, is the last part of the means-end theory. Values are "learned beliefs that serve as guidelines for how people should act" (Parks & Guay, 2009). Values are the final goals a customer wants to achieve by using or buying a certain product or service in the hotel. In other words, values are based on what customers experience with the hotel. For example, the economic experience (time flexibility, efficiency, excellence, functionality) (Holbrook, 2006), hedonic experience (comfort, pleasure/enjoyable, excitement), social value (status-enhancement, esteem evoking possessions), and altruistic experience (ethical desirability). With all the significant consequences (absence of hassles, security, and effortless dealing with), a customer attempts to enhance the overall enjoyment or peace of mind (Gardial & Woodruff, 2003). The reality is that the customer wants more than excellent service consistency; they want personalized, spontaneous services that facilitate their work routine and provide smooth experiences at every step of their journey. Disruptive technology such as mobile phones, social media, and on-demand apps are powering this shift in customer behaviors. Therefore, this study will show that customer perception of hotel service quality will determine their decision to stay.

### *Background on Customer Experience*

At first, customer experience was not seen as a separate concept in marketing and service management literature. Researchers pay a lot of attention to measuring customer satisfaction and service quality (e.g., Parasuraman et al., 1988; Verhoef et al., 2007). Holbrook and Hirschmann (1982) were the first to think about customer experience. They said that consumption had experiential aspects. Schmitt (1999) looks at research on experience marketing and how companies use customers who can see, hear, smell, taste, think, act, and connect with the company and its brand to create experiential marketing. Pine and Gilmore (1999) divide the customer experience into four parts: entertainment, education, escape, and aesthetics. Then, Berry, Carbone, and Haeckel (2002) said that companies that want to compete and give customers good experiences should look into all the "clues" that people notice during the buying process. Based on the most complete customer experience, they

have put the customer experience into six groups: sensory, emotional, cognitive, practical, lifestyle, and relational.

These insights are in line with Gronholdt (2019) who defined the customer experience as a product or service that creates interaction between organisations and customers throughout their relationship. It is a series of interactions between a customer and a product, company, or part of an organisation that led to a response. Customer experience shows the customer's journey through all of their interactions with the company, from before they buy to after they buy (Kandampully and Solnet, 2015). This experience means that the customer is involved on a personal, emotional, sensory, physical, and spiritual level (Gentile et al., 2007). According to Meyer and Schwager (2007), the customer experience is a customer's personal response directly or indirectly to the company. Direct relationships generally occur in purchasing and acquiring, and the customer usually initiates service. While unplanned meetings such as with product representatives, services, or company brands take place by word of mouth or criticism, advertisements, news, reviews, and so on constitute indirect contact.

Adding to the above, it is understandable that a customer's experience is general. In this study, customer experience involves the customer's hedonic value (e.g., calm, relaxation, fun), economic value (e.g., saving time, saving cost), social value (e.g., status-enhancement, esteem-evoking possessions), and altruistic value (e.g., ethical desirability) (Holbrook, 2006). Holbrook (2006) says that hedonic value is the "pleasure in consumption experiences." This includes the pleasure a customer feels when thinking about how a product looks or when they act carefree and "have fun." Economic value is based on qualities like efficiency and excellence that come from the outside (Holbrook, 2006). The social value dimension includes the sense of prestige that customers have when they use a product or service (Holbrook, 2006). In other words, this factor assesses how satisfied consumers are with their current situation. Their actions, such as comments about the hotel or sharing photos of the hotel's room, benefit the hotel and other customers. Holbrook (2006) says that altruistic value is ethical or caring about others. For example, the customer is proud of the things that their hotels implement, such as charitable activities, environmental practices, and so on. Therefore, experience is not only made up of natural elements (like the quality of interactions, the quality of the physical environment, and the quality of the outcome), but also of a part that looks at ethical practises (e.g., environmental practices).

#### *The Influence of Interaction Quality factor on customer experience*

Quality of interaction is mostly about how the service is given (Gronroos, 1984; Czepiel et al., 1985; Brady & Cronin, 2001). Interaction quality is how a customer feels after having a conversation with a person in a service organisation (Alexandris et al., 2006; Brady and Cronin, 2001). Several studies have shown that the quality of the interaction is an important part of how service is given. Research has identified this dimension as one that significantly affects service quality perceptions (Gronroos, 1982; LeBlanc, 1992), either by direct interaction or mediated by technology, such as online interaction like social media. The sub-dimensions of the proposed framework help to define interaction quality: (i) conduct (Clemes, Ozanne, & Laurensen, 2009; Caro & Garcia, 2007; and (ii) customer-to-customer interaction (Wu, 2013). The observable parts of attributes are important to consumers because they help them get the results they want. Getting the results people want is an important way for people to achieve their goals or find personal value (Gengler et al., 1999). Based on what has been said so far, it can be said that there is a strong positive link between interaction quality and

customer experience. If this interaction factor facilitates the affairs, is stress-free and pleasant to the customer, it will certainly leave a value impact that will attract customers' hearts. Therefore, the study identified the significant relationship between interaction quality and customer experience: *H1a. Interaction quality positively influences customer experience in the hotel.*

#### *The influence of Physical Environment Quality and Customer Experience*

Second, since the early 1970s, the quality of the physical environment has been studied in terms of how it affects customer behaviour (Kotler, 1973). According to Elliott et al (1992), physical environment quality refers to the physical characteristics of the service production process. Rys, Fredericks, and Luery (1987) found that customers draw conclusions about the quality of the physical environment based on how they see the physical facilities. Many studies have shown that the quality of the physical environment is one of the most important factors that customers use to judge whether they got the experience they wanted (Angelova, 2011). Several studies have looked at how the physical or built environment affects how good customer service is (Crane & Clarke, 1988; Bitner, 1992). Clarke and Schmidt (1995) say that a service environment where customers and employees interact has all the important parts that make it easier to put the services into place. It offers core service performance, such as clean and comfortable rooms, quick check-in and check-out, and a reliable reservation system (Bitner et al., 1990).

In this study, the physical environment quality is broken down into three sub-dimensions: atmosphere (Kim & Moon, 2009; Dagger et al., 2007); room quality (Chu & Choi, 2000; Choi & Chu, 2001); and digital media touchpoints (Liu, 2016; Rosen & Waller, 2009). The study by Mhlanga (2018) revealed that service quality's tangible dimension was the best predictor of the tourist experience, which impacts hotel experiences. Some examples of helpful technological advances are alarm wake-up systems, electronic door locks, PCs, voice mail, and computer modem connections (Reid & Sandler, 1992). This is according to context research that focuses more on modern technology-based service goods. The technology increased customer convenience and security, while at the same time reducing the cost. Cobanoglu et al (2011) say that the top five technologies are in-room phones, express check-in/check-out, in-room alarm clocks, easily accessible electronic outlets, and high-speed internet access in-room (HSIA). The study also found that in-room technology, business essentials, and Internet access can make guests' stays better and that these are the things that have a big effect on how happy guests are. So, it's clear that the physical environment is a key factor in how people think about the quality of service. From what has been said so far, it is clear that there is a strong positive link between the quality of the physical environment and the customer experience; *H1b. Physical environment quality positively influences customer experience in the hotel.*

#### *The influence of Outcome Quality and Customer Experience*

The third most important part of service quality is the quality of the outcome. It means what customers are left with after using a service (Fassnacht & Koese, 2006; Gronroos, 1984; Fassnacht & Koese, 2006). They said that the service transaction is the cause of the quality of the outcome. Powpaka (1996) said that the quality of the outcome depends on what the client gets from the service transaction or, on the other hand, what the service provider gives. For this study, there are two specific sub-dimensions that define the quality of the outcome: First, sociability (Bonn & Joseph-Mathew, 2007; Brady & Cronin, 2001); second is waiting time

(Brady & Cronin, 2001; Dagger et. al., 2007). The finding from Choi and Kim's (2013) study in which outcome quality affect customer loyalty indirectly through customer satisfaction as a mediator. The manager's main goal should be to find out from customers whether the service they received was good or bad (Ko & Pastore, 2005) and to cut down on the time they had to wait (Hwang & Lambert, 2008). From what has been said so far, we can say that there is a strong positive link between outcome quality and customer experience: *H1c. Outcome quality positively influences customer experience in the hotel.*

## **Data and Methodology**

### *Sampling Design and Data Collection*

The respondents who stayed at four-to-five-star and "green" hotels in Malaysia gave their information. We selected 12 hotels, 2 hotels from each of the six regions in Malaysia. Each of these twelve hotels was selected through a method called "purposive sampling" that has characteristics of green practices. The study used surveys on the web-based to get information. The survey's bar code was left and asked to be put at the front desk service in two months. Some of the accommodations let the researcher approach the guests directly by distributing the flyers containing the survey's bar code, while others preferred that the management give the questionnaires to the guests by scanning their bar codes at the service desk either when they checked in, during their stay, or right before they left to make sure they understood everything about the accommodations. Where possible, the survey was carried out at the front desk of the lodging, allowing the participants to ask the management for explanations as needed. There were 156 surveys collected in total. However, six of these were disqualified because they had more than 10% missing values on all scales (Hair et al., 2006), leaving a workable sample of 150 cases. For a more detailed description of our sample, see Appendix A.

### *Scale Development Process*

The study measured customer experience by using eight items adopted from a study by (Hukkanen, 2019; Holbrook, 2006; Prabhu, 2019; Kamal et al., 2018; Foroudi et al., 2017; Kim et al., 2021; Panda et al., 2019). These items relate to self-orientation values (hedonic value and economic value) and other-orientation values (social value and altruistic value). The service quality (interaction quality, physical environment quality and outcome quality) measures were adopted from many sources see Tur (2018); Ali et. al(2016); Wu & Ko, (2013); Clemes et.al (2009); Caro & Roemer (2006); Brady & Cronin (2001); Akbaba (2006); Brady and Cronin, (2001); Caro and Garcia (2008); Choi and Chu (2001); Ko and Pastore (2005); Lockyer (2002); Min and Min (1997); Eshetie et. al (2016); Ali et.al (2016); Wu & Ko (2013); Sbounias (2019); Margarido (2015); Bilgihan et. al (2016); Cobanuglu et. al (2011) with some measurements adapted from (Rosen and Waller, 2009; Liu, 2016). To assess each main dimension of the service quality construct's unique influence on customer experience, we treated it as an independent variable. On a Likert scale that goes from 1 to 5, 1 means "strongly disagree" and 5 means "strongly agree." When the average of these scores was high, it meant that the service quality was better in all categories. It was important to pre-test the survey items because the factor structure of the service quality concept is often affected by cultural and contextual factors (Dabholkar et al., 1996). Researchers in the field of service quality and professionals in higher education and the hospitality industry gave feedback on the scale items' face and content validity, to make sure they were correct. Some of the initial proposed constructs were considered not to be included for it reason, so they were taken out



of the questionnaire. Then, the revised scale items were put through an exploratory factor analysis on a pilot test sample to find out how service quality really works (Hair et al., 2006). Items with double loadings or loadings of less than 0.50 were taken out of the running. Another factor analysis was done on the remaining items, and seven factors were found and given the right names.

#### *Model specification and data analysis*

We used the PLS-SEM method (Lohmoller, 1989; Wold, 1982) and SmartPLS 3 software to build, estimate, and evaluate the underlying conceptual model (Ringle et al., 2015). PLS-SEM is a causal-predictive method of SEM that lets researchers judge how well the results can be used to predict the future. It can be used with both reflective and formative measurement models (Sarstedt et al., 2016), helps figure out how complex a model is (Ali et al., 2018), and supports the estimation of relative model complexity (Sarstedt et al., 2017). So, PLS-SEM works best when researchers want to estimate a structural model that explains a key target construct of interest (Richter et al., 2015; Rigdon, 2012). More specifically, composite-based PLSSEM focuses on maximising the prediction of the endogenous constructs instead of the model fit (Hair et al., 2019), while factor-or covariance-based SEM (CB-SEM) focuses on the model fit (Rigdon et al., 2017). (Rigdon et al., 2017). We used the PLS-SEM method because one of the goals of this study is to predict customer experience based on several service quality parameters, not to test a theory.

## **Results**

### *Sample profile and groups*

The analysis revealed that of all the 150 respondents, 49 (32.7%) of them had stayed at the awarded green hotel; 35 (23.3%) stayed at a certified green-rated hotel or resort; and 66 (44.0%) claimed they had stayed in a non-green-rated but actively participating in environmental preservation. Overall, the respondents are characterised by (i) gender; (ii) age range; (iii) educational level; (v) marital status; and (vi) occupational status. As shown in Table 1, 57.3% of the respondents are male, and 42.7% are female. Of all the respondents, a majority of them are adults, young, and considered energetic people, with 42.7% of the respondents being aged below 38 years old; 27% of the respondents ranging from 39 to 42 years old; followed by a 23.3% range from 43 to 50 years old. Data shows engagement for those aged 50 and over is the lowest at 8.7%, which may be due to concerns about a high risk of viral infections that are still of concern.

Despite that, most of the respondents are highly educated, with at least 72.7% of them being bachelor's degree holders or at least diploma holders. 11.3% of them have SPM or below educational level; and 16.0% of them have obtained a Master's degree or have a doctoral degree. The analysis also revealed that more than half of the respondents are married, which recorded a total of 54.0% of single-status respondents. 40.7% of the respondents are still single. A minority of them are either widows or have been divorced or separated. These two groups of respondents each constitute a portion of 5.3%. Appendix A presents the frequency and the percentage of each category of the respondents' profile information.

*Assessment of the measurement models and measurement invariance*

First, we evaluated the measurement model's findings for the pooled sample (Hair et al., 2019). The values for the average variance extracted (AVE), composite reliability (CR), and outer loadings are displayed in Appendix B. The AVE and CR scores exceeded the cut-off points of 0.50 and 0.70, respectively, demonstrating that the measurement model was internally consistent. All of the outer loading values were over the 0.7 threshold (Hair et al., 2019). The measuring model's convergent validity was further demonstrated by the AVE and CR values (Bagozzi and Yi, 1988; Nunkoo and Ramkissoon, 2012; Nunkoo et al., 2013). The outcomes satisfied all the evaluation requirements (see Appendices B). Using the heterotrait-monotrait ratio (HTMT) of the correlations, we evaluated the discriminant validity in the manner of (Hair et al., 2017; Henseler et al., 2015). (see Table 1). Assuming that the measurement model attained discriminant validity, all HTMT ratios were  $< 0.85$ . In a similar manner, we evaluated the estimating models for the various groups.

Table 1

*Heterotrait-monotrait ratio for the pooled sample.*

Construct	1	2	3	4
1.Customer Experience				
2.Interaction Quality	0.685			
3.Outcome Quality	0.783	0.701		
4.Physical Environmental Quality	0.712	0.818	0.739	

*Structural model assessment*

Our attention shifted to the structural model after demonstrating the validity and reliability of the measurement models and confirming the measurement invariance between groups. The outcomes of the path relationships of the pooled sample are shown in Table 2. As stated in Table 2, the following three elements of service quality influenced the pooled sample's customer experience significantly: overall service quality ( $=0.463$ ) and each of its dimensions; interaction quality ( $=0.926$ ), physical environment quality ( $=0.891$ ), and outcome quality ( $=0.809$ ). As a result, we find empirical support for all of the hypotheses H1a, H1b, and H1c.

Table 2

*Results of the path coefficients.*

	Interaction	Std Beta	Std Errors	t-Value	P -Values	BCI LL 95%	BCI UL 95%	f2
<b>H1</b>	<b>Service Quality - &gt; Customer Experience</b>	<b>0.463</b>	<b>0.081</b>	<b>5.702</b>	<b>0.000***</b>	0.313	0.583	<b>0.345</b>
<b>H1a</b>	<i>ServQ -&gt; IntQ</i>	0.926	0.012	78.327	0.000***	0.902	0.942	5.978
<b>H1b</b>	<i>ServQ -&gt; OcQ</i>	0.809	0.031	25.887	0.000***	0.749	0.853	1.892
<b>H1c</b>	<i>ServQ -&gt; PeQ</i>	0.891	0.018	48.461	0.000***	0.855	0.916	3.834

The PLSpredict method was used to evaluate the service quality characteristics' ability to predict the pooled sample's customer experience. The results are shown in Table 3. Since the majority of the errors in the PLS model were lower than those in the LM model when the root mean squared error (RMSE) values of the PLS-SEM analysis were compared to the benchmark linear regression model, it can be said that the model used in this study has moderate to high predictive power (Shmueli et al., 2019).

Table 3

*PLSpredict assessment of manifest variables.*

Customer Experience	PLS RMSE	LM RMSE	PLS- LM	Q <sup>2</sup> _predict
<b>CX12</b>	0.565	0.602	-0.037	0.525
<b>CX4</b>	0.563	0.612	-0.049	0.422
<b>CX2</b>	0.752	0.838	-0.106	0.212
<b>CX7</b>	0.623	0.587	0.036	0.437
<b>CX8</b>	0.653	0.707	-0.054	0.267
<b>CX11</b>	0.589	0.540	0.049	0.278
<b>CX9</b>	0.647	0.709	-0.062	0.240
<b>CX3</b>	0.543	0.600	-0.057	0.353

### Discussion

The variance explained by an endogenous construct is represented by R<sup>2</sup> (Shmueli and Koppius, 2011). In this study, the total variance explained by customer experience was 62% in the pooled sample, with values ranging from 43% to 68%. Because the R<sup>2</sup> values for these magnitudes are relatively high (Henseler et al., 2009; Hair et al., 2012), the structural models show good explanatory power (Shmueli and Koppius, 2011). Furthermore, the PLSpredict results for the various models indicated high predictive relevance (Shmueli et al., 2019). These findings show that service quality can significantly predict customer experience in the lodging industry, correlating with previous empirical findings (Deng et al., 2013; Francesco and Roberta, 2019; Oh, 1999; Shi et al., 2014; Su et al., 2016).

The results of the pooled sample's observations on the seven-service quality of sub-dimensions (conduct, customer-to-customer interaction, atmosphere, room quality, digital media touchpoint, sociability, and waiting time) are partially consistent with previous research. The top contributor to customer experience has been demonstrated to be interaction quality, such as conduct support the previous studies (Tur, 2018; Ali et al., 2016; Dimitrov-ski & Paper, 2016; Clemes et al., 2009). Physical environment factors that emphasise security and safety, such as atmosphere, are well recognised as an important service quality (Brady and Cronin, 2001; Ko and Pastore, 2005). Additionally, waiting time has been recognised as a significant determinant of experience (Houston et al., 1998; Taylor, 1994; McDougall and Levesque, 1999). The fact that a subfactor of service quality doesn't show a positive effect doesn't mean it has nothing to do with the customer experience. Instead, it could be because the respondent's age group isn't user-friendly or because the service provider hasn't yet been able to use the latest technology facilities to their fullest.

### Conclusions and Contributions

Competition is real between companies, specifically in the hotel industry, due to dynamic industrial activity. For companies, to retain customers and increase customer review intentions, is through a customer experience that is memorable to the consumer. This concept of customer experience has been used, analysed, and implemented by many companies. This paper provides several contributions to research. First, it shows the evolution of the concept of customer experience in academic literature in the technological context. For example, hotel customers in Malaysia want good communication services not only through physical contact but friendly service and fast communication provided through short messages, WhatsApp's applications and from social sites. Secondly, it has highlighted a factor strategy that influences customer experience through a review of existing literature. The service quality factors that have been identified in this paper are interaction quality, physical environment quality, and outcome quality with some addition of its sub-dimension. Different cultures in various countries have the value of experience which is preferred. Furthermore, the value of customer experience is constantly changing with the passage of time. For that reason, this study brings certain importance to the management suitable for current trend. The hotel that considers and implements these concepts can create a value to the customer experience (hedonic experience, economic experience, social experience, and altruistic experience), leading to customer satisfaction and increasing customer revisit intention. Managers and practitioners can use this framework as a way of improving customer experience. Further research may be used to conduct an empirical study of the framework that is built in this paper.

### References

- Ahmed, M. U., Golgeci, I., Bayraktar, E., & Tatoglu, E. (2019). Environmental practices and firm performance in emerging markets: the mediating role of product quality. *Production Planning & Control*, (October), 1–13. <https://doi.org/10.1080/09537287.2018.1542514>
- Ali, F., Kim, W. G., Li, J., and Jeon, H. M. (2018). Make it delightful: Customers' experience, satisfaction and loyalty in Malaysian theme parks. *Journal of Destination Marketing & Management*, 2212-571X/& 2016 Elsevier Ltd. <http://dx.doi.org/10.1016/j.jdmm.2016.05.003>
- Ali, F., Hussain, K., and Ragavan, N. A. (2004). Memorable customer experience: examining the effects of customers experience on memories and loyalty in Malaysian resort hotels. *Social and Behavioral Sciences* 144 ( 2014 ) 273 – 279
- Beldona, S., Schwartz, Z., and Zhang, X. (2018) 'Evaluating hotel guest technologies: does home matter?' *International Journal of Contemporary Hospitality Management* [Online] Available from: <https://doi.org/10.1108/IJCHM-03-2017-0148> [Accessed on 2 February 2019]
- Berry, L. L., Carbone, L. P., & Haeckel, S. H. (2002). Managing the total customer experience. *M.I.T. Sloan Management Review*, 43(3), 85-89.
- Caru, A., and Cova, B. (2003). "Revisiting consumption experience: A more humble but complete view of the concept". *Marketing Theory*, 3(2), 2003, pp. 259-278.
- Caru, A., and Cova, B. (2007a). *Consuming experience*. London: U.K.: Routledge.
- Chahal, H., & Kumari, N. (2010). Development of a multidimensional scale for healthcare service quality (HCSQ) in Indian context. *Journal of Indian Business Research*, 2(4), 230-255. doi: 10.1108/17554191011084157

- Chahal, H., & Dutta, K. (2014). Measurement and impact of customer experience in banking sector. *DECISION*. 42. 10.1007/s40622-014-0069-6.
- Chi, C. G., and Gursoy, D. (2009), "Employee satisfaction, customer satisfaction, and financial performance: an empirical examination", *International Journal of Hospitality Management*, Vol. 28 No. 2, pp. 245-253.
- Conway, T., & Willcocks, S. (1997). The role of expectations in the perceptions of health care quality: Developing a conceptual model. *International Journal of Health Care Quality Assurance*, 10(3), 131-140. doi: 10.1108/09526869710167058
- Fuller, J. (2010). "Refining virtual co-creation from a consumer perspective", *California Management Review*, Vol. 52 No. 2, pp.98-122.
- Gentile, C., Spiller, N., Noci, G. (2007). "How to Sustain the Customer Experience: An Overview of Experience Components that Co-create Value with the Customer". *European Management Journal*, Vol.25, Issue 5, pp. 395-410.
- Gronholdt, L. (2019). Digital customer experience: An emerging theme in customer service excellence. *Newsletter on Consumer Behavior* 31, 2-10. Last retrieved on February 2, 2020 from <https://research.cbs.dk/en/publications/digital-customer-experience-an-emerging-theme-incustomer-service>
- Healy, M, Beverland, M., Oppewal, H., Sands, S. (2007). "Understanding retail experiences – The case for ethnography". *International Journal of Market Research*, 49(6), pp. 751-779.
- Holbrook, M. B. (2006) 'Consumption experience, customer value, and subjective personal introspection: An illustrative photographic essay'. *Journal of Business Research* [Online]. 59 (6). Available from: <https://doi.org/10.1016/j.jbusres.2006.01.008> [Accessed on 17 February 2019]
- Ihtiyar, A., Ihtiyar, H. G., Galay, Y. (2018). Exploration of the antecedents and consequences of customers' service experiences. *J. Hosp. Tour. Insights* 2018, 1, 367–386. [CrossRef]
- Immonen and Sintonen. (2015 M) Evolution of technology perceptions over time *Information Technology & People*, 28 (3) (2015), pp. 589-606
- Ismail, A. R., Melewar, T., Lim, L., & Woodside, A. (2011). Literature review and research directions. *The Marketing Review*, 11(3), 205–225. <https://doi.org/http://dx.doi.org/10.1362/146934711X589435>
- Nemani, J. (2013). *Shift: Innovation That Disrupts Markets, Topples Giants, and Makes You #1*, CreateSpace Independent Publishing Platform, 2013, ISBN: 1477579745, 9781477579749
- Kandampully, J.. and Solnet, D. (2015), *Service Management: Principles for Hospitality and Tourism*, Kendall Hunt Publishing, Iowa.
- Klingmann, A. (2008). *Brandscapes: Architecture in the experience economy*, Cambridge, MA: The M.I.T. Press.
- Lui, T. W., and Picolli, G. (2010) 'Integrating self-service kiosks in a customer-service system', *Cornell Hospitality Report*, Vol. 10, No. 6, pp.4–20.
- Luturlean, B. S., and Anggadwita, G. (2015). A Framework for Conceptualizing Customer Experiences Management in the Hotel Industry. *3rd International Seminar and Conference on Learning Organization*, Published by Atlantis Press 0132.
- McColl-Kennedy, J. R., Cheung, L., and Ferrier, E. (2015), "Co-creating service experience practices", *Journal of Service Management*, Vol. 26 No. 2, pp. 249–275.
- Meyer, C., and Schwager, A. (2007). "Understanding Customer Experience". *Harvard Business Review*, Vol 85 February, pp. 117–126.

- Mhlanga, O. (2018). Factors influencing hotel experiences for millennial tourists : A South African study, *African Journal of Hospitality, Tourism and Leisure*, Volume 7 (3) (January).
- Michelli, J. (2007). *The Starbucks Experience: 5 Principles for Turning Ordinary Into Extraordinary*. New York: McGraw Hill, 2007.
- Pine, J., & Gilmore, J. H. (1999). *The experience economy: Work is theatre & every business a stage*. Harvard Business School Press: Boston. ISBN 978-0875848198
- Ruiz, M. D., Castro, C. B., and Diaz, I. M. (2012). Creating Customer Value Through Service Experience: An Empirical Study in the Hotel Industry. *Tourism and Hospitality Management*, Vol. 18, No. 1, pp. 37-53, 2012
- Verleye, K. (2015), "The Co-creation experience from the customer perspective: its measurement and determinants", *Journal of Service Management*, Vol. 26 No. 2, pp. 321 - 342.
- Wang, L., Law, R., Guillet, D. B., Hung, K., and Fong, C. K. D. (2015) 'Impact of hotel website quality on online booking intentions: eTrust as a mediator', *International Journal of Hospitality Management*, Vol. 47, pp.108–115.
- Wang, Y., So, F. K. K., and Sparks, A. B. (2017) 'Technology readiness and customer satisfaction with travel technologies: a cross-country investigation', *Journal of Travel Research*, Vol. 56, No. 5, pp.563–577 [online] <https://doi.org/10.1177/0047287516657891>.

## Appendix A

Final participant demographics (N=150)

Demographics	Frequency	Percentage
<b>Gender</b>		
Male	86	57.3
Female	64	42.7
<b>Age</b>		
18-28	24	16.0
29-38	40	26.7
39-42	37	24.7
43-50	35	23.3
51-above	13	8.7
<b>Educational Level</b>		
High School	17	11.3
Diploma/Bachelor degree	109	72.7
Master degree/Doctoral degree	24	16.0
<b>Occupation Status</b>		
Unemployed	107	10.0
Employed	15	71.3
Self-employed	28	18.7
<b>Social Status</b>		
Single	61	40.7
Married	81	54.0
Widow	6	4.0
Divorced	2	1.3
<b>Total</b>	<b>150</b>	<b>100</b>

**Appendix B**

Properties of the measurement model for pooled sample.

Second Constructs	Order	Item	Initial Loading	Final Loadings	CR (Final)	AVE (Final)	Dropped Item
<b>Interaction Quality</b>					<b>0.943</b>	<b>0.769</b>	
		CON1	0.835	0.881			
		CON2	0.833	0.891			
		CON3	0.809	0.857			
		CON4	0.843	0.870			
		CON5	0.863	0.884			
		CCI2	0.687				Deleted
		CCI4	0.660				Deleted
		CCI5	0.584				Deleted
<b>Physical Quality</b>	<b>Environment</b>				<b>0.901</b>	<b>0.694</b>	
		ATM1	0.694	0.786			
		ATM2	0.781	0.882			
		ATM3	0.776	0.853			
		ATM4	0.758	0.808			
		ATM5	0.724				Deleted
		DMT1	0.647				Deleted
		DMT2	0.561				Deleted
		DMT3	0.575				Deleted
		DMT5	0.674				
		RMQ1	0.688				
		RMQ2	0.617				Deleted
		RMQ3	0.703				
<b>Outcome Quality</b>					<b>0.904</b>	<b>0.758</b>	
		WTT1	0.799	0.855			
		WTT2	0.796	0.885			
		WTT3	0.813	0.871			
		SOC3	0.704				Deleted
		SOC4	0.632				Deleted
		SOC5	0.795				Deleted
<b>Customer Experience</b>					<b>0.895</b>	<b>0.551</b>	
		CX11	0.643	0.781			
		CX12	0.766				Deleted
		CX2	0.720	0.710			
		CX3	0.773	0.770			
		CX4	0.778	0.800			
		CX7	0.721	0.717			
		CX8	0.662	0.691			
		CX9	0.748	0.719			