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Going back to its roots: Can hospitableness provide hotels competitive advantage over the sharing economy?

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ABSTRACT

While the customer experience is at the heart of the hospitality industry, experience-related research remains underrepresented. This gap is critical, particularly given the emerging threat of the sharing economy to the hotel industry along experiential factors. Using data from a survey of 630 customers who stayed at a hotel or an Airbnb, the authors use structural equation modeling to compare two models with alternative conceptualizations of the dynamics of experiential consumption in the accommodations industry. Building on the concept of the experiencescape from the branding and hospitality and tourism literatures, the model enhances Pine and Gilmore's (1998) original experience economy construct by demonstrating the critical role of the dimension of hospitableness in facilitating favorable experiential and brand-related outcomes, particularly in the context of the hotel experience. The findings have important implications for the hotel industry's strategic experience design initiatives and emphasize the need to use hospitableness in order to create a competitive advantage in a rapidly changing environment.

1. Introduction

The sharing economy has emerged recently as a significant competitor for the hotel industry. While previous research suggests that lower-end hotels and hotels not catering to business travelers are more likely to be substituted with accommodations in the sharing economy (Zervas et al., 2017), more recent evidence shows the sharing economy to be a significant current and future competitor to the hotel industry across an even broader variety of consumer markets (Trivett, 2013). Given its position as the world's largest accommodations provider in the sharing economy, following a series of acquisitions, Airbnb is the undoubtedly the hotel industry's largest competitor and the focus of the present study.

A number of economic, social, and technological changes in society have fueled the growth of the sharing economy. These changes are reflected in the experiential value propositions of sharing economy providers (Dredge and Gyimóthy, 2015; Trivett, 2013). In the case of Airbnb, they are evidenced in the company's strategic positioning platforms: *Belong Anywhere* and *Live There*. From providing an unprecedented range of differentiated accommodations—a US\$15 per night spot on the couch to an \$8000 per night mansion—to testing hotel-style packaging and amenities, such as local treats, wines, and

upgraded bath products in a select number of highly rated listings in Sonoma, the company's focus on enhancing the guest experience lies at the very heart of its strategic plans for the future (Carr, 2014). Thus, while regulating the sharing economy is likely to level the playing field to a certain extent, the hotel industry must look to contend with the underlying experiential drivers of the popularity and growth of the sharing economy. The fundamental alteration of customers' overall travel experiences instigated by the emergence of the sharing economy (Guttentag, 2015) warrants an exploration into the evolving nature and dynamics of the accommodations industry, which in the present study is defined as the hotel industry and accommodations service providers in the sharing economy.

There is sufficient evidence in the academic literature to suggest that experience is at the heart of the hospitality and tourism industry (Hwang and Seo, 2016). Despite this recognition, experience-related research remains underrepresented in the hospitality and tourism literature (Ritchie et al., 2011). Moreover, a large portion of studies in the domain of customer experience management (CEM) in the hospitality industry remains conceptual. The uniquely experiential nature of hospitality and tourism services calls for systematic, theory-driven research and more sophisticated models of experiential consumption (Hwang and Seo, 2016; Walls et al., 2011). Thus, in view of these two

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trends—that is, the sharing economy’s challenge to the hotel industry along experiential factors and the scope for more experience-related research in the literature—the present study examines the role of *hospitality* in facilitating memorable experiences and customers’ loyalty towards brands in the accommodations industry. The recognition of the importance of hospitality has resulted in research that identifies its various dimensions. However, an understanding of its impacts on the dynamics of experiential consumption in the accommodations industry is limited, particularly in the context of the sharing economy. Moreover, while “creating memorable experiences is the essence and *raison d’être* of the hospitality industry” (Pizam, 2010), existing research into hospitality and tourism experiences has ignored the role of the brand in facilitating memorable experiences, and has also ignored subsequent brand-related outcomes (Hwang and Seo, 2016). In this regard, the present study leverages the extensive literature in the branding domain to submit the following proposition: given that brand loyalty stems from repeated brand consumption experiences, firms can gain more control over brand loyalty by creating *experiencescapes* (Mossberg, 2007; O’Dell, 2005) that house cognitively and emotionally stimulating experiences for customers (Ponsonby-McCabe and Boyle, 2006). The authors examine the role and contribution of hospitality to the *experiencescape* in the accommodations industry and in facilitating favorable experiential and brand-related outcomes. In so doing, the authors seek to achieve two objectives:

1. Enhance Pine and Gilmore’s (1998) seminal experience economy construct in the context of the accommodations industry i.e. to develop the concept of *experiencescape* in the accommodations industry to include the dimension of hospitality.
2. Examine the ability of the enhanced *experiencescape* that includes the dimension of hospitality to produce emotional and memorable consumption experiences and subsequent brand loyalty outcomes.

2. Literature review

2.1. Experiential research in hospitality and tourism

The concept of the experience economy, pioneered by Pine and Gilmore, posits that as services become increasingly commoditized, companies must look to differentiate their offerings by focusing on the design and delivery of experiences (Pine and Gilmore, 1998). The concept of the experience economy has particular relevance for the hotel industry, in which “almost any service can be leveraged to stage a more compelling experience” (Gilmore & Pine, 2002, p. 88). While this would suggest a higher output of academic research on experiences, there has been no substantial increase in experience-related papers despite growth in the total number of articles published by each major journal in hospitality and tourism (Ritchie et al., 2011).

To address the dearth of conceptual frameworks for CEM in hospitality and tourism research, particularly given the emerging threat of the sharing economy, we proffer the model of experiential consumption in the accommodations industry (Fig. 1). The model is based on the literature pertaining to consumption experiences in both the branding and hospitality and tourism domains. It is built on the understanding that the consumption experience, a phenomenon that involves the consumer’s subjective evaluation of the cognitive, affective, and relational interaction with the item consumed, is the ultimate point of brand differentiation in today’s overcrowded marketplace (Morrison and Crane, 2007; Ponsonby-McCabe and Boyle, 2006; Zomerdijk and Voss, 2010). In line with the objectives of the present study, the model enhances the concept of the experience economy in the accommodations industry, and, in so doing, examines the role of hospitality in the evolving dynamics of experiential consumption in the accommodations industry. In the following sections, we present the literature from the domains of branding and hospitality and tourism that supports

the model of experiential consumption and its various hypotheses.

2.2. Dimensions of the customer experience

In their seminal work on the nature of the consumption experience, Pine and Gilmore (1998) identified four dimensions—entertainment, education, escapism, and esthetics—differentiated at two levels: (1) the degree of customer involvement (passive vs. active participation) and (2) the degree to which the customer connects or engages with the event or performance (absorption vs. immersion) (Hosany and Witham, 2010). These four dimensions have been extensively researched in hospitality and tourism, with applications in the bed-and-breakfast sector (Oh et al., 2007), cruise industry (Hosany and Witham, 2010), wine tourism (Quadri-Felitti and Fiore, 2016), and golf tourism (Hwang and Lyu, 2015), among others. In a recent study, Mody et al. (2017) added four more dimensions to the experience economy construct in the context of the accommodations industry. However, existing research has ignored the fact that in the hospitality and tourism industry, “the human component of the product [is identified] as the most essential ingredient for a positive consumption experience. Especially for those serviceful products that are generally labeled with the umbrella term of hospitality, the hospitality element of the human component is what makes the product special.” (Tasci & Semrad, 2016, p. 30). Thus, in the context of the accommodations industry, the authors argue for the addition of the concept of hospitality to the original four-dimensional structure of the experience economy.

2.2.1. Hospitality and the customer experience

While an essential component of the hospitality industry, the concept of hospitality has only recently gained the attention of academic researchers. One of the first to delve into the concept, Telfer (2000) differentiated between hospitality as the provision of food, drink, and accommodation to visitors, and hospitality as an orientation possessed by hospitable people. The distinction is important, for it highlights that hospitality can exist without the provision of hospitality (as in the case of a receptionist welcoming and dealing with visitors in a hospitable manner); however, for true or genuine hospitality to be delivered, hospitality is essential (Brotherton, 1999). O’Connor (2005) makes a similar assertion, and further differentiates between service-orientation and hospitality: while a service-orientation requires skillfulness, attentiveness, and experience, all of which can be developed over time, for genuine hospitality to be delivered, employees must possess and deliver high levels of natural hospitality. In this regard, true hospitality comprises the overarching layer of hospitality and surrounds the inner layers that comprise the sustenance needs of food, drink, and shelter, the entertainment needs of socializing, learning, and self-actualization, and the need for high quality service (Tasci and Semrad, 2016: see Fig. 1., p. 32).

Thus, in the context of modern commercial hospitality, which still requires highly interactive and dynamic face-to-face encounters between consumers and providers, hospitality can serve as a brand differentiator by creating inimitable superior value and positively impacting long-term competitive performance and brand loyalty (Hemmington, 2007; Lashley, 2008; Tasci and Semrad, 2016). This recognition has motivated a line of recent research that measures concept of hospitality and identifies its various dimensions (Pijls et al., 2017). In their seminal work, Ariffin and colleagues (Ariffin, 2013; Ariffin and Maghzi, 2012; Ariffin et al., 2011) identified three dimensions of hotel hospitality: *personalization*, *comfort*, and *warm welcoming*. Expanding on this research in different consumption contexts, Tasci and Semrad (2016) developed a Hospitality Scale comprising the dimensions of *heartwarming*, *heart-assuring*, and *heart-soothing*. In general, these scales capture the extent to which hosts’ hospitable behavior is motivated by and manifests in a genuine desire to please and care for others (Lashley, 2008; Telfer, 2000) and the extent to which hosts’ understand and cater to guests’ needs “to feel

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