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Antecedents and Consequences of Customer Experience in Beverage Establishments

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ANTECEDENTS AND CONSEQUENCES OF CUSTOMER EXPERIENCE IN BEVERAGE ESTABLISHMENTS

by

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ABSTRACT

It is estimated that there are approximately 42,000 beverage establishments in the U.S. whose annual revenue surpasses $20 billion (First Research, 2014). To facilitate discussion of beverage establishments, it is essential to recognize beverage establishments as businesses whose majority of sales come from alcoholic drinks (Moss, 2010a). In this research, beverage establishments are divided into beverage-only bars, bar/entertainment combinations, and food and beverage combinations.

Even though they are a well-established industry, beverage establishments have received little academic attention (Moss, 2010b). For example, previous studies have given little attention to the development of the model that examines the relationships between quality attributes, convenience, perceived price fairness, customer experience, and customer loyalty in beverage establishments. However, current research in other service sectors has showed that quality, pricing and convenience have a strong effect on customer experience and behavioral intentions (Baker & Crompton, 2000; Cronin et al., 2000; Taylor & Baker, 1994; Tian-Cole, Crompton, & Willson, 2002; Woodside et al., 1989). Quality is tightly related to customer experience since it positively affects customer satisfaction and therefore company's profitability (Hallowell, 1996).

This study has the following objectives: (1) to develop an instrument to measure the antecedents of customer experience in beverage establishments; (2) to examine the relative importance of different antecedents of customer experience in different types of beverage establishments; and (3) to build a model of various antecedents of customer experience in beverage establishments.

This study was conducted in six phases. The first phase was the analysis of previous literature regarding quality attributes, convenience, perceived price fairness, customer experience, customer loyalty, and beverage establishments. The second phase was a development of mixed methodology research design. The third phase was the data collection based on interviews with management of beverage establishments, customer focus groups, and a survey of customers of beverage establishments. The fourth phase was a pilot study that involved a refinement of the study instrument. The fifth phase was a main quantitative study based on the survey design. The results from each qualitative and quantitative phase of the study were integrated and analyzed.

The results from the instrument development part of the study identified the following eleven antecedents of customer experience in beverage establishments: (1) service quality, (2) product quality, (3) physical environment design, (4) physical environment layout, (5) music quality, (6) social environment, (7) information convenience, (8) location convenience, (9) parking convenience, (10) entrance fee fairness, and (11) perceived price fairness. Additionally, the second instrument development study was used to recognize different customer experiential state dimensions. The factor structure included two customer experiential states: (1) the affective experiential state and (2) the cognitive experiential state.

A comprehensive theoretical model that integrates different dimensions of antecedents of customer experience, customer experiential states, customer loyalty and the moderating affect of the type of the beverage establishment was developed. One of the most important findings of the study is the relationship between the social environment and the affective experiential state. The results of the study indicate that the majority of other antecedents of customer experience did not

have a significant effect on two experiential states or that effect was relatively weak. However, social environment was the strongest predictor of customers' positive emotions and therefore customer loyalty and behavioral intentions. Finally, the study results confirmed Oliver's (1997) theory of customer loyalty by providing support for the sequential relationship between cognitive, affective, and conative loyalty.

This study has several important theoretical contributions. Different antecedents of customer experience in beverage establishments were recognized and an instrument that measures these dimensions was developed. To the best of our knowledge, this is the first scale specifically developed to measure experience in beverage establishments. Additionally, the importance of each of the antecedent of customer experience was examined in regards to their effect on customer experience. Additionally, an instrument that measures cognitive and affective experiential states was developed and was a foundation for the study model. Finally, this study integrates different customer experience and customer loyalty dimensions into a comprehensive theoretical model that could be applied and retested in other service settings.

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CHAPTER ONE: INTRODUCTION

1.1. Theoretical Background

1.1.1. Beverage Establishments

As the idea of lifestyle changed during the past years, people started visiting entertainment and nightlife venues more frequently in their leisure time, which raised the popularity of the beverage establishments (Gluhak, Bandara, Presser, Moessner & Morikawa, 2006). It is estimated that there are approximately 42,000 beverage establishments in the U.S. whose annual revenue surpasses $20 billion (First Research, 2014). To facilitate discussion of beverage establishments, it is essential to recognize beverage establishments as businesses whose operations are based on sales of alcoholic drinks (Moss, 2010a). Besides their primary focus on beverage sales, it is not unusual for such establishments to offer entertainment programs and food items. Katsigris and Thomas (2012) argued that in order for the hospitality establishment to be recognized as a "bar," the majority of its sales needs to derive from alcohol sales, contrary to restaurants, where food sales are the major source of revenue. Even though a majority of the establishments are focused on alcoholic beverages sales, the ones that incorporate musical events or other performances in their offer are known as entertainment venues. These venues frequently impose cover charges or entrance fees that add up to the revenue collected from the sales of alcoholic beverages (Moss, 2010a; Seidman & Crim, 2008).

Despite the prevalence of this well established industry, beverage establishments have received little academic attention (Moss, 2010b). Prior research in this context has addressed issues such as changes in the beverage industry (Knowles & Egan, 2002; Lashley & Rowson,

2002; Pratten, 2003c, 2005a-d; Pratten & Scoffield, 2002, 2003), legal issues (Pratten & Lovatt, 2005a, b), beverage establishments supply chain management (Towers & Pratten, 2003), human resource practices (Mutch, 2001; Pratten & Curtis, 2002, 2003), reasons for beverage operations failure (Pratten, 2004), safety and security (Hobbs et al., 2003), the integration of modern technology into beverage establishments (Gluhak et al., 2006), factors that influence the locations of nightclubs (Seidman & Crim, 2008), management issues in beverage establishments (Pratten & Lovatt, 2003; Mutch, 2000), beverage establishments marketing (Pratten, 2006b; Schmidt & Sapsford, 1995a, b), social implications of beverage operations (Pratten, 2006a), smoking policies (Pratten, 2003b; McNabb & Hearns, 2005), and alcohol abuse/addiction and the social problems associated with the serving of alcohol (Allsop, Pascal & Chikritzhs, 2005; Boella et al., 2006; Engineer, Phillips, Thompson & Nicholls, 2003; Guéguen, Jacob, Le Guellec, Morineau, & Lourel, 2008; Hughes, Anderson, Morleo, & Bellis, 2008; Pratten & Greig, 2005; Pratten & Lovatt, 2005a). However, only a limited number of studies have addressed beverage establishments from customer perspective in order to examine customer preferences for beverage services (Kubacki, Skinner, Parfitt, & Moss, 2007; Pratten, 2003a; Skinner, Moss, & Parfitt, 2005).

It is very difficult to divide all beverage establishments into categories since there are as many categories as there are individual establishments (Katsigris, 2012). However, distinct characteristics allow beverage establishments to be divided into three major categories based on the products they offer (Kubacki et al., 2007):

1. The beverage-only bar - full bars, cocktail lounges, dive bars, beer bars.

2. Bar/Entertainment combinations - sports bars, blues bars, karaoke bars, comedy bars, dance bars, live music bars.
3. Food and beverage combinations - restaurant bars, pubs, taverns, wine bars, brewpubs.

The beverage-only establishments focus only on alcohol sales and usually do not offer any food, or have a very simple selection of snacks. (Knowles & Egan, 2002; Knowles & Howley, 2000). Usually, the beverage-only bars serve spirits, mixed drinks, wine, and beer. Additionally, non-alcoholic beverages can be offered. These establishments can cater to regular patrons (neighborhood bars) or commuters. Sometimes they can be opened in an airport or a busy train or bus terminal (Katsigris, 2012). Beverage-only bars can be divided into four categories: (Moss, 2010a): (1) full bars that serve wine, beer, cocktails, and liquor; (2) cocktail lounges located downtown in a major metropolitan area, an upscale hotel, or on an airport (Gottlieb, 1957); (3) dive bars that cater to regular guests and focus on strong social connections between guests and staff; and (4) beer bars that sell predominantly craft beers and often do not offer wine or liquor.

Bar and entertainment combinations are a diversified type of beverage establishments. They include large concert venues and nightclubs with live performances, comedy clubs, sports bars with live TV entertainment, or smaller bars with pool tables and dartboards (Katsigris, 2012). Additionally, cocktail lounges with live-entertainment, jazz and blues bars, country dancing clubs, piano bars and other live performance venues can be classified as bar and entertainment combinations. Because of the entertainment, most of these types of establishments include light and sound systems, dance floors, and stages (Kubacki, Skinner, Parfitt, & Moss,

2007; Skinner, Moss, & Parfitt, 2005). Bar/entertainment combinations can be divided into six groups (Katsigris, 2012): (1) sports bars; (2) blues bars (Grazian, 2005); (3) karaoke bars (Hosokawa, & Mitsui, 2001); (4) comedy bars; (5) dance bars (Berkley, 1998; Reingle et al 2009); and (6) live music bars.

Food and beverage combinations are one of the most profitable types of beverage establishments (Stevens et al, 1995). The most common type is a restaurant bar where spirits, wine, beer, and mixed drinks are part of the food service. In those establishments, the bar usually acts as the waiting area. A second type of food and beverage combination is pubs and taverns that offer a limited selection of food. Usually food selection is wide enough to make the establishment appealing to customers, yet limited enough not to classify establishment as a restaurant (Katsigris, 2012). Wine bars are a special type of the food and beverage establishment. Customers in wine bars can choose from a large selection of wines by the bottle and a smaller selection of wines that are sold by the glass. Brewpubs are another variation of beverage and food combinations where beer is brewed on the premises. Brewpubs usually serve food to accompany their main product, beer. Food is usually based around central European cuisine. Food and beverage combinations can be divided into five groups (Katsigris, 2012): (1) restaurant bars, (2) pubs, (3) taverns, (4) wine bars, and (5) brewpubs.

Less academic attention has been given to the development of a model that investigates the relationship among quality attributes, customer experiences, and customer behaviors in beverage establishments. Previous studies that have examined quality attributes in different service sectors have shown that quality has a strong effect on customer experience and

behavioral intentions (Baker & Crompton, 2000; Cronin et al., 2000; Taylor & Baker, 1994; Tian-Cole, Crompton, & Willson, 2002; Woodside et al., 1989).

1.1.2. Quality in the Service Industry

Different aspects of quality in the service industry have received significant academic attention (Bojanic & Rosen, 1994; Gupta, McLaughlin, & Gomez, 2007; Ha & Jang, 2010; Iglesias & Guillén, 2004; Kivela, Inbakaran & Reece, 1999a). Financial success of companies often depends on the quality of service (Calantone & Mazanec, 1991; Khan, 2003). However, quality is often difficult to conceptualize and measure, and the impact of quality on profitability seems elusive (Carman, 1990; Chen & Lin, 2012; Ryu, Lee 7 Kim, 2012; Parasuraman, Zeithaml & Berry, 1988).

The concept of quality in service industry is tightly connected to theories of customer satisfaction and product quality. Disconfirmation paradigm, initially used in tangible products quality theories, (e.g. Cardozo, 1965; Churchill & Surprenant, 1982; Howard & Sheth, 1969; Oliver, 1977, 1980; Olshavsky & Miller, 1972; Olson & Dover, 1976) became a foundation for the first service quality frameworks (Grönroos, 1982, 1984; Parasuraman, Zeithaml & Berry, 1985). Based on that disconfirmation framework, quality is defined as the company's ability to meet customer's expectations (Lewis & Booms, 1983).

Numerous researchers made an effort to verify adequate measurements of perceived service quality (e.g. Babakus & Boiler 1992; Brown, Churchill & Peter, 1993; Cronin & Taylor, 1992; Parasuraman, Zeithaml & Berry, 1985, 1988, 1994, 2004; Teas, 1993). Two main directions in service quality measurement can be identified: (1) the American SERVQUAL

model, based on five service delivery attributes: reliability, responsiveness, empathy, assurances, and tangibles (Parasuraman, Zeithaml & Berry, 1988); (2) the Nordic model distinguishes two components of service quality: technical and functional (Grönroos, 1982, 1984). While the SERVQUAL model has been extensively quoted in social research, it is not certain that it gained theoretical advantage over the Nordic model.

Parasuraman, Zeithaml, and Berry (1985) initially proposed a ten-dimensional model to measure service quality. This framework was later reduced to a five-dimensional model (Parasuraman, Zeithaml & Berry, 1988). The Nordic model, originally based on two dimensions (Grönroos, 1982; Lehtinen & Lehtinen, 1982; Mels, Boshoff & Nel, 1997), evolved into a three-dimensional model (Rust & Oliver, 1994). Unlike Parasuraman, Berry, and Zeithaml's (1988) framework that involved expectations and perceived service, Cronin and Taylor (1992) focused only on perceived performance and defined quality as an attitude toward service, thus creating SERVPERF model. Further improvements were conducted to the "Nordic model," involving an introduction of a service environment dimension (Rust & Oliver, 1994). Although Rust and Oliver (1994) did not empirically confirm their theory, research in other service sectors, such as health care (McAlexander, Kaldenberg & Koenig, 1994) and bank services (McDougall & Levesque, 1994), supported and enhanced this model.

Although there is no general agreement in terms of the service quality measurement, the majority of the previous studies agree that service quality is of vital importance for all organizations and has a strong influence on key performance indicators (Zeithaml, Berry & Parasuraman, 1996). Sonnenberg (1988) argued that high quality service is critical to a

company's ability to attract new customers, to keep existing ones, and to improve overall sales and profitability.

1.1.3. Quality in Foodservice Establishments

Most studies on service quality in foodservice have focused on the well-established theoretical frameworks such as SERVQUAL (Bojanic & Rosen, 1994; Cronin & Taylor, 1994; Lee & Hing, 1995; Parasuraman, Zeithaml & Berry, 1988) or DINESERV (Kim, Ng & Kim, 2009; Stevens, Knutson & Patton, 1995). The most important characteristic of all service quality measures is their multidimensionality. However, most of the original service quality models did not include unique quality attributes in foodservice establishments. Considering that expectancy confirmation model explains only the general concept of customer satisfaction, it is anticipated that customers have different expectations in different service industry settings, which may differ according to the ratio of tangibles versus intangibles.

The lack of specific restaurant dimensions in the original SERVQUAL instrument resulted in the development of new models to include new dimensions such as ambiance, food, and service quality (Kim et al., 2009; Stevens, Knutson & Patton, 1995). Originally, Stevens et al. (1995), adapted the SERVQUAL instrument in their DINESERV instrument for the restaurant context. The DINESERV instrument preserved five dimensions of SERVQUAL, but included new tangible dimensions (food and ambiance) applicable to the restaurant context. Similarly, Johns and Tyas (1996a) further modified the SERVQUAL instrument by including food specific items (food appearance, taste, temperature, hygiene, selection, freshness).

Other studies moved away from the SERVQUAL model completely and tried to develop specific questionnaires for foodservice establishments. Almanza et al.'s study (1994) recognized foodservice quality attributes in a university cafeteria. Out of seventeen attributes, food quality, nutritional value, adequate pricing, prompt service, location, convenience, and cleanliness received the highest significance ratings among the university students. Quinton's (1991) study recognized convenience, cleanliness, atmosphere, service quality, value, menu variety, and food quality as main drivers of fast food restaurant customer satisfaction. On the other hand, Kasdan (1996) recognized that location is the most important characteristic to fast food restaurants, followed by price, prompt service, and consistent food quality. Farkas (1992) argued that food taste was the main dimension of fast food restaurant quality. Kim et al. (2009) recognized food quality, atmosphere, service quality, convenience, price, and value as six unique dimensions of restaurant quality. Stevens, Knutson and Patton (1995) focused on the five SERVQUAL dimensions of reliability, assurance, tangibles responsiveness, and empathy as key drivers of foodservice customer satisfaction.

Some of the previous studies have recognized image, brand name, service, value, location, fair pricing, and food quality (nutritive properties and taste) as main quality attributes in foodservice operations (Chow et al, 2007; Johns & Howard, 1998). Others have focused on physical properties (cleanliness, layout, and furnishing), food quality (taste, balance, hygiene, and health properties), service quality (responsiveness, friendliness, attentiveness) and atmosphere (comfort and feeling) as key drivers of a positive restaurant experience (Chow et al, 2007; Johns & Pine, 2002). Most of the authors that have examined quality attributes in a foodservice context have recognized price and value, atmosphere, product quality, service

quality, and convenience as separate dimensions (Auty, 1992; Gregoire et al., 1995; Johns & Pine, 2002; Kim, 1996). Pettijohn et al. (1997) reported that value, cleanliness, and food quality were the biggest drivers of satisfaction in quick service restaurants. Consequently, menu variety and atmosphere were not found to be important to these customers. Similarly, Clark and Wood (1999) found value and food quality to be the most important attributes in restaurants. Despite these studies in foodservice establishments, customer experience and behaviors in beverage establishments has not been previously investigated.

1.1.4. Antecedents of Customer Experience in Beverage Establishments

Based on the previous theoretical frameworks from foodservice establishments as well as Rust and Oliver's (1994) three-component model of quality, antecedents of customer experience in beverage establishments can be divided into three main groups:

1. Quality attributes in beverage establishments (service quality, product quality [food and beverage quality]), physical environment (servicescape), social environment (atmosphere).
2. Convenience
3. Perceived price fairness

Quality attributes in beverage establishments. Based on the previous theoretical frameworks from foodservice establishments (Bojanic & Rosen, 1994; Kim, Ng & Kim, 2009; Stevens, Knutson & Patton, 1995) and Rust and Oliver's (1994) three-component model of quality, it is expected that service quality, product quality (food and beverage quality), physical

environment (servicescape) and social environment (atmosphere) are separate quality attributes in beverage establishments.

Service quality is an important attribute that affects customer's purchase behavior and choice (Zeithaml, 1988). Zeithaml (1988) defined service quality as a customer's perception of the general superiority or the excellence of the service. In beverage establishments, service quality is viewed as an intangible benefit that the staff provides through courteous, professional, responsive, and caring behavior.

The product quality attribute of total performance quality has received significant academic attention (Ha & Jang, 2010; Namkung & Jang, 2007; Ryu & Han, 2010). Peri (2006) recognized food quality as the main restaurant attribute. Even though the importance of product quality is generally accepted, the actual attributes that constitute product quality are not universally agreed upon. Unlike food quality that was sometimes measured based on various attributes (taste, menu variety, and nutrition), beverage quality has not been sufficiently analyzed and key attributes have not been identified in previous research. It is expected that attributes of product quality in beverage establishments can be divided into five groups: (a) presentation; (b) variety; (c) taste; (d) freshness; and (e) originality.

The quality of the physical environment has been shown to be of high importance in the service industry (Bitner, 1990; Ha & Jang, 2010; Hul, Dube, & Chebat, 1997; Reimer & Kuehn, 2005; Raajpoot, 2002; Ryu & Han, 2010; Ryu & Jang, 2007; Turley & Milliman, 2000; Wakefield & Blodgett, 1996; Wall & Berry, 2007). Early research in service experience introduced the service setting physical environment as a relevant attribute of the customer experience (Kotler, 1973). Beverage establishments also put a strong emphasis on physical

environment quality. For some establishments, ambiance can be a key characteristic and primary factor that drives customer demand. Because of this, some bars and nightclubs have hired world-renowned architects to design their interiors to distinguish themselves from the competition (Katsigris, 2012).

Social environment is a widely acknowledged dimension of the hospitality experience, as evidenced in various travel magazines and hospitality journals (Heide & Gronhaug, 2006). The social environment, which can influence customer perceptions of quality, is commonly known as "atmosphere," or at least as one of the elements of atmosphere (Heide & Gronhaug, 2006). Researchers agree that customer behavior is heavily affected by the presence of other customers in the service environment (Tombs & McColl-Kennedy, 2003). The concept of social-servicescape (Tombs & McColl-Kennedy, 2003) was founded on Zajonc's (1965) theory of Social Facilitation, Weiss and Cropanzano's (1996) theory of Affective Events, and Barker's (1968) Behavior Settings, combined with approach–avoidance framework (Donovan & Rossiter, 1982; Mehrabian & Russell, 1974). Social environment plays an important role in beverage establishments as an essential element that enhances customer experience (Gustafsson et al., 2006; Hansen et al., 2005; Katshkigris, 2011, Kokko, 2005). The appearance, mood, and behavior of other customers is often more important than any of the attributes that are under the direct management control. However, management can control some aspects of the social environment, such as music and entertainment (Skinner et al, 2005).

Convenience. Service convenience has become a noteworthy topic in marketing research (Colwell et al., 2008). Early studies reported that convenience of goods is an important attribute for product classification. Generally speaking, service convenience is explained as the capability

to "accomplish a task in the shortest time with the least expenditure of human energy" (Morganosky, 1986, p. 37). Berry et al. (2002) developed the following five service convenience dimensions: (1) Access convenience; (2) Transaction convenience; (3) Decision convenience; (4) Benefit convenience; and (5) Post-benefit convenience.

In the beverage establishment context, the first three types of convenience seem to be most important. *Information convenience* in context or beverage establishments is described as the availability of information regarding the establishment, such as information about prices and entertainment. Convenient *operating hours* are also seen as an important feature of beverage establishments. Additionally, a convenient *location* with easy access has been shown to be of major importance to beverage establishments (Seidman & Crim, 2008). Location convenience is a motivator for customers with low commitment (Mattila, 2001). In addition, capacity and proximity of the *parking* area can be categorized as convenience factors (Kivela et al., 1999a). Finally, *safety and security* have been shown to be of major importance in beverage establishments (Berkley, 1998; Moss, 2010b).

Perceived price fairness. When the outcome and the transaction process seem acceptable and reasonably priced, customers perceive prices to be fair (Bolton, Keh & Alba, 2010; Bolton, Warlop, & Alba, 2003; Chung, Kyle, Petrick, & Absher, 2011; Lee, Illia & Lawson-Body, 2011). Price fairness has a significant effect on customer satisfaction and loyalty which guarantees a long-term profitability (Bowen & Shoemaker, 1998; Kimes, 2002; Xia, et al., 2004). The fairness perception improves as the variability of prices is communicated and explained to customers. Dabholkar, Thorpe, and Rentz's (1996) study suggested that price is a factor and not a determinant of value. Price is a factor that helps a customer to assess the concept

of product/service value. Price sensitivity and perceived price fairness in a beverage establishment context has not been empirically investigated. Nevertheless, it is expected that price fairness has a significant impact on the customer experience in beverage establishments.

1.1.5. Customer Experience

For over three decades, the study of the customer experience has been one of the most important research topics in hospitality and tourism (Quan & Wang, 2004). The theoretical roots of customer experience come from the behavioral sciences, where several theoretical foundations have been recognized. Hirsch (1972) approached customer experience from the cultural industry systems perspective, Kaplan (1987) from the esthetics perspective, and Hirschman and Holbrook (1982) from the fantasy, imagery, and multi-sensory field (Walls et al., 2011). The concept of customer experience is of critical importance for a service-dominant theoretical approach and it is closely connected to management, marketing, behavioral economics, and psychology research (Olsson et al., 2012; Vargo & Lusch, 2004). One of the key characteristics of the customer experience is that it requires direct involvement of the participant. On the other hand, descriptions and visualizations could never replace the actual activity and could only serve as a part of experience or a supplement. Knutson, Beck, Kim & Cha (2009) claim that experiences are perceived internally, and are individual for every customer.

Pine and Gilmore (1998) expanded the field by introducing the concept of *Experience Economy*. This concept may be considered as an extension of previous work regarding the experience with tourism and hospitality products and services (Cohen, 1979, 1988; Dann & Jacobsen, 2002; Gottlieb, 1982; Lee & Crompton, 1992; MacCannell, 1973, 1976; Urry, 1990).

Pine and Gilmore's (1998) seminal contribution to this field was the differentiation between the two dimensions of experience identified as level of participation and absorption-immersion dimension. Using this type of classification, they recognized four distinct realms of customer experience: entertainment, educational, esthetic, and escapist (Pine & Gilmore, 1998). According to Pine and Gilmore (1998), the experience economy is one of the fastest growing sectors of the global market and it is crucial for companies and researchers to recognize the driving forces behind customer satisfaction, considering that there is a growing demand for experience products that meet specific customer characteristics and preferences.

One of the newest customer experience frameworks is based on the notion of cognitive and affective customer experiential states (Rose, Clark, Samouel & Hair, 2012). Based on the Gentile, Spiller, and Noci's (2007, p. 398) research, cognitive experiential state is defined as the customer experience component "connected with thinking or conscious mental processes," while the affective experiential state "involves one's affective system through the generation of moods, feelings and emotions."

Customer experience is considered an important concept for the hospitality industry. Most of the existing research on customer experience in the hospitality industry can be grouped in one of three research streams: (a) classification and taxonomy of experiences; (b) antecedents and causes of experience; (c) relationship between experience and other customer behavior constructs (Walls et al., 2011). Based on Cohen's (1979) phenomenological view, hospitality and tourism experiences can be divided into several groups: experiential, diversionary, experimental, recreational, and existential. A newer approach to customer experience in hospitality sees the experience in relation to expectations, perception, quality, satisfaction and

value (Knutson & Beck, 2003). Quan and Wang (2004) examined the dynamics of experiences and analyzed peak, supporting, and daily routine experiences. Additionally, the consumer experience index was created. This index was designed to measure separate aspects of customer experience and to be complementary to the American Customer Satisfaction Index (Knutson et al., 2009).

Experience as an internal construct with personal and individualized nature is extremely difficult to measure (Knutson et al, 2009). A number of previous studies tried to develop different scales of customer experience. Some of the instruments are: pleasure arousal dominance scale (Mehrabian & Russell, 1974), absorbing experience scale (Swanson, 1978), sensation seeking scale (Zuckerman, 1994), experiential value scale (Mathwick et al., 2002), and the consumer experience index (Knutson et al., 2009). Finally, Oh, Fiore and Jeoung (2007) created a new scale based on Pine and Gilmore's (1998) customer experience framework.

Previous research has proven that a high level of experience quality leads to a high level of customer satisfaction (Cole & Chancellor, 2009; Cole & Scott, 2004; Hosany & Witham, 2010; Oh, Fiore, & Jeoung, 2007). Moreover, empirical evidence suggests that higher customer satisfaction causes higher return intention and positive word-of-mouth (Anderson, Fornell, & Lehmann, 1994; Biong, 1993; Blodgett, Granbois, & Walters, 1993; Cole & Chancellor, 2009; Cole & Scott, 2004; Gassenheimer, Sterling, & Robicheaux, 1996; Hallowell, 1996; Maxham & Netemeyer, 2002; Söderlund, 1998; Taylor & Baker, 1994; Woodside, Frey, & Daly, 1989). However, customer experience has not been researched in context of beverage establishments, even though it was argued that experience is a main product of beverage establishments (Moss, 2010a).

1.1.6. Outcomes of Customer Experience

Customer loyalty. Customer loyalty is defined through repeated purchasing from the same company (Tellis, 1988). Customer satisfaction and loyalty are two of the most researched constructs in the tourism and hospitality field (Pizam & Ellis, 1999). It is desirable for every business to have satisfied customers who are willing to repurchase a product or service (Jani & Han, 2011; Ryu & Han, 2010). The connection between satisfaction and loyalty is in repeated satisfaction episodes. Frequent or cumulative satisfaction has been argued to cause loyalty. Based on this framework, loyalty is defined as: "a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior" (Oliver, 1997. p. 392). Oliver (1997) created a four-stage loyalty model and recognized that different types of loyalty occur over time in a consistent sequence. This model extends the "cognitive-affective-conative" sequence with the introduction of observable purchasing behavior. Based on this model, customers can develop loyalty in each of the steps, but each loyalty step has individual characteristics and can be affected by different factors. Oliver's (1999) four main types of loyalty are cognitive loyalty, affective loyalty, conative loyalty, and action loyalty.

Customer loyalty at the *cognitive stage* is affected by the information available to customer such as price, quality, and value (Evanschitzky & Wunderlich, 2006). This type of loyalty is considered to be the weakest, since it is based on benefits and costs of a certain product or service and not on the relationship with the company.

Affective loyalty is defined as favorable emotion and attitude toward a certain company or their products and services. This attitude is formed as result of confirmation of certain expectations that result in satisfaction. Satisfaction, on the other hand, leads to affective loyalty (Bitner, 1990). Affective loyalty is also defined as the emotional attachment to a relationship that instructs a person to continue the relationship because of favorable attitudes, affects, emotions and perceptions (Jaros, Jermier, Koehler & Sincich, 1993).

Conative loyalty, unlike cognitive and affective loyalties that are considered to be attitudinal, is characterized as intention to pursue purchasing behavior with the same company. This type of loyalty is therefore stronger than either cognitive or affective, since it involves the behavioral intent component (Evanschitzky & Wunderlich, 2006). Conative loyalty is often conceptualized as behavioral intention. Behavioral intention usually involves return intention and word-of-mouth dimensions.

Word-of-mouth can be explained as an oral statement that communicates customers' level of satisfaction or dissatisfaction among their acquaintances (Blodgett et al., 1993; Söderlund, 1998). As result, word-of-mouth has been recognized as one of the most important behaviors that occur after the purchase of goods and services (Richins, 1983). Positive word-of-mouth occurs when a customer is highly satisfied with a service and has a desire to share this positive experience with other potential customers (Westbrook, 1987).

Return intention is defined as the desire of a customer to engage in repeated visitations of an establishment (Kim et al. 2009). Thus, return intention should be clearly separated from return behavior. Soderlund and Ohman (2005) compared return intention and return behavior. They concluded that intention as "wants" had a heavier impact on return behavior than intentions as

"expectations." Overall, intention and behavior show correlations. However, what the customer actually does versus what s/he intends to do is difficult to measure (Szuchnicki, 2009).

Action loyalty is the final stage of loyalty that involves true repeated purchasing behavior. This type of loyalty is important since it was shown in multiple studies that only one part of intentions is actually transferred into action (Kuhl & Beckmann, 1985).

1.2. Problem Statement

Previous studies have examined antecedents of customer experience in different service sectors (Bojanic & Rosen, 1994; Cronin & Taylor, 1994; Parasuraman, Zeithaml, & Berry, 1988). Additionally, a number of studies looked into unique attributes of foodservice establishments that might affect customer experience (Kim et al., 2009; Stevens et al., 1995). However, antecedents of customer experience in beverage establishments have not received academic attention. Because of the unique environment (Moss, 2010a), it is expected that beverage establishments have a unique set of antecedents of customer experience that make them distinct from foodservice establishments.

Previous research has shown that service quality, product quality, physical environment, social environment, convenience, and price are important antecedents of customer experience (Bitner, 1990, 1992; Cronin & Taylor, 1994; Dabholkar et al., 2000; Kim, Ng, & Kim, 2009; Ryu & Han, 2010; Verhoef et al., 2009). No research has been conducted to examine the relationship between quality attributes (service, product, physical environment, and social

environment), convenience, perceived price fairness, customer experience, and customer loyalty in beverage establishments.

Previous research indicated that a positive perception of experience quality leads to a strong customer satisfaction (Cole & Chancellor, 2009; Cole & Scott, 2004; Hosany & Witham, 2010; Oh, Fiore & Jeoung, 2007). Empirical evidence also implied that customer loyalty is influenced by the level of customer satisfaction (Anderson, Fornell & Lehmann, 1994; Biong, 1993; Blodgett, Granbois & Walters, 1993; Cole & Chancellor, 2009; Cole & Scott, 2004; Gassenheimer, Sterling & Robicheaux, 1996; Hallowell, 1996; Maxham & Netemeyer, 2002; Söderlund, 1998; Taylor & Baker, 1994; Woodside, Frey & Daly, 1989). However, customer experience has received little academic attention in the beverage establishments related research, even though it was argued that experience is the main product of beverage establishment (Moss, 2010a). Similarly, customer loyalty has not been researched in a beverage establishment setting, although this setting is characterized by a high level of customer-service provider interaction that often develops into a service relationship. Thus, it is expected that customer loyalty in beverage establishments has a strong relationship with customer experience and behavioral intention.

The objective of this study is to develop a theoretical framework of antecedents and outcomes of customer experience in beverage establishments. This framework involves different quality attributes of beverage establishments (service, product, physical environment, and social environment), convenience, perceived price fairness, customer experiential state dimensions, customer satisfaction, and customer loyalty (cognitive, affective, and conative).

1.3. Purpose of the Study

This study has several objectives:

- To develop an instrument to measure different antecedents of customer experience in beverage establishments.
- To develop an instrument that would measure customer experiential states in beverage establishments.
- To examine the relative importance of antecedents of customer experience in different types of beverage establishments.
- To develop a model of various antecedents of customer experience in beverage establishments.
- To recognize the importance of customer loyalty in beverage establishments.

1.4. Proposed Theoretical Model and Hypotheses

Previous research has observed that improvements in quality lead to improvements in experience which, in turn, leads to improvement in customer satisfaction (Cole & Scott, 2004). Quality is defined as the performance of the attributes of a service under the control of a supplier (Cole & Scott, 2004). Cole and Scott (2004) highlighted that experience fully mediates the relationship among performance, customer satisfaction, and revisit intention. Crompton and Love (1995) have defined *experience quality* as the attributes that are controlled by the supplier, and are brought by the customer. It is expected that different quality attributes, convenience, and perceived price fairness have a significant effect on customer experience.

Previous studies have argued that customer experience and satisfaction are based on the level of service quality and that service quality can be considered to be an antecedent of customer experience (Dick & Basu, 1994; Anderson & Fornell, 1994; Iacobucci et al., 1995; Rust & Oliver, 1994).

The product quality attribute of total performance quality has received significant academic attention (Ha & Jang, 2010; Namkung & Jang, 2007; Ryu & Han, 2010). It has been shown that product quality positively affects dining experience and it is crucial for restaurant success (Namkung & Jang, 2007; Sulek & Hensley, 2004).

The quality of the physical environment was shown to be of high importance in the service industry (Bitner, 1990; Ha & Jang, 2010; Hul, Dube, & Chebat, 1997; Reimer & Kuehn, 2005; Raajpoot, 2002; Ryu & Han, 2010; Ryu & Jang, 2007; Turley & Milliman, 2000; Wakefield & Blodgett, 1996; Wall & Berry, 2007). The physical environment has been shown to affect perceived service quality (Wakefield & Blodgett, 1999), customer satisfaction (Bitner, 1990; Chang, 2000), customer's emotional responses (Bitner, 1990; Mehrabian & Russell, 1974) and finally customer behavior (Sayed et al., 2003). Furthermore, the hospitality researchers and industry professionals recognized the importance of the social environment on customer experience. In addition, social environment in foodservice establishments was identified as one of the most important drivers of positive customer experience (Hansen et al., 2005; Gustafsson et al., 2006).

The concept of convenience in a service setting has received significant academic attention. Service convenience was conceptualized as a means to decrease time and effort invested in the process of acquiring a service (Crosby & Stephens, 1987). The reduction in time

and effort improves customer experience (Hedhli, Chebat & Sirgy, 2013). Finally, previous studies indicated that perceived and objective prices are crucial for customer's service evaluation (Zeithaml, 1988). Price sensitivity and perceived price fairness in the beverage establishments context has not been empirically investigated. Nevertheless, it is expected that price would have a significant impact on customer experience in beverage establishments.

The observed relationship between quality attributes, convenience, perceived price fairness, and customer experience becomes more complicated when it is taken into account that several variables moderate the observed relationship among quality attributes, experience, and customer satisfaction (Andersson, 2007; Gountas, 2003), because experiences are influenced by factors that are not always controlled by the "the experience provider" (Pullman & Gross, 2004). This includes personality traits, human interactions, multi-sensory physical experiences, and cultural backgrounds (Belk, 1975; Bitner, 1992; Hirschman & Holbrook, 1982; Schmitt, 1999; Schmitt & Simonson, 1997; Walls, Okumus, Wang & Kwun, 2011).

Several studies have reported a strong positive correlation between customer satisfaction and experience (Baker & Crompton, 2000; Tian-Cole & Chancellor, 2009; Cole & Scott, 2004; Oh et al., 2007). Additionally, Hosany and Gilbert (2010) tested the positive relation between emotional experiences, customer satisfaction, and loyalty. A significant number of academic papers reported a positive and direct relationship between customer satisfaction and loyalty (Anderson, et al., 1994; Biong, 1993; Gassenheimer, et al., 1996; Hallowell, 1996; Taylor & Baker, 1994; Woodside, et al., 1989). Zeithaml et al. (1996) argued that the relationship between company and customer is improved with positive customer experience and weakened when

customer assesses experience as negative. Researchers increasingly recognize the ultimate outcome of customer experience should be loyalty (Sivadas & Baker-Prewitt, 2000).

The theory of reasoned action is often used as the basis for the analysis of the relationship between cognitive, affective, and conative loyalty (reflected in word-of-mouth and return intention) (Back, & Parks, 2003). Based on this framework, attitudinal loyalty has three stages: cognitive, affective, and conative loyalty. Attitudinal loyalty is seen as a sequential process in which customers first develop cognitive loyalty, followed by affective loyalty and conative loyalty (Oliver, 1997). In the first step customers develop conative loyalty based on belief regarding quality or performance of product or service (Back, & Parks, 2003). In the second step customers develop affective loyalty because of pleasurable fulfillment based on quality performance. Finally, customers develop conative loyalty reflected in behavioral intention to purchase a product or service or to spread positive word-of-mouth about the company. Although Oliver's (1997) theory of customer loyalty stages and consequential relationships with attitudinal and behavioral loyalty are evident, no empirical study has been undertaken in the beverage industry.

As shown in figure 1, a theoretical framework of antecedents and outcomes of customer experience in beverage establishments is proposed. This framework involves different quality attributes of beverage establishments (service quality, product quality, physical environment, and social environment), convenience, perceived price fairness, customer experience dimensions (affective and cognitive experiential states), and customer loyalty (cognitive, affective, and conative). This framework also includes types of beverage establishments as a moderating variable. Based on the previous literature, the following hypotheses are proposed:

H1: Service quality has a positive effect on customer experience in beverage establishments.

H1a: Service quality has a positive effect on the cognitive experiential state.

H1b: Service quality has a positive effect on the affective experiential state.

H2: Product quality has a positive effect on customer experience in beverage establishments.

H2a: Product quality has a positive effect on the cognitive experiential state.

H2b: Product quality has a positive effect on the affective experiential state.

H3: Physical environment quality has a positive effect on customer experience in beverage establishments.

H3a: Physical environment quality has a positive effect on the cognitive experiential state.

H3b: Physical environment quality has a positive effect on the affective experiential state.

H4: Social environment quality has a positive effect on the affective experiential state in beverage establishments.

H5: Convenience has a positive effect on the cognitive experiential state in beverage establishments.

H6: Perceived price fairness has a positive effect on the cognitive experiential state in beverage establishments.

H7: The cognitive experiential state has a positive effect on cognitive loyalty.

H8: The affective experiential state has a positive effect on affective loyalty.

H9: Cognitive loyalty has a positive effect on affective loyalty.

H10: Cognitive loyalty has a positive effect on conative loyalty.

H10a: Cognitive loyalty has a positive effect on return intention.

H10b: Cognitive loyalty has a positive effect on positive word-of-mouth.

H11: Affective loyalty has a positive effect on conative loyalty.

H11a: Affective loyalty has a positive effect on return intention.

H11b: Affective loyalty has a positive effect on positive word-of-mouth.

H12: Type of beverage establishment moderates the relationship between antecedents of customer experience (quality attributes, convenience, perceived price fairness) and customer experience.

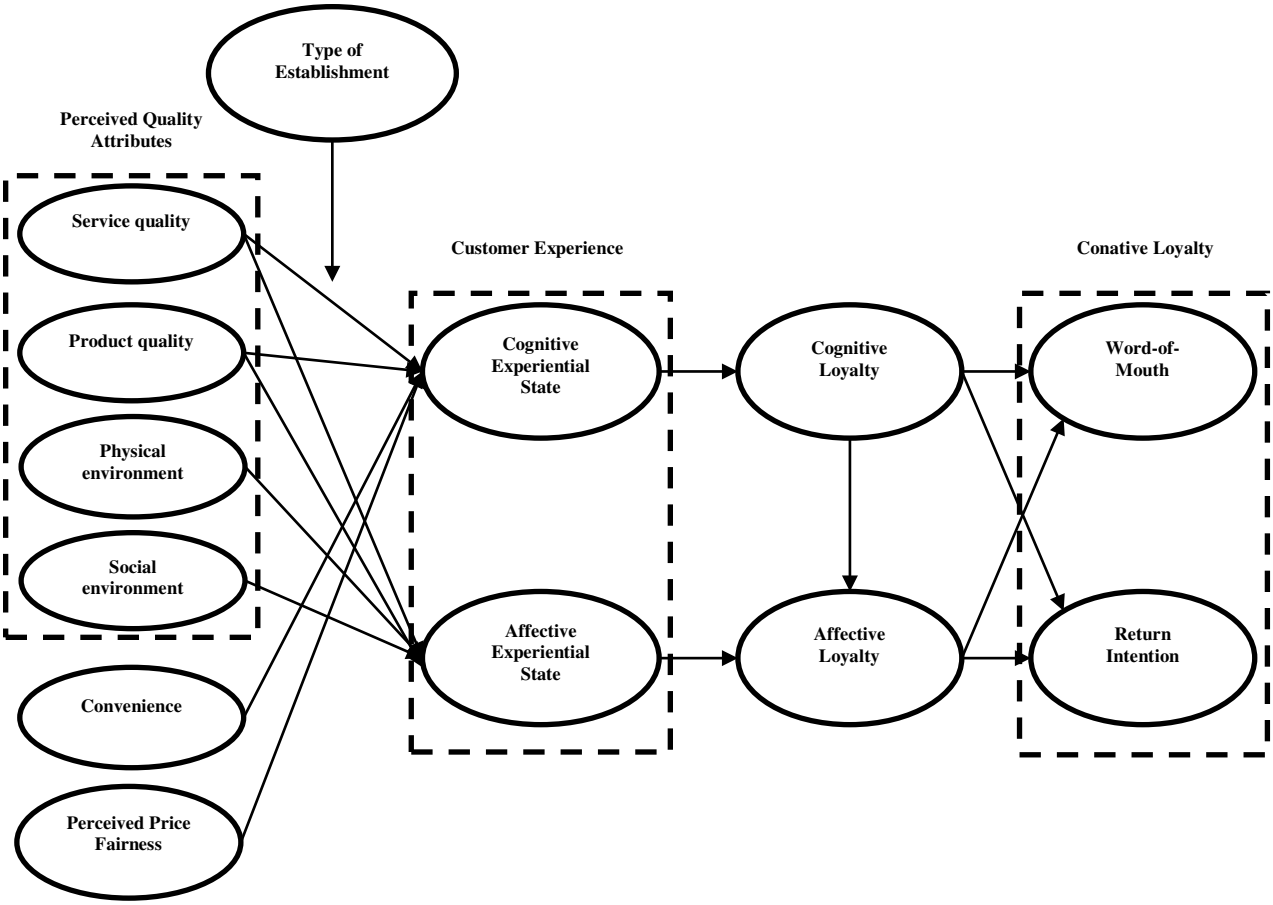

Figure 1. Proposed Model

1.5. Study Outline

This study was conducted in six phases. The first phase was the analysis of previous literature regarding quality attributes, convenience, perceived price fairness, customer experience, customer loyalty and beverage establishments. The second phase was a development of mixed methodology research design. A mixed method research design was selected for several reasons. First, due to the complexity of the research problems, the exclusive use of quantitative

design would have been insufficient. Second, the lack of validity of some qualitative methods was compensated for with a more strict survey and experimental quantitative design. Third, since none of the previous studies have developed, or even discussed, different antecedents of customer experience in beverage establishments, an appropriately mixed methodology design aimed for the instrument development that was deemed necessary. Finally, the mixed method research design assures a more in-depth interpretation of the research problem and a high level of internal and external validity (Campbell, 1986).

The third phase involved the collection, coding, and analyses of qualitative data with a simplified grounded theory triangulation design (Annells, 2006; Corbin & Strauss, 2008; Groenewald, 2004; Morse, 2003; Strauss, 1987). The fourth phase was a pilot study that involved a refinement of the study instrument. The fifth phase was a main quantitative study based on the survey design. The results from each qualitative and quantitative phase of the study were integrated and analyzed.

1.6. Significance of the Study

Studies related to restaurants have focused on antecedents and outcomes of customer experience that are unique to these settings, such as pricing, brand, location, ambiance, image, food quality, value, service, and location (Johns & Howard, 1998). Similarly, Johns and Pine (2002) identified food, physical space, atmosphere, and service as key quality attributes in restaurants. However, antecedents and outcomes of customer experience unique to beverage establishments have not been studied. The results of this study help to identify antecedents and

outcomes of customer experience that are unique to beverage establishments. Additionally, this study integrates different dimensions or customer experience and customer loyalty into a comprehensive theoretical model that could be further applied and retested in other service settings.

This study provides both theoretical and managerial contributions to the literature. From a theoretical perspective, different antecedents of customer experience in beverage establishments were recognized and an instrument that measures these dimensions was developed. This is the first scale of this sort specifically developed for beverage establishments. Additionally, the importance of each of the antecedents of customer experience was examined considering their effect on customer experience. Also, an instrument that measures affective and cognitive experiential states was developed and used in the development of the model.

From a management perspective, the results of this study indicate which antecedents of customer experience should be of highest importance for the management of beverage establishments. Initially, beverage establishments were divided into several sub-segments and the importance of different attributes in each segment was examined. This can help management recognize key strategies to increase customer patronage and optimize resource allocation.

1.7. Definition of Key Terms

- ***Beverage establishments*** are businesses whose operations are based on sales of alcoholic drinks (Moss, 2010a). Besides their primary focus on beverage sales, it is common for such establishments to offer entertainment programs and food items. To be recognized as

a “beverage establishment,” the largest percent of its sales needs to derive from alcohol, contrary to restaurants, where food is the major source of sales. In this study, beverage establishments are categorized as *beverage-only bars, bar and entertainment combinations, and food and beverage combinations.*

- ***Quality attributes*** are defined as different dimensions of overall quality of a product or service. In a "Nordic model" (Grönroos, 1982, 1984) technical and functional quality are considered main quality attributes. The SERVQUAL model recognizes reliability, responsiveness, empathy, assurance, and tangibles as separate quality attributes (Parasuraman, Zeithaml, & Berry, 1988). Based on the previous theoretical frameworks from foodservice establishments and Rust and Oliver's (1994) three-component model of quality, *service quality, product quality* (food and beverage quality), *physical environment,* and *social environment* are considered as separate quality attributes in beverage establishments.
- ***Service convenience*** is defined as the capability to “accomplish a task in the shortest time with the least expenditure of human energy” (Morganosky, 1986, p. 37). Brown (1990) defined convenience as consumers’ time and effort spent on acquiring products or service in the consumption process.
- ***Perceived price fairness*** is explained as a customer’s impression of the outcome and the transaction process that seem acceptable and reasonably priced (Bolton, Warlop, & Alba, 2003). Price fairness has a significant effect on customer satisfaction and loyalty which guarantees a long-term profitability (Bowen & Shoemaker, 1998; Kimes, 2002; Xia, et

al., 2004). A majority of the studies explained price fairness as the perception of reference prices and the principle of dual entitlement (Kimes & Wirtz, 2003).

- ***Customer experience*** is defined as the moment when consumption and production meet (Andersson, 2007). Similarly, Meyer and Schwager (2007) have defined customer experience as the subjective internal reaction customers have when they are in any type of contact with a service provider. Customer experience in this study is based on the framework of cognitive and affective customer experiential states (Rose, Clark, Samouel & Hair, 2012). Based on the Gentile, Spiller, and Noci's (2007, p. 398) study, the cognitive experiential state is defined as the component of customer experience "connected with thinking or conscious mental processes," while the affective experiential state "involves one's affective system through the generation of moods, feelings and emotions."
- ***Cognitive loyalty*** is defined as loyalty that is based on benefits and costs of a certain product or service and not based on the relationship with the company. Customer loyalty at the cognitive stage is affected by the information available to customer such as price, quality and value (Evanschitzky & Wunderlich, 2006).
- ***Affective loyalty*** is defined as favorable emotion and attitude toward a certain company or their products and services. This attitude is formed as result of confirmation of certain expectation that results in satisfaction. Satisfaction on the other hand leads to affective loyalty (Bitner, 1990).

- ***Conative loyalty*** is defined as intention to pursue purchasing behavior with the same company. This type of loyalty is therefore stronger than either cognitive or affective since it involves a behavioral intent component (Evanschitzky & Wunderlich, 2006).
- ***Word-of-mouth*** can be explained as an oral statement that communicates customers' level of satisfaction or dissatisfaction among their acquaintances (Blodgett, et al., 1993; Söderlund, 1998).
- ***Return intention*** is defined as the desire of a customer to engage in repeated visitations of an establishment (Kim et al. 2009).

1.8. Theories Used in the Development of the Conceptual model

- **Expectancy Disconfirmation Theory (Oliver, 1980)** - customers have expectations regarding the performance of goods and services prior to purchase. After the service or product is consumed, customers compare the actual performance to their prior expectations. Confirmation is the situation in which outcome meets expectations. Disconfirmation is the situation when outcome is different from expectations. If the outcome is higher than expectations, positive disconfirmation occurs. If the outcome does not meet expectations, negative disconfirmation occurs. Therefore, customer satisfaction occurs in the situations when expectations are met or exceeded and dissatisfaction occurs when expectations are not met (Pizam & Ellis, 1999).
- **Nordic model of quality (Grönoroos, 1982, 1984)** - Grönoroos (1982, 1984) implied that quality is a result of a comparison of expected and perceived performance. Grönroos'

(1982) adaptation of the disconfirmation paradigm resulted in two dimensions of service quality: (1) Technical dimension of quality that describes service outcome (e.g. service final result); (2) Functional dimension of quality that includes the actual process of service delivery while the customer is interacting with the service provider.

- **SERVQUAL (Parasuraman, Zeithaml, & Berry, 1988)** - Parasuraman, Zeithaml, and Berry's (1985) also employed the disconfirmation paradigm as a foundation of their SERVQUAL model. According to the study, there exists a gap between perceived and expected level of service. In this model, reliability, empathy, assurance, responsiveness, and tangibles are considered as separate attributes of service quality.
- **Three Factor Model of Quality (Rust & Oliver, 1994)** - Service product (previously known as technical quality), service delivery (previously known as functional quality), and service environment are considered in this model as separate attributes of quality.
- **Customer Loyalty Integrated Conceptual framework (Dick & Basu, 1994)** - In this framework, loyalty is defined as "the strength of the relationship between an individual's relative attitude and repeat patronage" (p. 99). Situational factors and social norms can mediate this relationship. Cognitive, affective, and conative factors are shown to have impact on loyalty. On the other hand, loyalty affects behavioral, perceptual and motivational constructs.

CHAPTER TWO: LITERATURE REVIEW

2.1. Beverage Establishments

2.1.1. Definition

To facilitate discussion of beverage establishments it is essential to recognize them as businesses that focus on the sales of alcoholic drinks (Moss, 2010a). Besides their primary focus on alcoholic beverages, it is common for such establishments to also offer food and entertainment. Katsigris (2012) argued that in order for the hospitality establishment to be recognized as a "bar," the largest percent of its sales needs to be derived from alcohol, contrary to restaurants, where food is the major source of revenue.

2.1.2. Beverage Establishment Classification

It is very difficult to divide all beverage establishments into categories, since there are as many categories as there are individual establishments (Katsigris, 2012). However, distinct characteristics allow beverage establishments to be divided into three categories based on the products they offer (Kubacki et al., 2007):

1. The beverage-only bar - full bars, cocktail lounges, dive bars, beer bars.
2. Bar/Entertainment combinations - sports bars, blues bars, karaoke bars, comedy bars, dance bars, live music bars.
3. Food and beverage combinations - restaurant bars, pubs, taverns, wine bars, brewpubs.

The beverage-only bar. The main types of beverage establishments are beverage-only bars that focus on alcohol sales and usually do not offer any food, or have a very simple selection of snacks. (Knowles & Egan, 2002; Knowles & Howley, 2000).

Beverage only bars can be divided into four categories: (Moss, 2010a):

1. A full bar - serves wine, beer, cocktails, and liquor.
2. A cocktail lounge - an upscale bar located downtown in a major metropolitan area or in an upscale hotel or airport (Gottlieb, 1957).
3. A dive bar - local informal bar that caters to regular guests and focuses on strong social connections between guests and staff.
4. A beer bar - sells predominantly craft beers and often does not offer wine or liquor.

Even though the term describing beverage-only establishments has changed through regions and history, the establishment is most commonly named after the area where the bartender prepares and serves the drinks. Therefore, the word “bar” refers to the serving counter, accompanied by the “back bar” shelving units with bottles and glasses (Katsigris, 2012). Considering the bar to be a focal point of the venue, designers often draw attention to this area with prominent decoration reflected in use of extravagant materials and lighting. The outer bar area is often designated for seating.

Usually, the beverage-only bars serve spirits, mixed drinks, wine, and beer. Additionally, non-alcoholic beverages can be offered. These establishments can cater to regular patrons (neighborhood bars) or commuters. Sometimes they can be opened in an airport or a busy train or bus terminal (Katsigris, 2012). Patronage and sales in these bars usually follow daily, weekly,

and seasonal patterns. For example, early periods of day usually have lower sales, while sales tend to increase after 5 pm. Similarly, certain days of the week are busier than others. Sales at bus terminals and airport bars usually have a strong seasonal pattern based on the number of flights and seasonal popularity of certain destinations (Katsigris, 2012). One of the biggest advantages of beverage-only bars is the relatively simple management issues and predictable sales, since only one type of product is being sold. In these types of bars, most of the operational decisions (human resources, purchasing, production, and accounting) are simplified so that bars can be managed by people with limited experience and knowledge (Towers & Pratten, 2003; Mutch, 2000; Mutch, 2001; Pratten, 2003c; Pratten & Curtis, 2002, 2003). Beverage-only bars usually have a simple strategy based on their location, reputation, product quality, competition or social environment (Pratten, 2003a). Strategy and image can often remain the same for a long period of time, especially if the majority of sales come from regular customers. However, some beverage-only bars try to evolve with the changes in customer habits and expectations (Pratten, 2003; Schmidt & Sapsford, 1995a, b).

Society has not always been supportive of bars and alcohol. For example, in the beginning of the 20th century some Scandinavian countries and the United States banned alcohol production, sales, and distribution. Because of this, a large number of bars closed. During the Prohibition period, daring entrepreneurs secretly operated illegal establishments, known as "blind pigs" or "speakeasy bars," where access was often password protected (Kosmas & Zaric, 2010). In contrast to Prohibition, today's bars undertake the promotion of drinking activities named "happy hour," offering discounted drinks during slower operating afternoon hours.

Beverage-only bars represent a small segment of all beverage establishments. Most of these bars have modest profits and are forced to introduce additional products and services such as food and entertainment to improve their profitability. (Pratten, 2006b; Schmidt & Sapsford, 1995a, b).

Bar/Entertainment combinations. Bar and entertainment combinations are diversified types of beverage establishments. They include large concert venues and nightclubs with live performances, comedy clubs, sports bars with live TV entertainment, and smaller bars with pool and dartboards (Katsigris, 2012). Additionally, cocktail lounges with live entertainment, jazz and blues bars, country dancing clubs, piano bars, and other live performance venues can be classified as bar and entertainment combinations.

Bar/entertainment combinations can be divided into several groups (Katsigris, 2012):

1. Sports bars - designed for sports fans that can watch games on large-screen televisions.
2. Blues bars - that offer live blues music (Grazian, 2005).
3. Karaoke bars (Hosokawa, & Mitsui, 2001).
4. Comedy bars - that offer stand-up comedy entertainment.
5. Dance bars - also known as discothèques or nightclubs. The main feature is the dance floor where patrons dance to music that is played by a professional DJ (Berkley, 1998; Reingle et al 2009).
6. Live music bars - larger venues focused on concerts and live entertainment.

These types of establishments often include light and sound systems, dance floors, and stages (Kubacki, Skinner, Parfitt, & Moss, 2007; Skinner, Moss, & Parfitt, 2005). Unlike

beverage-only bars, bar and entertainment combinations require significant management skills and effort. They often employ an entertainment manager that has a responsibility to organize programs, book performers, and coordinate promotional activities.

Entertainment programs lead to additional fixed costs and can significantly increase financial risk. However, regular entertainment and high quality performers often lead to higher patronage and higher revenues. Usually, entertainment brings customers in and beverage sales drive profits. Additionally, some establishments charge entrance fees to cover at least a part of the entertainment costs (Pratten & Scoffield, 2002, 2003).

Sports bars are another type of the beverage and entertainment combination. Originally, sports bars were similar to local bars that were visited by sports writers and sports figures (Mihoces, 1994). The concept of the original sports bars from the middle of the twentieth century has evolved significantly in the past fifty years. Modern sports bars usually focus on the sports-themed ambiance and large number of television screens that play a variety of sports programs. They are designed primarily for group viewing of sporting events accompanied with beverage consumption and simple meal service (Katsigris, 2012).

Nightclubs are one of the most famous types of beverage and entertainment combinations. The entertainment program of a nightclub generally includes a DJ (disc jockey) who plays a pre-recorded mix of songs at the DJ booth, while the nightclub patrons dance to the music on the dance floor (Kubacki et al., 2007). The selection of music played in a nightclub varies from rock, pop, R&B, hip-hop, rap, and reggae to disco and electronic music with all its subgenres. Therefore, the music genre played in a nightclub often dictates its type of customers. Depending on the music program, some nightclubs organize live gigs, dance performances or

have a master of ceremonies (MC) who hosts an evening. Discothèque, disco or club, are other commonly used synonyms for a nightclub (Moss, 2010a).

Katsigris (2012) has recognized that some smaller local entertainment bars are one of the most financially stable types of beverage and entertainment combinations. A good atmosphere, local performers, and fair prices are key drivers for the success of local entertainment bars. However, these types of bars have a limited profit potential compared to larger and riskier operations. Casinos are often recognized as an additional type of beverage and entertainment operation (Kilby, Fox, & Lucas, 2006). They have the highest profit potential that is generated by games, beverage and food sales, and entertainment.

Food and beverage combinations. Some of the most profitable types of beverage establishments are ones that offer food (Stevens et al, 1995). Food and beverage combinations can be divided into several groups (Katsigris, 2012):

1. Restaurant bars
2. Pubs
3. Taverns
4. Wine bars
5. Brewpubs

The most common type is a restaurant/bar combination where spirits, wine, beer and mixed drinks are part of the food service. In this type of establishment, bars may serve as waiting areas. Customers are encouraged to have a drink at the bar while they wait for their table. Food and beverage combinations have balanced sales of food and beverages because of relatively higher drink prices. However, it is not uncommon that the majority of profits are being generated

by the sale of alcoholic drinks and not food because of relatively higher profit margins from the sale of beverages compared to food. The reasons for this are the relatively low labor costs and relatively high drink prices compared to beverage costs.

Some of the most important types of food and beverage combinations are pubs and bars that offer a limited selection of food. Usually food variety makes those establishments appealing to customers, yet limited enough not to turn the establishment into a typical restaurant (Katsigris, 2012). Most of the sales are still generated from the beverages. Food is of secondary interest to management, and is used to attract customers and keep them longer in the bar. The typical menu consists of appetizers, sandwiches, and burgers (Walker, 2007).

The name pub comes from the English expression "public house," which stands for alcoholic beverage establishments that exist in Britain and regions exposed to British tradition (Riley, Lockwood, Powell-Perry & Baker, 1998). Miron and Brown (2006) argued that people frequently do not distinguish between British style pubs and similar establishments such as taverns, lounges, and inns, all using the same expression. For example, in the United Kingdom, "inn" presents a type of pub that includes lodging services. Even though numerous inns in the UK, Australia, and Canada no longer have rooms, the name has remained the same. In some other countries, this confusion is a consequence of the rigorous prohibition times, with some pubs being referred to as "hotels."

Taverns are beverage establishments which offer alcoholic drinks and limited food options (Macrory, 1952). The name originates from ancient Greek ταβέρνα/tavern or taberna in Latin and was used to describe a sheltered trading space that offered wine and food to its guests. Throughout history, taverns gained certain regional characteristics. For example, renaissance

taverns in England were considered to be privately owned businesses as opposed to “public houses.” Taverns acknowledged visitors more as guests than customers and were characterized by the personalized level of services provided. However, in other countries, legislature and management practices do not distinguish taverns from similar beverage enterprises-bars, pubs, and inns.

Wine bars are a special type of food-beverage establishment. They first appeared in the 1970s with the wider popularization of wine in the United States. Customers in wine bars can choose from a large selection of wines by the bottle and a smaller selection of wines that are sold by the glass. Wines can vary in quality and price from relatively inexpensive "house" wines to rare, imported vintage wines (Walker, 2007). Wine bars often offer a tasting menu that includes a selection of one-ounce samples. Additionally, most of the wine bars offer at least some sort of food, ranging from cheese platters and appetizers to a full menu.

Brewpubs are another variation of the beverage and food combination. In these types of establishments, beer is brewed on the premises so that freshness and uniqueness of the product is ensured. Typically, these beers are strong in aroma and flavor and their selection changes seasonally. Brewpubs usually serve food that accompanies their main product: beer. Food is usually based on central European cuisine with some typical bar dishes.

Additional classifications. Beverage operations can also be classified according to their main customer segment. Katsigris (2012) recognized several main types of bars based on the targeted customer segment: women's bars, gay bars, singles bars that target unmarried people, biker bars for motorcycle enthusiasts, and college bars that cater to students and are located in close proximity to a university.

2.2. Antecedents of Customer Experience

2.2.1. Quality in Service Industry

The concept of service quality is tightly connected to theories of customer satisfaction and product quality. Disconfirmation paradigm, initially used in tangible products quality theories (e.g., Cardozo, 1965; Churchill & Surprenant, 1982; Howard & Sheth, 1969; Oliver, 1977, 1980; Olshavsky & Miller, 1972; Olson & Dover, 1976), became a foundation for the first service quality frameworks (Grönroos, 1982, 1984; Parasuraman, Zeithaml, & Berry, 1985).

Both service and manufacturing literature have been trying to find an exact definition for quality. According to Crosby (1979), the meaning of "quality" has been incorrectly interpreted as "luxury, goodness, shininess or weight." Such misunderstandings were expected, since customers found it difficult to communicate their quality needs, while researchers had problems establishing appropriate measurements for service quality in particular (Takeuchi & Quelch, 1983). Although the core requirements of quality are vague, the value of quality for customers and companies is extremely important. Extant studies suggested that quality results in increased productivity and reduced operational costs (Garvin, 1983), while improving return on investment and market share (Anderson & Zeithaml, 1984; Phillips, Chang, & Buzzell, 1983).

In manufacturing, there are various definitions of quality. Crosby (1979) emphasized quality as "zero defects production" and "conformance to requirements." Quality also may be defined as the ratio of "internal" to "external" failure occurrences (Garvin, 1983). However, the quality of the goods is quite different from the quality of services. A number of different concepts of quality, such as "six-sigma" and "total quality management" were applied to the

service industry with mixed results. The main problem with the adaptation of a relatively rigid view of “manufacturing” quality was the fact that services had several distinct features that made them different from manufacturing products (Grönroos, 1983; Parasuraman, Zeithaml & Barry, 1985).

Being intangible, services are not subject to the same quality standards (Berry, 1980; Lovelock, 1981; Shostack, 1977). It is impossible to observe services in the same way as goods and to directly adopt product quality principles. Some commonly utilized quantitative techniques for product quality determination (testing, measuring, counting or verifying) are not applicable to services (Parasuraman, Zeithaml & Barry, 1985). According to Zeithaml (1981), the dematerialization of services elevates their complexity, making service quality assessment challenging for both customers and companies. Furthermore, it is difficult to isolate service consumption from service delivery (Carman & Langeard, 1980; Grönroos, 1982). Taking into account that a service customer is a patron who receives a service from a service provider, it is difficult for managers to perform quality management practices during the service delivery process, since the behavior of an employee is not always consistent (Booms & Bitner, 1981). Moreover, customers are active participants in the delivery process and directly influence service performance quality. Since personal characteristics of service providers and customers are influenced by their mood and vary on a daily basis, service performance has multiple outcomes.

Nevertheless, customers are not interested only in service outcomes, but also in service delivery. Customers bring their judgments of products based on some visual and substantial cues such as color, style, brand, package, or solidity. However, service cues are rarely tangible. For example, in the service environment, visual appearance of the service personnel and promotional

or marketing materials are tangible evidences. To assess service quality, the customer needs to relate to the intangible signals. Hence, service quality evaluation is more demanding than the quality evaluation of material products.

One of the frequently disputed issues in services marketing research has been the development of a perceived service quality instrument. Most researchers have identified several dimensions of quality. Mittal, Ross, and Baldasare (1998) recognized that multi-attribute models of quality are important because "consumers are more likely to render evaluations of their post-purchase experiences of customer satisfaction at an attribute level rather than at the product level," and "an attribute-based approach enables researchers to conceptualize the commonly observed phenomenon such as consumers experiencing mixed feelings toward a product or service" (p.35).

Numerous researchers have made efforts to verify adequate measurements of perceived service quality (e.g., Babakus & Boiler 1992; Brown, Churchill & Peter 1993; Cronin & Taylor 1992; Parasuraman, Zeithaml & Berry 1985, 1988, 1994, 2004; Teas 1993). However, there has not been significant progress related to the constructs of measurement. Two main directions in service quality measurement can be identified:

- The American SERVQUAL model is based on five service delivery attributes: reliability, responsiveness, empathy, assurances, and tangibles (Parasuraman, Zeithaml & Berry, 1988).
- The Nordic model distinguishes two components of service quality: technical and functional (Grönroos, 1982, 1984).

While the SERVQUAL model has been extensively quoted in social sciences, it did not gain a theoretical advantage over the Nordic model. Additionally, further research did not conduct comparison to establish a relationship between the two models. Scholars agreed about the multidimensional concept of service quality; however, emerging themes of the dimensions have varied significantly. Parasuraman, Zeithaml, and Berry (1985) initially proposed the ten-dimensional model that was organized as a five-dimensional model (Parasuraman, Zeithaml & Berry, 1988). The Nordic model was originally based on two dimensions (Grönroos, 1982; Lehtinen & Lehtinen 1982; Mels, Boshoff, & Nel, 1997), but later evolved into a three-dimensional model (Rust & Oliver, 1994)

Service quality assessment can be approached from a considerable number of viewpoints (Carman, 1990). Grönroos (1982, 1984) proposed that quality is a result of the comparison between expected and perceived performance. This conceptualization "puts the perceived service against the expected service" (Grönroos, 1984, p. 37). Grönroos' (1982) adaptation of disconfirmation paradigm resulted in the following dimensions of service quality, displayed on Figure 2 (Brady & Cronin, 2001):

- Technical dimension of quality that describes the service outcome (e.g. service final result);
- Functional dimension of quality that includes the actual process of service delivery while the customer is interacting with the service provider.

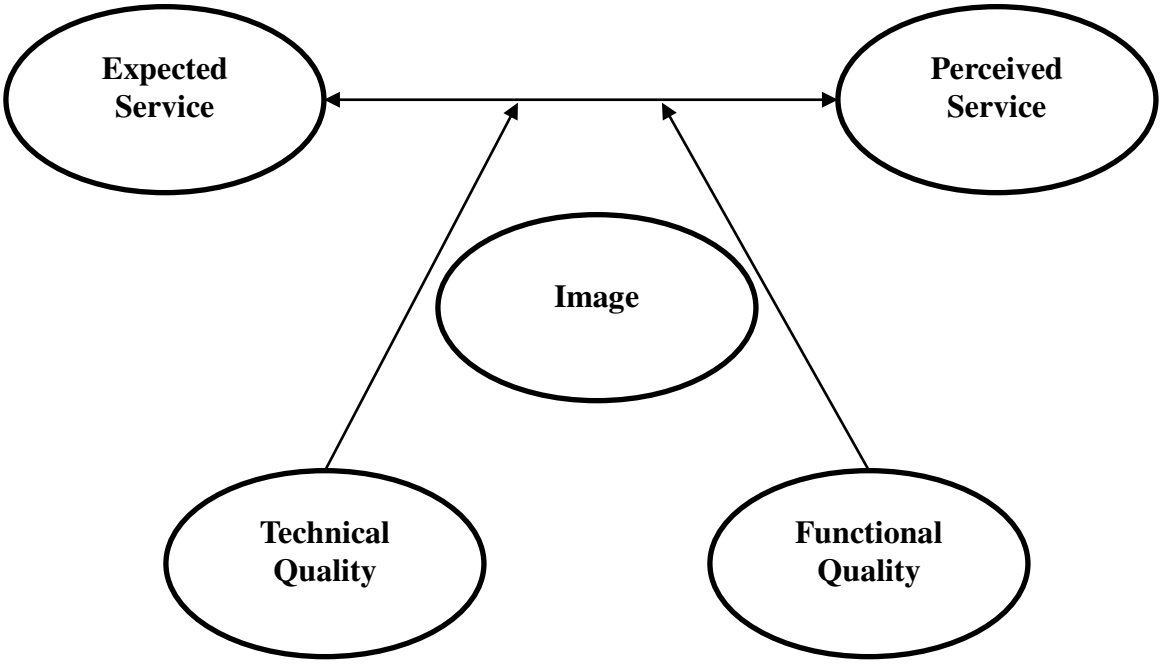

Figure 2. Nordic Model (Grönroos, 1984)

Parasuraman, Zeithaml, and Berry's study (1985) also employed the disconfirmation paradigm as a foundation for their SERVQUAL model. According to the study, a gap exists between the expected and perceived level of service. The following five dimensions displayed on Figure 3 (reliability, responsiveness, assurance, empathy, and tangibles) are related to perceived service quality (Brady & Cronin, 2001).

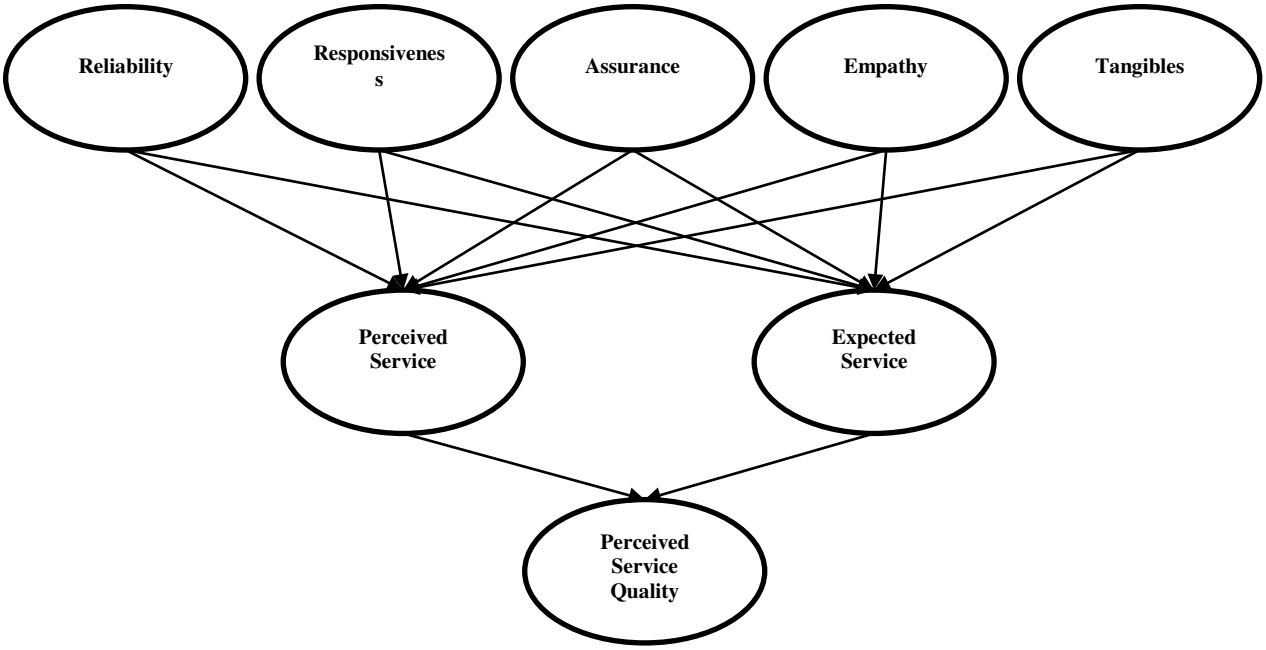

Figure 3. SERVQUAL (Parasuraman, Zeithaml and Berry, 1988)

A number of studies have used the SERVQUAL model (Bojanic & Rosen, 1994; Cronin & Taylor, 1994; Lee & Hing, 1995; Parasuraman et al., 1988). Additionally, the SERVQUAL instrument is one of the most commonly utilized instruments in service industry research (Day, 1984; Fick & Ritchie, 1991). The SERVQUAL dimensions have been initially tested in a few service settings such as a credit card provider, telephone operator, bank, and maintenance service (Parasuraman et al., 1988). Some studies that managed to confirm identical service quality dimensions have been conducted in a dental ambulance, a recruitment office, and a tire store, (Carman, 1990) or with industrial sales representatives (Kierl & Mitchell, 1990). Contrary to service settings that confirmed the SERVQUAL dimensions, studies in a health care environment (Babakus & Mangold, 1992) and restaurants (Johns & Tyas, 1996b) failed to support the strict five-dimensional model structure. After the original SERVQUAL scale was developed by Parasuraman et al. (1988), there have been numerous revisions and adaptations to

various settings. Although this scale was initially considered to have high validity and reliability, some researchers have questioned the appropriateness of the scale and have tried to improve upon it (Cronin & Taylor, 1992).

The SERVQUAL model has been upgraded in numerous studies (e.g. Boulding et al., 1993; Cronin & Taylor, 1992; DeSarbo et al., 1994; Parasuraman, Zeithaml, & Berry, 1994, 2004; Zeithaml, Berry & Parasuraman, 1996). Unlike previous studies, Cronin and Taylor (1992) eliminated expectations from their service quality model, Boulding (1993) included "should" and "will" expectations in the model and other researchers utilized conjoint analysis in order to evaluate perceived service quality (Carman, 2000; DeSarbo et al., 1994). LODGESERV is another variation of the original SERVQUAL instrument that was designed specifically for the lodging operations. The LODGESERV instrument includes 36 items that were designed to measure five dimensions of service quality. Specifically, the objective of the instrument is to measure customer expectations of different dimensions of service quality in hotels and other lodging operations (Knutson et al. 1990).

Further improvements were also conducted for the "Nordic model." One of the most famous is an introduction of the third dimension (Rust & Oliver, 1994). The enhanced model exhibited in Figure 4 consists of the following components (Brady & Cronin, 2001):

- Service product (previously known as technical quality),
- Service delivery (previously known as functional quality),
- Service environment.

Although Rust and Oliver (1994) did not empirically confirm their theory, research in other service sectors such as health care (McAlexander, Kaldenberg & Koenig, 1994) and bank services (McDougall & Levesque, 1994) supported the enhanced model.

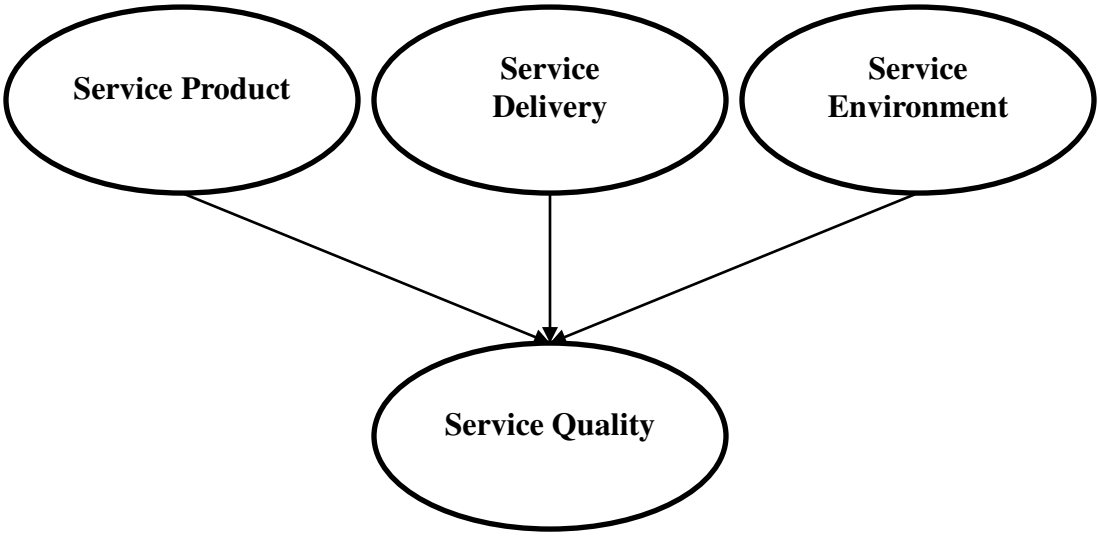

Figure 4. The Three Component Model (Rust & Oliver, 1994)

Intrigued by SERVQUAL's incoherent application in different service industries, Dabholkar, Thorpe, and Rentz (1996) empirically examined elements of service quality in retail industry. They proposed a multidimensional model, where service quality attributes were organized in three groups. Their model consisted of:

(1) primary dimensions,

(2) sub-dimensions,

(3) customers' overall perceptions of service quality.

Brady and Cronin (2001) introduced one of the latest theoretical models of service quality. This combined the elements from Dabholkar, Thorpe, and Rentz (1996), Rust and Oliver

(1994), and Parasuraman, Zeithaml, and Berry (1988). It involved a hierarchical approach with overall quality perception at the first level, three-second level dimensions (functional, technical, and environmental) and three sub-dimensions for each second-level dimension. Additionally, each sub-dimension was influenced by reliability, responsiveness, and empathy constructs adapted from Parasuraman, Zeithaml, and Berry (1988).

The most important theoretical frameworks and instruments used to measure quality in the service industry are presented in table 1.

Table 1. Theoretical frameworks of quality in a service setting

Model	**Reference**	**Quality Attributes**
Nordic Model	Grönroos, (1982, 1984)	*Technical dimension* of quality that describes service outcome e.g. service final result; *Functional dimension* of quality that includes the actual process of service delivery while customer is interacting with the service provider
SERVQUAL	Parasuraman, Zeithaml, & Berry, (1988, 1994, 2004) Boulding et al., (1993) Cronin & Taylor, (1992) DeSarbo et al., (1994) Zeithaml, Berry, & Parasuraman, (1996)	*Reliability* *Responsiveness* *Assurance* *Empathy* *Tangibles*
SERVPERF	Cronin & Taylor, (1992)	SERVQUAL without expectations

Model	Reference	Quality Attributes
		dimension
3 Factor Model	Rust & Oliver, (1994)	*Service product* (previously known as technical quality) *Service delivery* (previously known as functional quality) *Service environment*
The Multilevel Model	Dabholkar, Thorpe & Rentz, (1996)	*Primary dimensions* *Subdimensions* Customers' *overall perceptions of service quality*
Hierarchical model of quality	Brady & Cronin, (2001)	Hierarchical approach with *overall quality perception* at the first level *3 second level dimensions* (functional, technical and environmental) *3 sub-dimensions* for each second level dimension Each sub-dimension was influenced by *reliability, responsiveness and empathy*
DINESERV Institutional DINESERV Restaurant SERVQUAL	Stevens et al., (1995) Kim et al., (2009) Bojanic & Rosen, (1994)	*Reliability* *Responsiveness* *Assurance* *Empathy* *Tangibles*
DINESCAPE	Ryu & Jang, (2008)	*Facility aesthetics* *Ambience* *Lighting*

Model	Reference	Quality Attributes
		Table Settings
		Layout
		Service Staff
TANGSERV	Raajpoot, (2002)	*Ambient factors*
		Design factors
		Product/service factors

2.2.2. Quality in Foodservice Establishments

Although quality in beverage establishments has received little academic attention, quality attributes have been extensively examined in restaurants (Kim et al., 2009); some authors combine these two settings and discuss quality in food and beverage establishments (Abukhalifeh & Som, 2012). Considering that foodservice and beverage establishments share multiple common characteristics (Katsigris, 2012), it is important to analyze quality attributes in this unique industry setting.

Most of the original quality models did not include the unique characteristics of foodservice establishments. Since the expectancy confirmation model explains only the general concept of customer satisfaction, it is anticipated that customers have different expectations in different service industry settings. Further, these expectations may differ according to the ratio of tangibles versus intangibles. In restaurants, the dimension of food quality is extremely tangible. Since food is a conspicuous dimension of restaurant quality, customers can perceive and evaluate food quality separately from service quality. Furthermore, restaurateurs make a clear distinction between service quality and food quality.

Scales that measure quality cannot demonstrate practical purpose unless they clearly differentiate satisfying service from non-satisfying service. Utilizing Parasuraman et al.'s (1985; 1998; 2004) SERVQUAL measurements in foodservice industry, researchers may experience problems sorting quality attributes into the existing five SERVQUAL dimensions. Service in restaurants can be described partially through reliability, responsiveness, courtesy, and security. While these dimensions assess some of the intangible aspects of foodservice experience, SERVQUAL neglects other important dimensions. For example, it is impractical for the physical environment, employees' appearance, and food and beverage quality to all fit into one "tangibles" dimension. Nevertheless, the SERVQUAL instrument was widely applied in the foodservice context (Bojanic & Rosen, 1994; Lee & Hing, 1995).

The lack of some of the specific restaurant characteristics in the original SERVQUAL instrument resulted in the development of new models that included specific foodservice dimensions such as ambiance, food quality, and service quality (Kim et al., 2009; Stevens, Knutson & Patton, 1995). Stevens et al. (1995) originally adapted the SERVQUAL instrument in their DINESERV instrument for the restaurant context. The DINESERV instrument preserved the five dimensions of SERVQUAL, but included new measures (restaurant physical environment, visually attractive menu, well dressed employees, and comfortable seating) applicable to the restaurant context. This instrument was supposed to be more sensitive for some of the service attributes in restaurant context and was adapted in a number of studies that examined preferences of restaurant customers (Richard et al., 1994; Clow et al., 1998; Johnson & Mathews, 1997; Johns & Pine, 2002). This scale is supposed to depict customers' perceptions of restaurant quality through 29 questions.

Johns and Tyas (1996a) further modified the SERVQUAL instrument by including food specific items (food appearance, taste, temperature, hygiene, selection, and freshness). However, they have not managed to replicate factor structure from the original instrument. Johns et al. (1995) used a modified version of SERVQUAL to differentiate between food quality and service quality as the two most important drivers of the restaurant experience.

Other studies moved away from the SERVQUAL model completely and tried to develop specific questionnaires for foodservice establishments. Almanza et al.'s study (1994) recognized foodservice quality attributes in a university cafeteria. Out of seventeen attributes, food quality, nutritional value, adequate pricing, prompt service, location, convenience, and cleanliness received the highest rating among the university students. Additionally, separate tangible quality dimensions have been recognized in the fast-food restaurant environment. Quinton (1991) recognized convenience, cleanliness, atmosphere, service quality value, menu variety, and food quality as main drivers of fast food restaurant customer satisfaction. On the other hand, Kasdan (1996) recognized that in fast food restaurants, location was the most important characteristic, followed by price, prompt service, and consistent food quality. Farkas (1992) argued that food taste was the main factor of fast food restaurant quality. In his study, taste, price and value, type of food, service, and nutrition were main factors that influenced customers' perception of a fast food restaurant. Richard, Sundaran, and Alloway (1994) found that both outcome and delivery of service are of critical importance in the restaurant context, thus confirming the importance of food and service quality.

With the aim to measure customer satisfaction, Pettijohn et al. (1997) measured customer satisfaction in seven categories (menu variety, food quality, convenience, cleanliness, good

service, and good value) to compute a summated score. Food quality was ranked as the most relevant restaurant attribute in this study followed by cleanliness, value, price, and convenience. The least important attributes were atmosphere and menu variety (Pettijohn et al., 1997).

Johns and Howard (1998) identified service, food, price/value, staff, environment, atmosphere, drinks, and location as sub-dimensions of quality in foodservice establishments. Kim et al., (2009) recognized service quality, food quality, price and value, convenience, and atmosphere as critical dimensions of quality in a restaurant. These attributes had a significant effect on customer satisfaction and behavioral intention. However, the magnitude of the effect was different for different quality attributes. Specifically, food quality was shown to have the strongest impact on both satisfaction and behavioral intention.

Similarly to Sulek and Hensley (2004), Pettijohn et al. (1997) recognized food taste, nutritional content, visual appeal, and freshness as separate food quality dimensions. Kim et al. (2009) found service quality to be the second most important restaurant quality attribute followed by price/value and convenience. They argued that a good price/value relationship is critical for the customers' evaluation of their dining experience and improvement of price/value can help attract more price sensitive customers and increase profitability of the restaurant (Kim et al., 2009). Kim et al. (2009) found convenience to be one the least important factors that drive customer satisfaction. However, this factor had a small but significant effect on customer satisfaction and behavioral intention.

Some of the previous studies have recognized image, brand name, service, value, location, fair pricing, and food quality (nutritive properties and taste) as the main quality attributes in foodservice operations (Chow et al, 2007; Johns & Howard, 1998). Others have

focused on physical properties (cleanliness, layout, and furnishing), food quality (taste, balance, hygiene, and health properties), service quality (responsiveness, friendliness, attentiveness) and atmosphere (comfort and feeling) as key drivers of a positive restaurant experience (Chow et al, 2007; Johns & Pine, 2002). Most of the authors that have examined quality attributes in the foodservice context have recognized price and value, atmosphere, product quality, service quality, and convenience as separate dimensions (Auty, 1992; Gregoire et al., 1995; Johns & Pine, 2002; Kim, 1996).

Clark and Wood (1999) found value and food quality to be the most important attributes in foodservice operations. However, they reported that different attributes are important in different types of establishments. Similarly, Auty (1992) noted that the dining occasion has a major impact on the perceived importance of different quality attributes. These results contradict findings from Campbell-Smith (1967) that customers are looking for the total experience and not individual quality attributes. Other authors have noted that individual attributes are of critical importance in customer segmentation strategies (Oh & Jeong, 1996). Oh and Jeong (1996) have segmented customers based on their expectations for convenience, servicescape, food quality, and service quality. Kara et al. (1995) compared Canadian and US quick service restaurant customers and found differences in expected food quality, location, and pricing. Tefft (1995) showed that individual characteristics of specific attributes might differ by customer segments. For example, it was shown that different customer segments rate food taste as more important compared to the nutritional properties of a meal (Johns & Pine, 2002).

2.2.3. Quality Attributes in Beverage Establishments

Based on the previous theoretical frameworks from foodservice establishments as well as Rust and Oliver's (1994) three-component model of quality, it is expected that service quality, product quality (food and beverage quality), physical environment (servicescape), and social environment (atmosphere) are separate quality attributes in beverage establishments.

Service quality. The service quality is an important attribute that affects customer purchase behavior and choice (Zeithaml, 1988). Service quality is a differentiator and a potent weapon that helps firms gain a lead in the marketplace (Kandampully, 1998) and is an important antecedent of customer satisfaction (Qin & Prybutok, 2009), which mediates the effect of service quality on customer loyalty (Polyorat & Sophonsiri, 2010). Since superior service quality ensures higher economic returns (Qin & Prybutok, 2008) and impacts loyalty towards the service provider (Kandampully, 1998), it is an important quality attribute for beverage establishments (Jauhari & Dutta, 2009). Zeithaml (1988) defined service quality as a customer's perception of the general superiority or the excellence of the service. In the beverage industry, service quality is viewed as intangible benefit the service staff provides through responsive, professional, caring, and courteous behavior.

"Service quality is more difficult for the consumer to evaluate than product quality because of the lack of tangible evidence associated with services." (Bojanic & Rosen, 1994, p.4) Beverage establishments care about the quality of their tangible product, their atmosphere, and the quality of the service. Since service is consumed during the production, it is difficult to evaluate before or after the actual consumption. Thus, service needs to be constantly evaluated during the actual "production." Customer expectations are critical for the perception of service

quality (Lewis & Booms, 1983). Customer satisfaction is therefore influenced by how well one beverage establishment meets and exceeds customer expectations regarding service quality.

Product quality. The product quality attribute of total performance quality has received significant academic attention (Ha & Jang, 2010; Namkung & Jang, 2007; Ryu & Han, 2010). It has been shown that product quality positively affects dining experience and it is crucial to restaurant success (Namkung & Jang, 2007; Sulek & Hensley, 2004). Clark and Wood (1999) confirmed the significant effect that food quality has on restaurant customer loyalty.

Quick-service restaurant customers from Pettijohn et al.'s study (1997) graded product quality considerably higher than cleanliness, value, price, and convenience. Qu (1997) presented similar results, emphasizing the importance of food quality for Chinese customers return intentions. In this study, the overall food quality dimensions were based on consistency, menu variety, and quality. Peri (2006) recognized food quality as the main restaurant attribute that was also considered to be a necessary condition to satisfy customers' expectations. Similarly, Susskind and Chan (2000) argued that the most significant driver of customer satisfaction in the restaurant industry, and the main driver for restaurant patronage, is food quality. Mattila (2001) indicated that food quality was the most salient attribute of the overall restaurant quality. This study also considered product quality as a key predictor of customer loyalty.

According to Sulek and Hensley (2004), food quality is more important than the environment or service quality in its influence on restaurant customer satisfaction. Namkung and Jang's findings (2007) confirmed the positive influence of food quality on restaurant customer satisfaction and on behavioral intentions. Peri (2006) argued that customers have high expectations regarding product quality, which is often more important that other quality

attributes. Similarly, Sulek and Hensley (2004) reported that food quality had higher relative importance compared to ambiance and service in a full-service restaurant.

Even though the importance of food quality is generally accepted, the actual attributes that constitute food quality are not universally recognized. Some authors have used a single-factor approach to food quality, ignoring the formative nature of the construct (Sulek & Hensley, 2004). Kivela et al. (1999b) recognized temperature, presentation, menu variety, and tastiness as key food quality attributes in a restaurant setting. Raajpoot (2002) recognized serving size, variety of food, food presentation, and menu design as main product quality attributes in the restaurant industry. Sulek and Hensley (2004) recognized appeal, safety, and dietary acceptability as main attributes of food quality and further subdivided the appeal category into color, texture, temperature, taste, portion size, and presentation. Namkung and Jang (2007) recognized (a) taste, (b) presentation, (c) menu variety, (d) healthy menu options, (e) freshness, and (f) temperature as attributes of food quality in a restaurant setting.

Taste is often considered to be the most important food quality attribute (Kivela et al., 1999). Cortese (2003) argues that restaurant customers are becoming more sophisticated and that the taste of food is more important now than ever. Consequently, the taste of food was found to have a significant positive effect on the overall customer satisfaction and intended patronage (Kivela et al. 1999; Namkung & Jang, 2007).

Presentation in Namkung and Jang's (2007) study is described as the visual attractiveness and decoration of food. Similarly, Kivela et al. (1999) argued that food presentation has a significant effect on customer satisfaction and return intention. Additionally, Raajpoot (2002) included food presentation as a food quality sub-attribute in his TANGSERV instrument.

Menu variety represents a product quality factor that describes the assortment and number of different food products that are offered. Namakung and Jang (2007) stated that restaurants try to constantly improve their menu selection to have an appropriate assortment of items. Kivela et al. (1999) and Raajpoot (2002) reported the importance of menu variety to restaurant customer satisfaction.

Healthy menu options describe healthy and nutritious food availability (Namkung & Jang, 2007). Kivela et al. (1999) stated that this has a significant influence on customer satisfaction. Similarly, Johns and Tyas (1996b) reported the importance of healthy menu options for the development of a positive restaurant customer experience. Other studies have reported changes in customer food preferences and the increasing importance of healthy options (Sulek & Hensley, 2004).

Food freshness is described as the food attribute related to aroma, juiciness, and crispiness (Péneau, Hoehn, Roth, Escher, & Nuessli, 2006). This attribute was found to be one of the most important individual food quality attributes and has a strong effect on the overall customer dining satisfaction (Acebrón & Dopico, 2000; Johns & Tyas, 1996a; Kivela et al., 1999).

Food temperature is an additional dimension of food quality that impacts food flavor and overall evaluation (Johns & Tyas, 1996a; Kivela et al., 1999). Delwiche (2004) argued that temperature can have an effect on other food quality properties such as appearance, smell, and taste. Because of that, food temperature is important to customer satisfaction (Kähkönen, Tuorila, & Hyvönen, 1995).

Unlike food quality that is often measured with various sub-dimensions, (tastiness of food, menu variety, and nutrition) dimensions of beverage product quality have not been identified in previous research. However, it is expected that beverage product quality has several sub-dimensions: (a) presentation; (b) variety; (c) taste; (d) freshness; and (e) originality.

Physical environment. The quality of the physical environment has been shown to be of high importance in the service industry (Bitner, 1990; Ha & Jang, 2010; Hul, Dube, & Chebat, 1997; Reimer & Kuehn, 2005; Raajpoot, 2002; Ryu & Han, 2010; Ryu & Jang, 2007; Turley & Milliman, 2000; Wakefield & Blodgett, 1996; Wall & Berry, 2007). Early research introduced the idea of the service setting physical environment as a significant customer experience attribute (Kotler, 1973). Kotler (1973) was among the first to suggest that the atmosphere of a service setting may impact customer purchase decisions. Unfortunately, the physical environment has often been neglected in the research related to service quality, where numerous aspects of the service environment have been included in a single construct of "tangibles" (Brady & Cronin, 2001). Contemporary research agreed that all reported dimensions of the physical service environment (design, physical and social factors, ambient conditions, etc.) significantly affect service quality (Barber, Goodman & Goh, 2011). It has also been confirmed that the physical environment has a strong effect on customer satisfaction (Bitner, 1990; Chang, 2000; Ryu & Jang, 2008), emotional responses (Bitner, 1990; Mehrabian & Russell, 1974), perceived service quality (Wakefield & Blodgett, 1999), and customer behavior (Sayed et al., 2003).

Bitner (1992) introduced the concept of servicescape to emphasize that physical surroundings in any service industry setting have a major effect on both employees and customers. Compared to "natural environment," "servicescape" is explained as "built or man-

made environment" (p. 58). Bitner (1992) concluded that physical surroundings are extremely significant for service settings, since customers make their judgments according to the company's appearance. In this study, easiness of orientation, desire to stay, loyalty, commitment, and social interactions are signs that suggest whether the environment is designed successfully. However, Bitner (1992) did not incorporate the social component into her physical environments framework.

Bitner (1992) grouped the physical surroundings factors into three dimensions: (1) ambient conditions, (2) spatial layout and functionality, and (3) signs, symbols, and artifacts. These three attributes have become general guidelines for success in the architecture of hotels, restaurants, and beverage establishments. With the aim to apply Bitner's (1992) idea in the context of leisure environments, Wakefield and Blodgett (1996) expanded "servicescape" framework and introduced aesthetic dimension. Based on their assumption, aesthetic dimension should incorporate facility architecture, interior design, and decoration. Finally, it was confirmed that layout accessibility, seating comfort, electronic equipment, and facility aesthetics all influence the perceived quality of a service setting.

Another interesting aspect of service environment is its power to shape customers' perceptions of service providers and expected service quality (Bitner, 1990). Zeithaml et al. (1993) proposed that tangible cues are often responsible for the expected level of quality in the pre-consumption phase. Moreover, Matilla and Wirtz (2001) and Namasivayam and Mattila (2007) indicated that physical attributes of the service setting influence customers' moods while they are waiting for the service to be delivered. Likewise, the studies in the restaurant context reported that a restaurant's physical characteristics are particularly relevant for creating a

positive restaurant image (Hui et al., 1997; Robson, 1999). In the eyes of customers, the restaurant environment is assumed to be one of the essential determinants of restaurant quality (Rys et al., 1987; Parasuraman et al., 1988; Baker et al., 1994; Wall & Berry, 2007).

Rys et al. (1987) reported that a restaurant's image and quality is largely based on its physical attributes. Parasuraman et al.'s (1988) results confirmed that a facility's attractiveness and newness of equipment have major impact on perceived quality. Wall and Berry's (2007) study gives additional support for the positive relationship between restaurant quality and servicescape perceptions. Kim, Lee, and Yoo (2006) recognized interior design, lighting, atmosphere, and dining area layout as crucial restaurant servicescape features that have an effect on customers' behavior and satisfaction. The DINESCAPE instrument was developed to specifically measure the quality of the restaurant's physical environment (Ryu & Jang, 2008). According to Ryu and Jang (2008) the purpose of the DINESCAPE instrument is to explain how the dining environment elicits emotions that influence customers' behavioral intentions. As a result, the restaurateurs see restaurant environment as a powerful tool to improve the dining experience and exceed customers' expectations. Therefore, extant research empirically confirmed that there is a positive relation between a restaurant's physical environment and emotional responses that subsequently elicit positive beliefs toward the service provider and associated products or services (Ha & Jang, 2010).

According to Katsigris and Thomas (2008), a good physical environment includes both "soft" (image, style, comfort, marketing, and ambiance) and "hard" factors (operational efficiency, cost, safety, cleanliness and maintenance, ergonomics, noise, and space allocation). The key to a good design lies in finding the right balance of form and function (Ransley &

Ingram, 2001). In the era of contemporary and high-tech architecture, many hospitality companies hire famous architects to design their facilities, which have resulted in higher occupancies and/or revenues.

Beverage establishments emphasize physical environment quality. For some establishments, ambiance can even be a key characteristic and primary factor that drives customer demand. Because of this, some bars and nightclubs have hired world-renowned architects to design their interiors hoping to distinguish themselves from the competition (Katsigris, 2012). However, the quick changing environment carries a risk that "hip venues," which have focused on a particular market segment, might be outdated very soon (Ransley & Ingram, 2001). Apparently, "good design" is a subjective category, whereas the most logical solution for beverage establishment designers and operators is to explore the utility of the physical space and its flexibility (Katsigris, 2012). In this way, a venue becomes a framework for introducing new design concepts that can change according to the market demand.

Social environment. Social environment is a widely acknowledged dimension of hospitality experience, particularly evident in various travel magazines and hospitality journals (Heide & Gronhaug, 2006). The concept of social environment, which can influence customer perceptions of quality, is commonly known as "atmosphere" or an element of atmosphere (Heide & Gronhaug, 2006). Atmosphere describes "the air surrounding a sphere." In general slang, atmosphere may be used to depict the vibe or quality of the surroundings (Kotler, 1973). However, it is important not to confuse the physical attributes of the environment with the atmosphere. Bitner (1992) emphasized that servicescape and atmosphere represent two separate concepts in a service setting. As previously stated, servicescape stands for the physical

environment where services are delivered, while atmosphere illustrates the synergy of customers and service providers with the service environment (Heide & Gronhaug, 2006). Heide & Gronhaug (2006) argued that atmosphere consists of features that may represent some physical attributes but are not limited to the environment. More importantly, customers reported that atmosphere is essential for eliciting pleasant feelings and satisfaction. Therefore, the atmosphere is created by individuals within the service environment.

Previous research on social environment was based mainly on the studies of crowdedness in the retail setting (Bateson & Hui, 1987; Eroglu & Machleit, 1990; Hui & Bateson, 1991; Machliet et al., 2000). Even though there are numerous studies in the context of service environments (Tombs & McColl-Kennedy, 2003), few conceptual papers mention the social aspects of these environments (Baker, 1987; Belk, 1975; Bitner, 1992, Turley & Milliman's; 2000). Tombs and McCol-Kennedy (2003) researched the interaction of individuals and their behavior in a social environment from the perspective of the environmental psychology. Cassidy (1997) indicated that the social aspect of the environment is a frequent theme in environmental psychology, claiming that "the influence of physical settings on behavior is inextricably bound up with social aspects of the setting" (p.3). Moreover, Barker (1968) incorporated social-servicescape in his "behavior settings," while Cantor (1986) added a social component to his concept of customer environment named "concept of place." These studies demonstrate that social servicescape represents a synergy between environmental cues and service participants, which contributes to social meaning. As a result, purchase behavior is equally influenced by both social meaning and socio-physical environmental factors (Tombs & McColl-Kennedy, 2003).

Researchers agreed that customer behavior is heavily influenced by the presence of other customers in the service environment (Tombs & McColl-Kennedy, 2003). The concept of social-servicescape (Tombs & McColl-Kennedy, 2003) was founded on Zajonc's (1965) theory of Social Facilitation, Weiss and Cropanzano's (1996) theory of Affective Events, and Barker's (1968) Behavior Settings combined with the approach-avoidance framework (Donovan & Rossiter, 1982; Mehrabian & Russell, 1974). Tombs and McColl-Kennedy's (2003) came up with a proposal for their framework after adopting Clithero et al.'s (1998) idea that "dynamic models of the environment and behavior should identify those personal factors descriptive of the individual or group, and their interaction, relevant to the context under consideration" (p. 104). Therefore, the social-servicescape framework includes five dimensions: (1) purchase occasion or context, (2) social density (physical elements), (3) displayed emotion of others (social elements), (4) customer's affective (internal) responses, and (5) customer's cognitive responses (actual behavior or intention of a behavior) (Tombs & McColl-Kennedy, 2003).

A number of researchers studied the role of the social environment in an experiential services context (Fisher & Byrne, 1975; Milliman, 1986; Baker et al., 1992; Ward et al., 1992; Spangenberg et al., 1996; Yalch & Spangenberg, 2000; Chebat et al., 2001, Mattila & Wirtz, 2001; Turley & Chebat, 2002; Babin et al., 2003; Chebat &Michon, 2003; Eroglu et al., 2003; Wilson, 2003; Mamalis et al., 2005). For instance, certain aspects of the social environment were found to have a strong impact on guests' perception of the hotel, apart from the hotel's location or type (Heide & Gronhaug, 2006). Similarly, restaurant guests perceive a desirable social environment as one of the indicators of a pleasant atmosphere.

Social environment plays a crucial role in enhancing the customer experience at beverage establishments (Gustafsson et al., 2006; Hansen et al., 2005; Katshkigris, 2011, Kokko, 2005). The appearance, mood and behavior of other customers is often more important than any of the attributes under direct management control. Management, on the other hand, can control some aspects of the social environment using appropriate music and entertainment (Skinner et al, 2005). Langeard et al. (1981) noticed that customers also pay attention to service personnel, both front and backstage employees, and that employees' characteristics influence the customers' overall experience. Because of changing customer preferences, beverage establishments often put more emphasis on the social environment. Some of the pubs in the United Kingdom that traditionally did not offer any type of entertainment started to include a wide variety of events, such as concerts, live performances, and quiz nights (Pratten, 2003).

2.2.4. Convenience

Service convenience has become a noteworthy topic in marketing research (Colwell et al., 2008). Generally speaking, service convenience is explained as the capability to "accomplish a task in the shortest time with the least expenditure of human energy" (Morganosky, 1986, p. 37). Brown (1990) defined convenience as consumers' time and effort spent on acquiring product or service in the consumption process. Contemporary research became interested in the technology aspect of services, particularly self-service gadgets, and their impact on convenience and customer satisfaction (Colwell et al., 2008; Dabholkar et al., 2003; Meuter et al., 2000). Nevertheless, there is a clear lack of understanding of how to measure the convenience construct (Berry et al., 2002). According to Berry et al. (2002), convenience is a multifaceted construct

that is often inseparable from the service context and customers' consumption process. Building on Engel and Blackwell's (1982) generally accepted steps of consumers' purchase decision (e.g. need identification, information search, evaluation of alternatives, purchase decision, and post-purchase evaluation), Berry et al. (2002) developed the five service convenience dimensions. Each of these dimensions presents an answer to a corresponding step of the buying decision process.

1. Decision convenience - "consumers' perceived time and effort expenditure to make a service purchase or use decisions" (p. 6).
2. Access convenience - "consumers' perceived time and effort expenditures to initiate service delivery" (p. 7).
3. Transaction convenience - "consumers' perceived expenditures of time and effort to affect a transaction" (p. 7).
4. Benefit convenience - "consumers' perceived time and effort expenditures to experience the service's core benefits" (p. 7).
5. Post-benefit convenience - "consumers' perceived time and effort expenditures when reinitiating contact with a firm after the benefit stage of the service" (p. 7).

Based on the previous framework, five dimensions of convenience have been recognized in beverage establishments:

1. Information convenience
2. Convenient operating hours
3. Location
4. Parking

5. Safety and security

Information convenience in this context is described as the availability of information regarding the establishment. Most of the beverage establishments are encouraged to provide information to customers about products and services, food and beverage prices, special offers, and entertainment. The employees can directly communicate this information to customers or appropriate signs and symbols can be used (Bitner, 1992).

Convenient operating hours are also seen as an important feature of beverage operations. Operating hours can be different for weekdays and weekends and they usually depend on the type of establishment and the location. For example, bar and entertainment combinations tend to open later in the day and stay open until late at night. On the other hand food and beverage combinations tend to open earlier and close earlier.

Convenient *location* with easy access is of major importance to beverage establishments (Seidman & Crim, 2008). Similarly, while examining customer segmentation of foodservice establishments, Shoemaker (1998) noted "short walking distance" as a convenience parameter. Seidman and Crim (2008) examined the factors that influence the selection of nightclub locations in a city. Their study reported that nightclub owners and managers were concerned mostly with patron accessibility and proximity to complimentary businesses. Therefore, it is expected that location convenience would play a major role in the customer's decision to patronize a beverage establishment. Location convenience acts as a noteworthy motivator for customers with low commitment (Mattila, 2001).

Capacity and proximity of the *parking* area can also be categorized as convenience factors (Kivela et al., 1999a). Parking should be located in the vicinity of the establishment.

However, some establishments in urban settings often do not have dedicated parking. As a result, the availability of public parking in the vicinity of the establishment can be of major importance to the customers.

Finally, *safety and security* have been shown to be of major importance in beverage establishments (Berkley, 1998; Moss, 2010b). Berkley (1998) argued that the operators of beverage establishments attribute most security failures to human error, inattention, and inadequate training. Customer participation, ego involvement, social interaction, crowding, high-energy atmosphere, and the effects of alcohol are some of the most common safety and security concerns (Berkley, 1998). Therefore, Berkley (1998) concluded that beverage establishments need to improve safety and security to improve the customer experience. The location of the establishment can play a major role in the perceived safety and security of the establishment (Seidman & Crim, 2008). For example, establishments that are located in the areas with high crime rates can be perceived as unsafe.

2.2.5. Perceived Price Fairness

Yüksel and Yüksel (2003) claim that price fairness is one of the most important factors that customers take into account when evaluating a service. Yüksel and Yüksel (2003) further argued that the concept of value depends on an individual. For instance, some customers will be attracted by just low price, while others are willing to pay more for a better quality product (Chung & Petrick, 2013). Price is an essential criterion for college students, even when the prices are already discounted (Klassen et al., 2005).

Price fairness is explained as a customer's impression of the outcome and the transaction process that seem acceptable and reasonably priced (Bolton, Keh & Alba, 2010; Bolton, Warlop, & Alba, 2003; Chung, Kyle, Petrick, & Absher, 2011; Lee, Illia & Lawson-Body, 2011). Price fairness has a significant effect on customer satisfaction and loyalty which guarantees a long-term profitability (Bowen & Shoemaker, 1998; Kimes, 2002; Xia, et al., 2004). The majority of the studies explained price fairness as the perception of reference prices and the principle of dual entitlement (Bolton, Keh & Alba, 2010; Kimes & Wirtz, 2003). This principle states that the increased price that is justified by increased costs is perceived as fair. On the other hand, price increases created with the aim to elevate profits are perceived as unfair (Kahneman, et al., 1986). Dual entitlement theory is tied to equity theory, since customers generally expect equitable treatment (Huppertz, Arenson, & Evans, 1978).

Reference transactions and prices were proved to affect perceived price fairness (Wirtz & Kimes, 2007). Reference prices are defined as the price the customers believe the service should cost. Reference transactions present a customer's opinion related to the transaction execution. Choi and Mattila (2005) have shown that communicating pricing strategy to customers and explaining what to expect can contribute positively to perceived fairness. The fairness perception improves as the variability of prices is communicated and explained to customers. Dabholkar, Thorpe, and Rentz's (1996) study suggested that price is a factor and not a determinant of value. Price is a factor that helps a customer to assess the concept of product/service value.

Price sensitivity and perceived price fairness in a beverage establishment context has not been empirically investigated. However, based on the price fairness research in the restaurant

context (Wirtz & Kimes, 2007) it is expected that price fairness has a significant impact on customer experience in beverage establishments.

2.2.6. Proposed Model of Antecedents of Customer Experience

Figure 5 shows the proposed model of antecedents of customer experience in beverage establishments. Based on the previous theoretical frameworks from foodservice establishments as well as Rust and Oliver's (1994) three-component model of quality, it is expected that service quality, product quality of food and beverage, physical environment (servicescape), social environment (atmosphere), convenience, and perceived price fairness have significant impact on customer experience (Kim et al., 2009; Johns and Howard (1998).

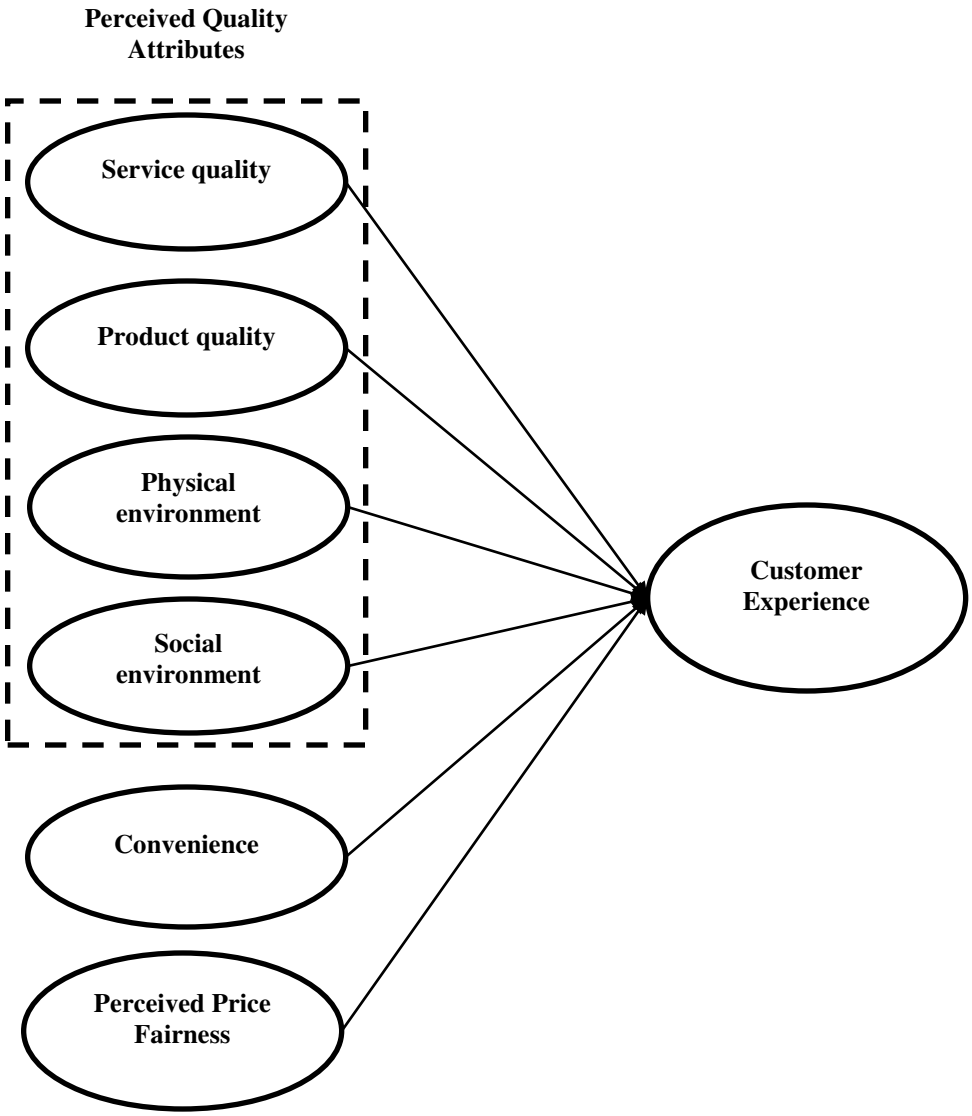

Figure 5. Proposed antecedents of customer experience in beverage establishments

2.3. Customer Experience

2.3.1. Theoretical Foundations

The theoretical roots of customer experience come from the behavioral sciences, where several theoretical foundations have been recognized (Carbone & Haeckel, 1994). Maslow

(1964) developed a psychological and sociological view of experience. He described peak experience as a situation when a person is elevated from ordinary reality and is capable of perceiving ultimate reality. This state is usually short-lasting and it results in a positive affective response. Peak experience is also defined as "subjectively recognized...one of the high points of life, one of the most exciting, rich, and fulfilling experiences [that] the person has ever had," (Thorne, 1963, p. 248). Carù and Cova (2003) described experience from an ethnological and anthropological perspective. For them, experience is formed when a person perceives events through their consciousness; this process is affected by an individual's culture. Based on this framework, it is important to distinguish an individual perspective of experience from an ethnological perspective that views experience as something that happens to society and culture (Abrahams, 1986; Walls et al., 2011).

Customer experience has received significant academic attention in the last three decades (Chen & Chen, 2011; Quan & Wang, 2004). One of the most researched topics in previous studies has been the *authenticity of the customer experience* (Chhabra, Healy, & Sills, 2003; Cohen, 1988; Hughes, 1995; McCabe, 2002; Pearce & Moscardo, 1986; Taylor, 2001; Uriely, 2005; Wang, 1999). However, research in this area was somewhat limited in the definition and attributes of the customer experience (Cohen, 1979, 1988; Dann & Jacobsen, 2002; Gottlieb, 1982; Lee & Crompton, 1992; MacCannell, 1973). Hirsch (1972) approached customer experience from the cultural industry systems perspective, Kaplan (1987) from an esthetics perspective, and Hirschman and Holbrook (1982) from fantasy, imagery, and multi-sensory fields (Walls et al., 2011). Customer experience is of critical importance for a service-dominant

theoretical approach and is closely connected to management, marketing, behavioral economics, and psychology research (Olsson et al., 2012; Vargo & Lusch, 2004).

Andersson (2007) defined the customer experience as the moment when consumption and production meet. Similarly, Meyer and Schwager (2007) defined customer experience as the subjective internal reaction that customers have when they are in any type of contact with a service provider. The study recognized direct and indirect contacts. Indirect contact happens without a customer's control and is characterized as unplanned contact with any service, product, or initiative from a company. Direct contact happens when a customer intends to purchase a product or a service.

Customer experience also has been defined using an affective and cognitive framework (Rose et al., 2012) to explain that experience occurs during a contact between a customer and service provider and involves both affective and cognitive customer reactions (Holbrook & Hirschman, 1982). Schmitt (1999) used this approach and evaluated how different service providers analyze a customer's cognitive and affective reactions to experiential marketing. Berry et al. (2002) explained that companies should provide services to satisfy customer's basic needs and provide a desired experience (Chang & Horng, 2010). Berry et al., (2002) recognized emotional, or affective, and functional, or cognitive, elements of the service experience. Grace and O'Cass (2004) have focused on different processes that happen during the service exchange that are vital to the customer experience.

Since every customer experience has a time dimension (Bitran et al., 2008), it is possible to recognize different phases of their experience (Wu & Liang, 2009). Customer experience starts with a first contact between the customer and a service provider. This contact does not

have to be physical and might involve word-of-mouth or other awareness of a providers' marketing effort. The experience continues with the service exchange, which can be influenced by servicescape, environment, employees, and other customers (Wu & Liang, 2009). This phase of the experience has many analogies with a theater (Grove et al., 1992), considering that several theatrical components can be recognized during physical aspects of the customer experience. Customers act as an audience, the physical environment represents a theatrical stage, service providers represent actors, and the service itself can be considered the play (Grove et al., 1997). The customer experience does not end with a service exchange. For example, customers can share and relive their experience and compare them to other customers' experiences.

Pine and Gilmore (1998) introduced a new theoretical model for customer experience. They proposed a new framework called "experience economy" that can be used to improve overall performance in a number of service oriented industries (Pine & Gilmore, 1999; Gilmore & Pine, 2002). This model found a broad application in the hospitality and tourism industry. Additionally, "experience economy" has been used in hospitality and tourism research as a way to interpret the customer experience (Oh et al., 2007; Richards, 2001; Stamboulis & Skayannis, 2003). From a business perspective, in Pine and Gilmore's (1999) framework, customer experiences have been defined as "events that engage individuals in a personal way" (p. 12). Oh et al. (2007) further clarified this framework and defined customer experience as "enjoyable, engaging, memorable encounters for those consuming these events" (p. 120).

Pine and Gilmore's (1998) model of "experience economy" is based on the two crucial dimensions of: *level of participation,* and *level of absorption/immersion*. The level of participation varies between active and passive, and the second dimension varies from fully

immersed to absorption. According to this model, four basic types of customer experiences can be identified: educational, esthetic, entertainment, and escapist (Hosany & Witham, 2010; Pine & Gilmore, 1998). Based on the customer's participation dimension, customers that are passive can have entertainment and esthetic experiences. On the other hand, active participation is required for educational and escapist experiences (Oh et al., 2007). Customers that passively participate in service activities do not have impact on the service performance. On the other hand, active participants can have a personal impact on service and can change the service experience. Based on the absorption-immersion dimension, customers usually absorb educational and entertainment experiences. At the same time, esthetic and escapist experiences are considered to be immersive. Immersion is defined as "becoming physically (or virtually) a part of the experience itself" (Pine & Gilmore, 1999, p. 31). Absorption is defined as "occupying a person's attention by bringing the experience into the mind" (Pine & Gilmore, 1999, p. 31).

One of the newest customer experience frameworks is based on the notion of *cognitive and affective customer experiential states* (Rose, Clark, Samouel & Hair, 2012). Based on the Gentile, Spiller, and Noci (2007, p. 398) research, *cognitive experiential state* is defined as the component of customer experience "connected with thinking or conscious mental processes." This experiential state is generated in the mind of the customer. In this state, the customer comprehends all aspects of the service experience. For example, customers can recognize if experiences are positive or negative and understand the implications of those experiences. The cognitive experiential state requires participation and full immersion of the customer. Similarly to the escapist experience in Pine and Gilmore's (1999) framework, customers in the cognitive experiential state are engaged and participate in all activities that constitute the experience.

During their experience, customers affect the service performance and service environment and are engaged in the co-creation process. In this situation, customers want to escape their regular life and view the world from a different perspective (Oh et al., 2007).

The affective experiential state "involves one's affective system through the generation of moods, feelings, and emotions" (Gentile, Spiller & Noci, 2007, p. 398). Service settings can generate emotional responses to create the customer's affective relationships (Rose, Clark, Samouel & Hair, 2012). In other words, customers can develop an emotional response to products, services, and brands. Customers in the affective experiential state enjoy the experience as it appeals to their senses. Sightseeing tours, listening to music, reading, and going to a concert or a theater play are examples of experiences that can create the affective experiential state (Oh et al., 2007). Additionally, this affective experiential state requires the customer's readiness and attention and it is characterized by the observation and enjoyment of other customers, service providers, and entertainers.

Extant research provided various explanations that affect and cognition interact with one another (Tsal 1985; Zajonc & Markus, 1982). The marketing research suggested that an individual's cognitive experience is influenced by their affective state (Bagozzi, Gopinath & Nyer, 1999). Emotions can influence the cognitive process by changing the way the information about the company is encoded and retrieved from a customer's memory. This condition is called "state-dependent learning." This means that customers will best recall the information learned in one affective state when exposed again to the same affective state (Bower, 1981). This type of affective processing has been shown to affect decision-making and judgment, consequently having an effect on customer behavioral intentions (Tuan Pham, 2004).

2.3.2. Customer Experience in the Hospitality Industry

Customer experience is considered an important concept for the hospitality industry. Boorstin (1961) tried to determine how customer experience is formed in the tourism and hospitality industry and described it as the "trivial, superficial, frivolous pursuit of vicarious, contrived experiences, a 'pseudo-event" (p. 77). On the other hand, MacCannell (1973) described the importance of the authenticity for the customer experience in hospitality and tourism. He argued that pursuit of the authentic experience is critical for customer enjoyment. Cohen (1979) argued that none of the previous frameworks are valid in all situations and that each can find application in certain types of customer experience. Similarly, different customer segments can desire different types of customer experiences in different situations. Based on Cohen's (1979) phenomenological view of hospitality and tourism, experiences can be divided into several groups: experiential, diversionary, experimental, recreational, and existential. Newer approaches to customer experience in hospitality sees the experience in relation to expectations, perception, quality, satisfaction, and value (Knutson & Beck, 2003). Quan and Wang (2004) examined the dynamics of hospitality experiences and analyzed peak, supporting, and daily routine experiences. Additionally, consumer experience index was created. This index was designed to measure separate aspects of customer experience and to be complementary to the American Customer Satisfaction Index (Knutson et al., 2009).

Most of the existing research on customer experience in the hospitality industry can be grouped into one of three research streams: (a) classification and taxonomy of experiences; (b) antecedents and causes of experience; (c) relationship between experience and other customer behavior constructs (Walls et al., 2011). Thorne (1963) created one of the first classifications of

hospitality experiences . He classified experiences as sensual, emotional, cognitive, conative, self-actualization, and climax peak experiences. Each of these categories was further subdivided into two or more subcategories. Several previous hospitality studies have tried to provide an explanation of how the experience is formed and what factors lead to the development of positive customer experience (Cole & Chancellor, 2009; Cole & Scott, 2004). Other authors have tried to address the specific types of experience and how they relate to other constructs. For example, Geissler and Rucks (2011) examined the theme park experience and its consequences. Poulsson and Sudhir (2004) recognized that for the experience to be meaningful, it should include elements of novelty, surprise, learning, and engagement. Barsky and Nash (2002) examined emotions related to the hotel-stay experience and found differences in the emotional response for different industry segments and different brands.

2.3.3. Experience Measurements

Experience as an internal construct with a personal and individualized nature is extremely difficult to measure (Knutson et al, 2009). Unlike commodities that are tangible, experience is an intangible product that does not always follow simple and predictable economic laws. Before Pine and Gilmore (1999) introduced the experience economy, customer satisfaction and quality initiatives seemed the best strategies for competitive advantage. However, in service industries such as hospitality, this concept could be insufficient, since customer experience is not taken into account. Since the 1990s, companies have put a stronger emphasis on services compared to tangible goods and focused on personalized and customized service (Bell et al., 2002). This led

to the creation of experiential products that were based on the customer's unique preferences regarding service and product outcomes and the service process (Knutson et al., 2009).

A number of previous studies tried to develop different scales of customer experience. These instruments include the pleasure arousal dominance scale (Mehrabian & Russell, 1974), the absorbing experience scale (Swanson, 1978), the sensation seeking scale (Zuckerman, 1994), the experiential value scale (Mathwick et al., 2002), and the consumer experience index (Knutson et al., 2009). Finally, Oh, Fiore and Jeoung (2007) created a new scale based on Pine and Gilmore's (1998) customer experience framework. This scale included 16 items that were used to measure four dimensions of customer experience (educational, esthetic, entertainment, and escapist). The first application of the scale indicated that customer experience, measured by the new instrument, had a significant positive effect on customer satisfaction and return intentions.

Customer experience in beverage establishments has not been researched. However, it is expected that the customers of beverage establishments have a different type of experience from other hospitality establishments and that some of the key drivers of their experience may be unique to beverage establishments.

2.4. Outcomes of Customer Experience

There are a large number of definitions of customer loyalty and satisfaction in the literature (Oliver, 1999). Most of the definitions are about loyal customer behavior (Oliver 1980). Tse and Wilton (1988) defined satisfaction as an "evaluation of the perceived discrepancy

between prior expectations... and the actual performance of the product" (p. 204). Loyalty, on the other hand, is defined through repeat purchasing from the same company (Tellis, 1988).

Customer satisfaction and loyalty are two of the most researched areas in the tourism and hospitality field (Pizam & Ellis, 1999). It is desirable for every business to have satisfied customers who are willing to repurchase a product or service (Jani & Han, 2011; Ryu & Han, 2010). Early definitions of customer satisfaction recognized it as a post-consumption assessment related to a specific purchase decision (Bearden & Teel, 1983; Churchill & Surprenant, 1982; Homburg & Giering, 2001; Oliver, 1981). This definition revolved around the confirmation/disconfirmation paradigm (Homburg & Giering, 2001; Oliver, 1980; Oliver & Swan, 1989). Customers would feel that products or services they purchase would fulfill their needs and desires and the process itself was pleasurable (Oliver, 1999). Therefore, satisfaction is defined as the pleasurable outcome of consumption. The connection between satisfaction and loyalty is in repeated satisfaction episodes. Frequent or cumulative satisfaction has been argued to cause loyalty. However, additional conditions are usually required (Dick & Basu, 1994). Based on this framework, loyalty is defined as "a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior" (Oliver, 1997. p. 392). Based on this definition, loyal customers are those that have a desire to re-buy a product or service "against all odds and at all costs" (Oliver, 1997. p. 392).

This type of behavioral approach to customer loyalty was originally proposed by Jacoby and Kyner (1973) and Jacoby and Chestnut (1978). They defined loyalty as repeated purchasing

of products and services from the same brand when additional alternatives are available. This process occurs over time and involves the customer's evaluations of products and services (Jacoby & Kyner, 1973). Additionally, intentions, belief, and affect were shown to play a major role in the loyalty creation process (Jacoby & Chestnut, 1978). Jacoby and Chestnut (1978) have applied the expectancy-value theory to describe separate phases on loyalty creation. Based on this model, they recognized happenstance purchasing, non-loyal repeat purchase behavior, true multi-brand loyalty, and true focal brand loyalty. This model implies three types of a customer's internal processes: cognition, affect, and intention. Cognition is described, in their framework, as the information held by the customer that recognizes a certain product or service as being superior over their competition. Affect is present when the customer has a higher emotional response toward one product or service over others. Intention represents the behavioral indicator that indicates the customer's intent to purchase one product or service over others (Jacoby & Chestnut, 1978).

Although a number of previous studies have examined customer loyalty, there is still no universally accepted definition (Dick & Basu, 1994; Jacoby & Chestnut, 1978; Oliver, 1999; Uncles, Dowling & Hammond, 2003). Uncles, Dowling, and Hammond (2003) recognized three different conceptualizations of loyalty. The first one is based on the attitude to develop a relationship with a company. The second is based on the customer's purchasing behavior. The final one is based on the number of moderators of purchasing behavior such as purchasing situation and individual differences and characteristics. Oliver's (1997) four-stage loyalty model is deeply connected with pervious frameworks. He recognized that different types of loyalty occur over time in a consistent sequence and inferred that four main types of loyalty are

cognitive loyalty, affective loyalty, conative loyalty and action loyalty (Oliver, 1999). This model extends the "cognitive-affective-conative" sequence with the introduction of observable purchasing behavior. Based on this model, customers can develop loyalty in each of the steps; however, each loyalty step would have individual characteristics and can be affected by different factors.

2.4.1. Cognitive Loyalty

Customer loyalty at the cognitive stage is affected by the information available to the customer, such as price, quality, and value (Evanschitzky & Wunderlich, 2006). This type of loyalty is considered to be weakest, considering that it is based on the benefits and costs of a certain product or service and not based on the relationship with the company. Thus, customers are likely to switch to other companies if they recognize their products and services are better than those they formerly purchased (Kalyanaram & Little, 1994; Sivakumar & Raj, 1997). This behavior is tied to cost-benefit analysis and the evaluation of relative price and value of products and services. Cognitive loyalty is different from affective loyalty because it is based on cost oriented calculations rather than emotional relationship. Customers do not have to have a true desire to develop a long-term relationship, but can feel that it is more convenient or more cost effective to do so, compared to switching to more expensive alternatives (Allen & Meyer, 1997). Therefore, the nature of cognitive loyalty is affected by both quality of products and services and the availability of alternatives.

2.4.2. Affective Loyalty

Affective loyalty is defined as a favorable emotion and attitude toward a certain company or their products and services. This attitude is formed as result of the confirmation of a certain expectation that results in satisfaction. Satisfaction, then, leads to affective loyalty (Bitner, 1990). Satisfaction is often defined as the "the consumer's fulfillment response, the degree to which the level of fulfillment is pleasant or unpleasant" (Oliver, 1997, p. 28). As such, satisfaction is the result of the cognitive evaluation of performance of products or services (Evanschitzky & Wunderlich, 2006). Affective loyalty is also defined as the emotional attachment to a relationship that instructs a person to continue it because of favorable attitudes, affects, emotions, and perceptions (Jaros, Jermier, Koehler & Sincich, 1993). Social bonds are considered the main building blocks of affective loyalty in marketing relationships (Berry, 1995). The result of these bonds is a sense of belonging, which leads to affective loyalty (Achrol, 1997) through the dedication of two sides in a service exchange (Bendapudi & Berry, 1997). Affective loyalty can also deteriorate over time. The level of deterioration depends on the attractiveness of the competitive products and services (Sambandam & Lord, 1995) and the attractiveness and marketing efforts of the competition (Oliver, 1999).

2.4.3. Conative Loyalty

Conative loyalty, unlike cognitive and affective loyalties that are considered to be attitudinal, is characterized as intention to pursue purchasing behavior with the same company. This type of loyalty is stronger than either cognitive or affective loyalty since it involves a behavioral intent component (Evanschitzky & Wunderlich, 2006). However, even this type of

loyalty is vulnerable to repeated delivery failures that could change customer intentions. After repeated failures, customers are more likely to try competitive products and services. Even in the cognitive loyalty state, customers can stay interested in alternative offerings (Oliver, 1999). Conative loyalty is often conceptualized as behavioral intention. This usually involves return intention and word-of-mouth dimensions.

Word-of-mouth can be explained as an oral statement that communicates customers' level of satisfaction or dissatisfaction among their acquaintances (Blodgett et al., 1993; Söderlund, 1998). As such, word-of-mouth has been recognized as one of the most important behaviors that occur after the purchase of goods and services (Richins, 1983). Word-of-mouth occurs when a customer is highly satisfied with a service and has a desire to share this positive experience with other potential customers (Westbrook, 1987).

Return intention is defined as the desire of a customer to engage in repeated visitations of an establishment (Kim et al. 2009). As such, return intention should be clearly separated from return behavior. Söderlund and Öhman (2005) compared the two behaviors. They concluded that intention as customer "wants" had a heavier impact on return behavior than intentions as "expectations." Overall, intention and behavior show correlations. However, what the customer actually does, compared to what they intend to do, is difficult to measure (Szuchnicki, 2009).

2.4.4. Action Loyalty

Action loyalty is the final stage of loyalty that involves true repeated purchasing behavior. This type of loyalty is important, since it has been shown in multiple studies that only one part of intentions is transferred into action (Kuhl & Beckmann, 1985). The cognitive,

affective, and conative loyalty states are prerequisites for the action state (Evanschitzky & Wunderlich, 2006). The readiness to act is accompanied with the willingness to spend additional effort to receive a product or service from the company to which a customer is loyal. In this state, customers do not consider products and services from competition as true alternatives and substitutes and they continue to purchase only ones that they purchased in the past (Oliver, 1999).

2.5. Theoretical Model

Previous studies have shown a positive relationship among quality attributes, customer satisfaction, and behavioral intentions (Baker & Crompton, 2000; Cronin et al., 2000; Taylor & Baker, 1994; Tian-Cole, Crompton, & Willson, 2002; Woodside et al., 1989). This relationship is important because behavioral intentions were shown to have a significant impact on profitability (Hallowell, 1996). Previous research has shown that service quality, product quality, the physical environment, the social environment, convenience, and price are crucial antecedents of customer experience (Bitner, 1990, 1992; Cronin & Taylor, 1994; Dabholkar et al., 2000; Kim, Ng, & Kim, 2009; Ryu & Han, 2010; Verhoef et al., 2009). Baker and Crompton (2000) and Ha and Jang (2010) have shown that service and product quality have a positive impact on both positive word-of-mouth and return intention. Additionally, previous studies have shown that service quality leads to positive word-of-mouth and behavioral intention (Baker & Crompton, 2000; Bowen & Shoemaker, 1998; Cronin & Taylor, 1992; Cronin et al., 2000; Dabholkar et al., 2000; Kim et al., 2009; Taylor & Baker, 1994; Woodside et al., 1989).

2.5.1. Relationship between Quality Attributes, Convenience, Perceived Price Fairness and Customer Experience

Figure 6 shows the hypothesized relationships between different quality attributes, convenience, perceived price fairness, and cognitive and affective experiential states. However, a small number of studies researched the relationships between different antecedents of experience and the two separate experiential states (cognitive and affective). It was shown that interactivity (Mollen & Wilson, 2010; Hoffman & Novak, 2009; Skadberg & Kimmell, 2004), telepresence (Mollen & Wilson, 2010; Novak, Hoffman & Yung, 2000), level of challenge (Hoffman & Novak, 2009; Novak, Hoffman & Yung, 2000), and level of skill required to receive service (Hoffman & Novak, 2009; Novak et al., 2000) had positive effects on the cognitive experiential state. On the other hand, ease of use of service (Cheung, Chang, & Limayem, 2005; Gefen, 2003; Cho & Park, 2001), customization (Blackwell, Miniard & Engel, 2006; Burton, 1999; Chang, Yuan & Hsu, 2010), personal connection (Kim & Jin, 2006; Muniz & O'Guinn, 2001; Pentina, Prybutok & Zhang, 2008), perceived control (Agarwal & Karahanna, 2000; Perea y Monsuwé, Dellaert & Ruyter, 2004; Wolfinbarger & Gilly, 2001), esthetics (Baker, Levy & Grewal, 1992; Eroglu et al., 2003; McKinney, 2004; Wang, Hong & Lou, 2010), and benefits (Chen & Chang, 2003; Doolin et al., 2005; Hoffman, Novak & Venkatesh, 2004) were shown to have a positive impact on the affective experiential state.

Previous research has shown that quality attributes have a positive effect on customer experience (Cole & Scott, 2004). Cole and Scott (2004) researched this relationship at The Rain Forest exhibit at Cleveland Metroparks Zoo and defined quality with three attributes: ambiance, amenities, and comfort. In a festival environment, Cole and Chancellor (2009) reported that the

relation between quality and guest experience is positive with quality being represented by three attributes: program, amenities, and entertainment (Cole & Chancellor, 2009). Thus, it is proposed that quality attributes in beverage establishments have a positive effect on customer experiential states.

It is expected that service quality, product quality, physical environment, and social environment have a positive effect on customer experience. Additionally, the relationships between each quality attribute and the two dimensions of experience (cognitive and affective experiential states) are expected to be different. A number of previous studies have reported that customer satisfaction and service quality are highly positively correlated (Bolton & Drew, 1994; Iacobucci et al., 1995; Sivadas & Baker-Prewitt, 2000). On the other hand, previous studies have argued that customer experience and satisfaction are based on the level of service quality and that service quality can be considered to be an antecedent of customer experience (Dick & Basu, 1994; Anderson & Fornell, 1994; Iacobucci et al., 1995; Rust & Oliver, 1994). Similarly, Bolton and Drew (1994) stated that attitudes about service quality have a major impact on customer experience. Anderson et al. (1994) and Bitner et al. (1994) argued that the improvement of service quality leads to the improvement in customer experience, which leads to increased customer satisfaction (Sivadas & Baker-Prewitt, 2000). Thus it is hypothesized:

H1: Service quality has a positive effect on customer experience in beverage establishments.

Specifically, it is expected that service quality has a strong positive effect on both cognitive and affective experiential states (Bagozzi & Burnkrant, 1979; Zajonc & Markus, 1982; Zanna & Rempel, 1988). Thus, the following hypotheses are proposed:

H1a: Service quality has a positive effect on the cognitive experiential state.

H1b: Service quality has a positive effect on the affective experiential state.

Product quality has received significant academic attention (Ha & Jang, 2010; Namkung & Jang, 2007; Ryu & Han, 2010). The results from previous research indicate that product quality positively affects the dining experience and is crucial for restaurant success (Namkung & Jang, 2007; Sulek & Hensley, 2004). Extant research empirically examined the importance of food quality in the context of restaurants. Food quality proved to be of crucial importance to the customer's dining experience (Clark & Wood,1999). Susskind and Chan (2000) suggested that food quality is a key determinant of the customer experience in a restaurant. Similarly, it is expected that product quality has a strong impact on customer experience in beverage establishments. Compeau et al. (1998) revealed that product quality has been examined primarily by focusing on the cognitive and affective experiential evaluations of various intrinsic product characteristics or extrinsic quality signals. Therefore, it is expected that product quality has an effect on the cognitive experiential state. The following hypotheses are proposed:

H2: Product quality has a positive effect on customer experience in beverage establishments.

H2a: Product quality has a positive effect on the cognitive experiential state.

H2b: Product quality has a positive effect on the affective experiential state.

The quality of the physical environment has been shown to be of high importance in the service industry (Bitner, 1990; Ha & Jang, 2010; Hul, Dube, & Chebat, 1997; Reimer & Kuehn, 2005; Raajpoot, 2002; Ryu & Han, 2010; Ryu & Jang, 2007; Turley & Milliman, 2000; Wakefield & Blodgett, 1996; Wall & Berry, 2007), and has been shown to affect service quality

(Wakefield & Blodgett, 1999), customer satisfaction (Bitner, 1990; Chang, 2000), customers' emotions (Bitner, 1990; Mehrabian & Russell, 1974), and customer behavior (Sayed et al., 2003). The relationship between the physical environment and customer experience has been reported to be extremely important in food and beverage establishments (Hui et al., 1997; Robson, 1999). With the growth and refinement of food and beverage establishments, customers now expect more sophisticated environments for their dining experience (Ryu & Jang, 2008). Physical environment has been shown to be of major importance during the dining experience and in the pre-consumption stage. Bitner (1990) suggested that the physical environment affects customer experience and the perception of overall service quality. Therefore, the following is hypothesized:

H3: Physical environment quality has a positive effect on customer experience in beverage establishments.

Bitner (1992) proposed the term "servicescape" to refer to the environment where the service delivery process takes place. According to this framework, the physical environment included: (1) Ambient conditions (air quality, temperature, music, noise, odor, etc.); (2) Spatial layout and functionality (building layout, furniture, or equipment arrangement); (3) Signs, symbols and artifacts (signage, décor, artifacts). Previous research has shown that these attributes can be considered either as hedonic or utilitarian (Ballantine et al., 2010). Hedonic physical environment features are more likely to affect the affective experiential state, while the utilitarian attributes are more likely to affect the cognitive experiential state (Babin & Attaway, 2000; Rintamaki et al., 2006). Specifically, ambient cues such as odor may elicit pleasant emotions for the retail customers (Baker & Cameron, 1996; Dube, Chebat, & Morin, 1995). Therefore, since it

is expected that the physical environment has a positive effect on both cognitive and affective experiential states, the following hypotheses are proposed:

H3a: Physical environment quality has a positive effect on the cognitive experiential state.

H3b: Physical environment quality has a positive effect on the affective experiential state.

The importance of the social environment on customer experience has been recognized among hospitality researchers and industry professionals. The social environment of food and beverage establishments was recognized as one of the most important drivers of a positive customer experience (Hansen et al., 2005; Gustafsson et al., 2006). Based on the results of previous studies (Fisher & Byrne, 1975; Milliman, 1986; Baker et al., 1992; Ward et al., 1992; Yalch & Spangenberg, 2000; Chebat et al., 2001, Mattila & Wirtz, 2001; Turley & Chebat, 2002; Babin et al., 2003; Chebat &Michon, 2003; Eroglu et al., 2003; Wilson, 2003; Mamalis et al., 2005), it is expected that the social environment has a strong impact on the customer experience in beverage establishments. However, the effect of social environment quality on the cognitive and the affective experiential states is not expected to be equally strong. The social environment quality was shown to have a strong effect on customer's affective state, since social environment can cause strong emotions (Fisher & Byrne, 1975; Donovan & Rossiter, 1982). At the same time, previous studies did not recognize the effect of social environment on the cognitive experiential state (Donovan & Rossiter, 1982). Therefore, it is expected that social environment has a significant positive effect on affective experiential state.

H4: Social environment quality has a positive effect on affective experiential state in beverage establishments.

Convenience in the service setting has received significant academic attention. Previous studies have shown the effect of technology on service convenience and the consequent improvement of customer experience (Dabholkar et al., 2003; Hedhli, Chebat & Sirgy, 2013; Meuter et al., 2000). Lee, Sirgy, Larsen, and Wright (2002) have shown that convenience affects customer well-being. Service convenience was conceptualized as a means to decrease time and effort invested in the process of acquiring a service (Crosby & Stephens, 1987). The reduction in time and effort, on the other hand, improves customer experience (Hedhli, Chebat & Sirgy, 2013). It is expected that convenience does not have the same effect on the two dimensions of customer experience in beverage establishments. Considering that convenience only allows customers to enjoy an experience without improving it directly, it is expected that convenience has a significant positive effect on the cognitive experiential state in beverage establishments. The cognitive experiential state involves the mental process of evaluation of a product or service. At the same time, it is expected that convenience improves the overall evaluation of the product and service without affecting the customer's emotions (Crosby & Stephens, 1987). Therefore, convenience, being a utilitarian construct, is not expected to have an effect on the affective experiential state and is expected to positively affect the cognitive experiential state. Thus, the following hypothesis is proposed:

H5: Convenience has a positive effect on the cognitive experiential state in beverage establishments.

Yuksel and Yuksel (2002) claim that price fairness is one of the most important factors that customers take into account when evaluating a service. Price fairness is explained as a customer's impression of the outcome and the transaction process that seem acceptable and reasonably priced (Bolton, Warlop, & Alba, 2003). Moreover, price fairness has a significant effect on customer satisfaction and loyalty, which guarantees long-term profitability (Bowen & Shoemaker, 1998; Kimes, 2002; Xia, et al., 2004). Previous studies indicated that perceived and objective prices are crucial to a customer's service evaluation (Zeithaml, 1988). However, price sensitivity and perceived price fairness in beverage establishments has not been empirically investigated. Nevertheless, it is expected that price would have a significant impact on customer experience in beverage establishments. Further, it is expected that perceived price fairness does not have the same effect on the cognitive and affective experiential states in beverage establishments. Specifically, a customer's cognitive experiential state is more likely to be affected by unfair prices, since the perception of price fairness is a cognitive phenomenon (Xia, et al., 2004). At the same time, it is not expected that it would have a direct effect on a customer's emotions, and therefore the customer affective experiential state. Thus, the following hypotheses are proposed:

H6: Perceived price fairness has a positive effect on the cognitive experiential state in beverage establishments.

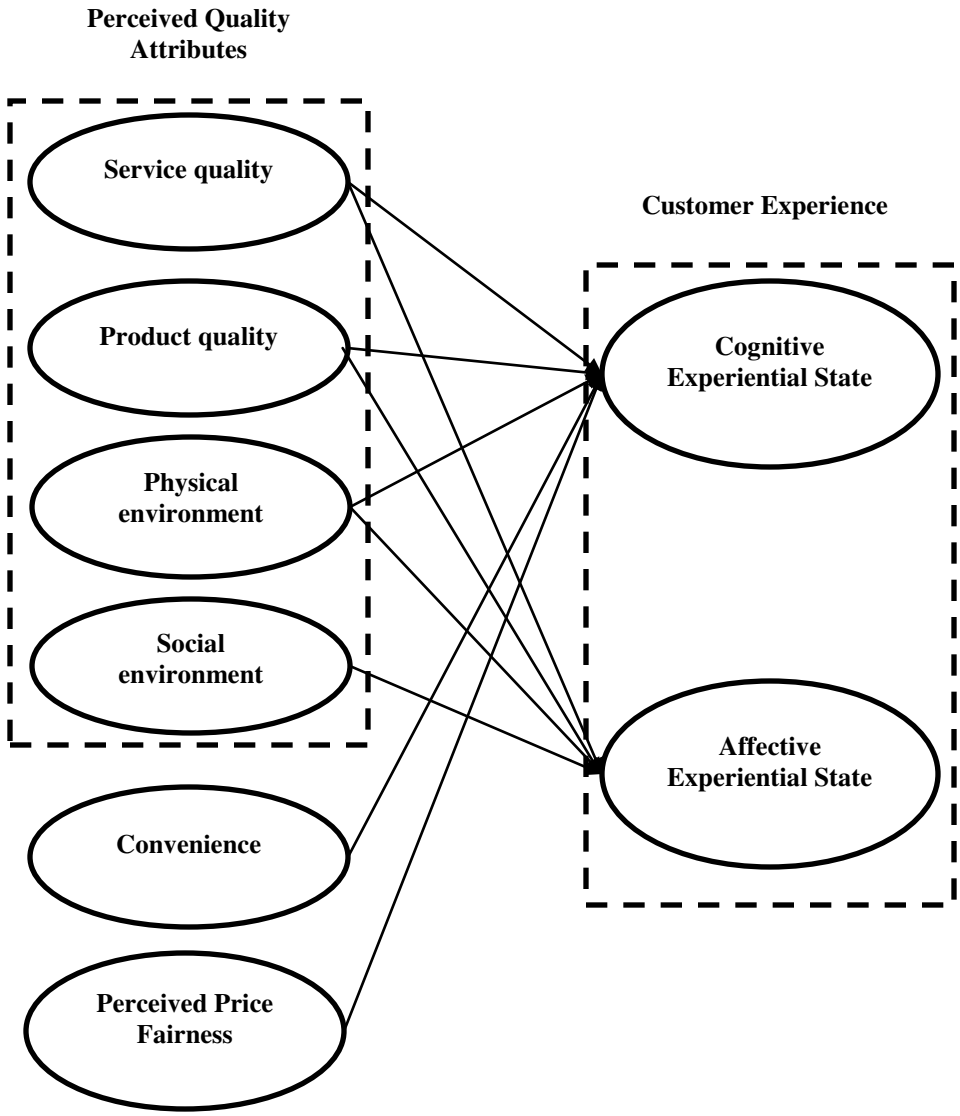

Figure 6. Sub-model of the effect of different antecedents of customer experience on the cognitive and affective experiential states.

2.5.2. Customer Experience, Loyalty and Behavioral Intentions

Figure 7 shows the hypothesized relationship between the different dimensions of customer experience: affective and cognitive loyalty and behavioral intentions. Several studies have reported a strong positive correlation between customer satisfaction and experience (Baker

& Crompton, 2000; Tian-Cole & Chancellor, 2009; Cole & Scott, 2004; Oh et al., 2007). Baker and Crompton (2000) have shown that quality has a significant positive effect on customer satisfaction (Baker & Crompton, 2000). They have conceptualized quality as attributes of service, which are controlled by the service provider, while customer satisfaction referred to an emotional and cognitive state after exposure to the opportunity (Baker & Crompton, 2000). Additional studies have shown that high positive experience leads to high customer satisfaction (Cole & Chancellor, 2009; Cole & Scott, 2004). Additionally, Hosany and Gilbert (2010) tested the positive relation between emotional experiences, customer satisfaction and loyalty. A significant number of academic papers reported a positive and direct relationship between customer satisfaction and loyalty (Anderson, et al., 1994; Biong, 1993; Gassenheimer, et al., 1996; Hallowell, 1996; Taylor & Baker, 1994; Woodside, et al., 1989). Zeithaml et al. (1996) argued that the relationship between the company and customer is improved with positive customer experience and weakened when the customer assesses their experience as negative. Researchers increasingly recognize that the ultimate outcome of customer experience should be loyalty (Sivadas & Baker-Prewitt, 2000). Fornell (1992) stated that positive experiences lead to an increase in customer loyalty. This, at the same time, makes customers less likely to switch to competition.

Few studies have empirically tested the relationship between customer experience and customer loyalty (Sivadas & Baker-Prewitt, 2000), and there is no consensus relative to the relationships between quality, experience, and customer loyalty. Cole and Chancellor (2009) claim that the relationship between quality and customer loyalty is mediated by experience

quality and reported that the entertainment attribute of quality has a direct impact on customer loyalty.

Previous studies have shown that a customer's cognitive experiential state has a positive effect on customer loyalty (Ha & Perks, 2005; Janda & Ybarra, 2005; Khalifa & Liu, 2007; Ranaweera, Bansal & McDougall 2008; So, Wong & Sculli, 2005). Additionally, it has been shown that a customer's affective experiential state positively influences affective loyalty and enjoyment (Ha & Perks, 2005; Homburg, Koschate & Hoyer, 2006; Janda & Ybarra, 2005; Jin, Park & Kim, 2008; Khalifa & Liu, 2007; Kim, Zhao & Yang, 2008; Ranaweera, Bansal & McDougall, 2008; So, Wong & Sculli, 2005). Therefore, the following hypotheses are proposed:

H7: The cognitive experiential state has a positive effect on cognitive loyalty.

H8: The affective experiential state has a positive effect on affective loyalty.

The theory of reasoned action is often used as the basis for the analysis of the relationship between cognitive, affective, and conative loyalty reflected in word-of-mouth and return intention (Back, & Parks, 2003). This theory was developed by Ajzen and Fishbein (1980) in order to connect a customer's behavioral intention with their beliefs and attitudes. This theory states that customers make decisions based on the evaluations of alternatives and, based on their decisions, they engage in the most desirable behavior (Back & Parks, 2003). Bentler and Speckart (1981) add that customers' attitudes are formed first and that they affect the customers' behavior. Similarly, Peter and Olson (1993) have shown that change in attitudes in a negative direction can results in switching behavior while a positive change in attitude leads to customer loyalty. Oliver (1997) stated that customer loyalty has multiple stages that start with attitude and finish with behavioral action.

Based on this framework, attitudinal loyalty has three stages: cognitive, affective, and conative. In this model, attitudinal loyalty is seen as a sequential process in which customers first develop cognitive loyalty, followed by affective loyalty and conative loyalty (Oliver, 1997). In the first step, customers develop cognitive loyalty based on their beliefs regarding quality or performance of product or service (Back, & Parks, 2003). In the second step customers develop affective loyalty because of pleasurable fulfillment based on quality performance. Finally, customers develop conative loyalty-reflected in behavioral intention to purchase a product or service, or to spread positive word-of-mouth about the company.

Although Oliver's (1997) theory of customer loyalty stages and consequential relationship with attitudinal and behavioral loyalty are evident, no empirical study has been undertaken regarding beverage establishments. Therefore, it is proposed that affective loyalty has a positive effect on cognitive loyalty. At the same time conative loyalty, represented by word-of-mouth and return intention, is positively affected by both affective and cognitive loyalty. Thus, the following hypotheses are proposed.

H9: Cognitive loyalty has a positive effect on affective loyalty.

H10: Cognitive loyalty has a positive effect on conative loyalty.

H10a: Cognitive loyalty has a positive effect on return intention.

H10b: Cognitive loyalty has a positive effect on positive word-of-mouth.

H11: Affective loyalty has a positive effect on conative loyalty.

H11a: Affective loyalty has a positive effect on return intention.

H11b: Affective loyalty has a positive effect on positive word-of-mouth.

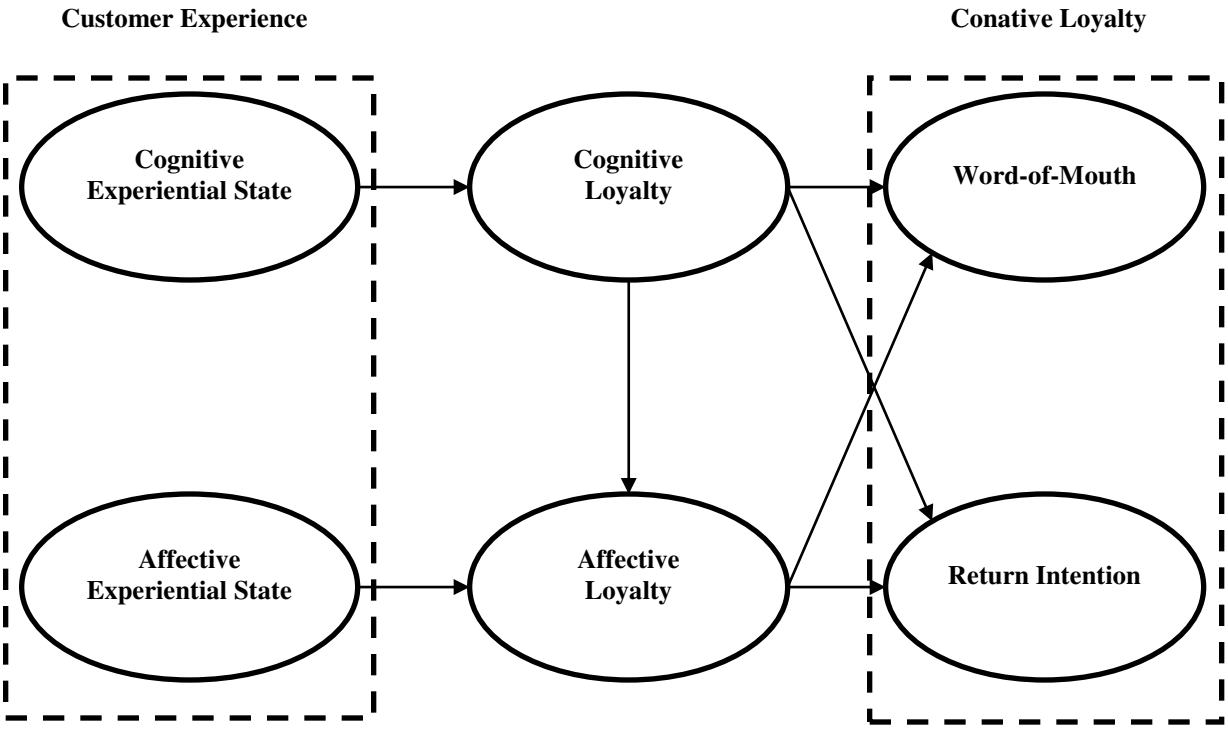

Figure 7. Sub-model of the relationship between customer experience, affective and cognitive loyalty, and behavioral intentions

2.5.3. Moderating Effect of Type of Beverage Establishment

Previous studies have examined different factors that moderate the effect of different variables on customer experience (Fisher, Gainer & Bristor, 1997; Goff et al., 1997; Luo, 2005; Wakefield & Baker, 1998; White & Dahl, 2006). Vehoref et al. (2009) argued that the type of retail establishment acts as a moderator between a number of antecedents of customer experience (social environment, retail atmosphere, service interface, assortment, customer experience in alternative channels, price, brand, and previous experience) and cognitive, affective, social, and physical experience. Additionally, previous studies have shown that customers assign different

values to different restaurant attributes according to the type of establishment (Perutkova & Parsa, 2010). For example, in quick service restaurants, ambience has been shown to be less important to customers than convenience and speed of service (DiPietro et al., 2011; Perutkova and Parsa, 2010; Sulek and Hensley, 2004). However, in upscale restaurants, customers often expect a much higher quality of ambience (Perutkova and Parsa, 2010; Dutta et al., 2013), and changes to the ambience quality may have little impact on customer experience unless a high level of ambience quality is achieved. Similarly, Walls et al. (2009) reported that the effect of the physical environment and service quality on customer experience is different in different types of hotels.

Therefore, it is expected that different quality attributes, convenience, and perceived price fairness do not have the same effect on customer experience in different types of beverage establishments. In this study, beverage operations are divided into several categories: (1) the beverage-only bar - full bars, cocktail lounges, dive bars, beer bars; (2) bar/entertainment combinations - sports bars, blues bars, karaoke bars, comedy bars, dance bars, live music bars; and (3) food and beverage combinations - restaurant bars, pubs, taverns, wine bars, brewpubs. It is expected that in beverage-only bars, service quality, social environment, convenience, and perceived price fairness would play a major role on the creation of positive customer experience. For example, neighborhood bars can have a positive customer experience with a low level of physical environment quality but with friendly and personal service. At the same time, service quality, the physical environment, and the social environment should be the most important in bar/entertainment combinations. Specifically, it is expected that customers in high-end nightclubs expect a high level of physical environment quality and high prices. Finally, in food

and beverage combinations, service quality, product quality, convenience, and perceived price fairness should have the strongest effect on customer experience. Therefore, it is expected that the type of beverage establishment moderates the relationship between quality attributes, convenience, perceived price fairness, and customer experience.

H12: Type of beverage establishment moderates the relationship between antecedents of customer experience (quality attributes, convenience, perceived price fairness) and customer experience.

2.5.4. Proposed Theoretical Model

Based on the previous hypotheses, a model that includes fifteen variables has been constructed (Figure 8). A list of the proposed hypotheses is shown in table 2. The variables are:

- Quality attributes (service quality, product quality, physical environment, social environment),
- Customer experience dimensions (cognitive and affective experiential states),
- Three loyalty dimensions (cognitive loyalty, affective loyalty, and conative loyalty (word-of-mouth, return intention)),
- The type of beverage establishment.

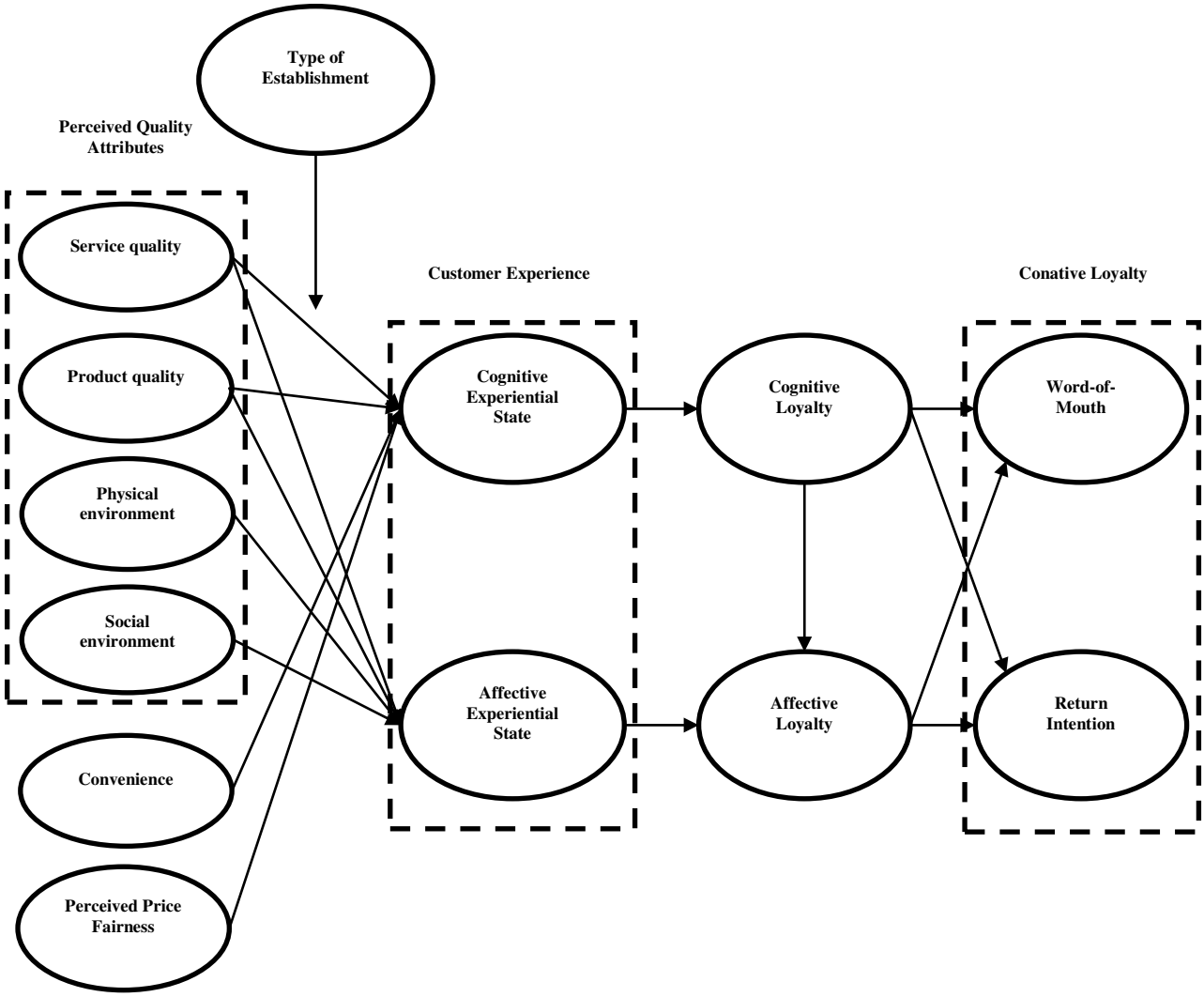

Figure 8. Proposed Model

Table 2. Proposed Hypotheses

No.	Hypothesis
H1	*Service quality has a positive effect on customer experience in beverage establishments.*
H1a	*Service quality has a positive effect on the cognitive experiential state.*
H1b	*Service quality has a positive effect on the affective experiential state.*
H2	*Product quality has a positive effect on customer experience in beverage establishments.*
H2a	*Product quality has a positive effect on the cognitive experiential state.*
H2b	*Product quality has a positive effect on the affective experiential state.*
H3	*Physical environment quality has a positive effect on customer experience in beverage establishments.*
H3a	*Physical environment quality has a positive effect on the cognitive experiential state.*
H3b	*Physical environment quality has a positive effect on the affective experiential state.*
H4	*Social environment quality has a positive effect on the affective experiential state in beverage establishments.*
H5	*Convenience has a positive effect on the cognitive experiential state in beverage establishments.*
H6	*Perceived price fairness has a positive effect on the cognitive experiential state in beverage establishments.*
H7	*The cognitive experiential state has a positive effect on cognitive loyalty.*
H8	*The affective experiential state has a positive effect on affective loyalty.*
H9	*Cognitive loyalty has a positive effect on affective loyalty.*
H10	*Cognitive loyalty has a positive effect on conative loyalty.*
H10a	*Cognitive loyalty has a positive effect on return intention.*
H10b	*Cognitive loyalty has a positive effect on positive word-of-mouth.*
H11	*Affective loyalty has a positive effect on conative loyalty.*
H11a	*Affective loyalty has a positive effect on word-of-mouth.*
H11b	*Affective loyalty has a positive effect on positive return intention.*
H12	*Type of beverage establishment moderates a relationship between antecedents of customer experience (quality attributes, convenience, perceived price fairness) and customer experience.*

CHAPTER THREE: METHODOLOGY

3.1. Research Design

This study uses a sequential exploratory mixed method design (Creswell, 2009; Creswell & Clark, 2007; Creswell, Plano Clark, Gutmann, & Hanson, 2003; Hanson, Creswell, Clark, Petska, & Creswell, 2005). The study was conducted in six phases:

1. The analysis of previous literature regarding quality attributes, convenience, perceived price fairness, customer experience, customer loyalty, and beverage establishments.
2. The development of a mixed methodology research design.
3. The collection, coding, and analyses of qualitative data with a simplified grounded theory triangulation design (Annells, 2006; Corbin & Strauss, 2008; Groenewald, 2004; Morse, 2003; Strauss, 1987).
4. The quantitative pilot study that involved a refinement of the study instrument.
5. The main study based on the survey design.
6. The integration and analysis of the quantitative and qualitative data.

The exploratory segment of the study has been conducted in order to develop an instrument for the measurement of antecedents of customer experience in beverage establishments. Additionally, a new instrument that measures cognitive and affective experiential states in beverage establishments was developed. Hypotheses were tested using a multi-group structural equation modeling (SEM) analysis. The study was designed to separately test the effect of different antecedents of customer experience on customer cognitive and affective experiential

states, affective and cognitive loyalty, and word-of-mouth and return intention. In addition, the study was designed to test the moderating effect of the type of establishment on the relationship between the antecedents of customer experience and customer cognitive and affective experiential states. The approval from the Institutional Review Board (IRB) (see Appendix A) was obtained before the initial data collection.

A mixed method research design was selected for several reasons. First, due to the complexity of the research problems, the exclusive use of a quantitative design would have been insufficient. Second, the lack of validity of qualitative methods is compensated for with a survey and experimental quantitative design. Third, since there is no previous research on different antecedents of customer experience in beverage establishments, an appropriate mixed methodology design for the instrument development was necessary. Finally, the mixed method research design assured a more in-depth interpretation of the research problem and a high level of internal and external validity (Campbell, 1986).

The scale development procedures were a foundation for the instrument development portion of the study (Anderson & Gerbing, 1988; Arnold & Reynolds, 2003; Bentler & Bonnet, 1980; Churchill, 1979; Gerbing & Anderson, 1988; Nunnally & Bernstein, 1994; Peter, 1981), conducted in five steps (Figure 9).

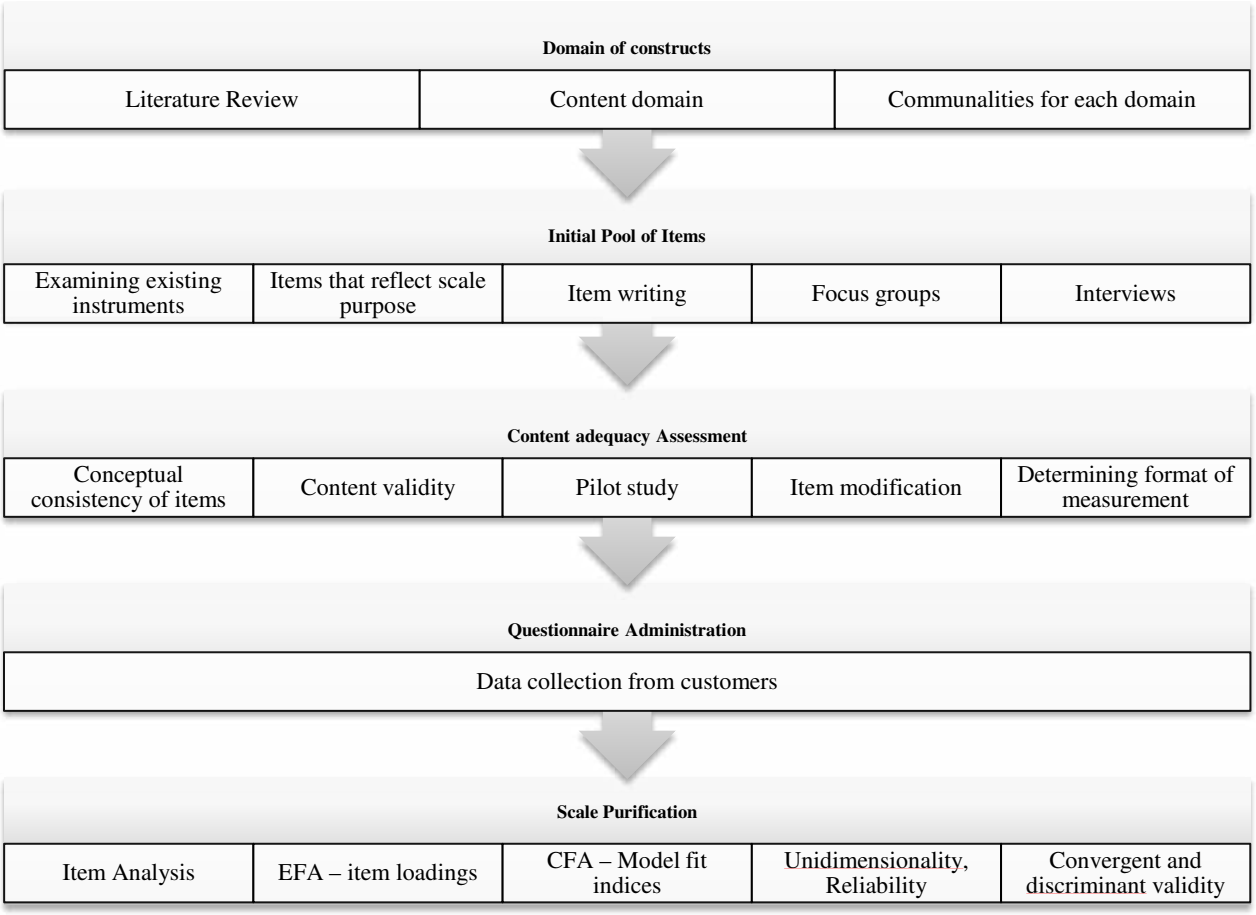

Figure 9. Scale development procedure

In the first step, a literature review was conducted to find commonalities of individual domains. Several previously established quality scales from different hospitality settings were analyzed. A detailed literature review revealed six extensive categories of the antecedents of customer experience in beverage establishments: service quality, product quality (food and beverage), physical environment, social environment, convenience, and perceived price fairness. Similarly, review of the literature revealed two experiential states: cognitive and affective (Gentile, Spiller & Noci, 2007).

Based on the specification of different domains of constructs and additional analysis of the literature, a large number of items were recognized. The initial items for the antecedents of the customer experience instrument were based on several previously used scales:

- Restaurant SERVQUAL - Bojanic and Rosen (1994),
- Service and Food Quality - Ha and Jang (2010)
- ECOSERV - Khan (2003)
- DINESCAPE - Ryu and Jang (2008)
- Institutional DINESERV - Kim, Ng and Kim (2009)
- DINESERV - Stevens, Knutson and Patton (1995)
- Restaurant SERVQUAL - Lee and Hing (1995)

The second instrument that was developed for this study measures customer cognitive and affective experiential states in beverage establishments. The initial items for this instrument were adapted from previously used scales:

- Transcendent customer experience scale items - Schouten et al. (2007)
- Affective experiential state - Havlena and Holbrook (1986); Novak, Hoffman, and Yung (2000); Rose, Clark, Samouel and Hair, (2012)
- Cognitive experiential state - Novak, Hoffman, and Yung (2000); Rose, Clark, Samouel and Hair, (2012)
- Experience economy scale - Oh, Fiore and Jeoung, (2007)
- Hotel experience scale - Walls et al. (2009)

3.2. Qualitative Study Research Methods

The qualitative part of the study was based on the simplified grounded theory triangulation design (Annells, 2006; Corbin & Strauss, 2008; Groenewald, 2004; Morse, 2003; Strauss, 1987). In the first part of the qualitative study, the sample was divided among eighteen managers from different beverage establishments in the United States and Europe. The sample of managers was selected using a purposive sampling method. An interview with each of the managers was conducted and their identity was kept private. Due to the exploratory nature of the study, a semi-structured interview technique was used to collect the data because it provides deep, detailed descriptions and imaginative explorations of the managers' ideas and experiences. Research integrity (e.g., credibility, dependability, trustworthiness) was achieved through the use of several measures: (a) descriptions of researcher positionality, (b) a self-reflective field journal kept by the researcher, (c) member checking, (d) peer debriefers, (e) an external auditor, (f) an extensive description of previous literature, and (h) an openness to disconfirming evidence (Creswell, 2009; Marshall & Rossman, 2006; Moustakas, 1994). The interviews were designed to provide an expert perspective on different antecedents of customer experience in beverage establishments. Once data saturation was reached and no new themes emerged, data collected from the interviews was transcribed and coded, and the researchers became familiar with the data and the phenomenon. The next step involved the interpretation of the data collected from the interviews and an effort to recognize potential biases from both the researchers and study participants.

The second part of the qualitative study used focus groups with a student sample to verify the results of the interviews with the managers. Considering that university students represent an

important segment of beverage establishment customers, 40 students of at least 21 years of age were selected to participate in the study (Moss, 2010b; Skinner, et al., 2005). Although the students did not need to be familiar with management principles in beverage establishments, they had experience as customers. The selected students were divided into four focus groups, with ten participants in each group, which is considered appropriate for this type of research (Creswell, 2009).

Researchers introduced several constructs and ideas to the student focus groups that had been developed from corresponding theories, along with different themes identified in the prior manager interviews. Results from the first student focus group were used to guide a discussion in the following two groups. In the first part of each focus group meeting, participants were asked to describe beverage establishments that they had visited most recently. The data collected from them was transcribed and coded according to both theories and themes that emerged, similar to the process used in the prior manager interviews. The researchers then interpreted the data and integrated both data sets. This allowed for the development of a clear set of variables to test in the subsequent quantitative research, which is presented in the next section.

3.3. Quantitative Study 1 – Pilot Study

The first quantitative phase in the research process was a pilot study based on the survey design. It incorporated data collection through a survey questionnaire with questions regarding an experience in beverage establishments that occurred in the last six months.

3.3.1. Pilot Study Sample

This phase of the study utilized a convenient sample. The link to the online-based questionnaire was provided to students from a large Southeast American university who acted as recruiters during the ten day period in March of 2013. Therefore, the pilot study respondents were comprised of students, as well as their families and friends. The obtained sample size was 404 participants. Due to the large amount of missing data, the sample used for the analyses resulted in 252 usable responses.

Contrast opinions related to the usage of a student sample in the hospitality field related research have been developed. Even though some of the researchers strongly criticized the student sample, arguing about the low generalizability of the results (Barr & Hitt, 1986; Guion, 1983), certain researchers do not find obstacles in using student sample (Bernstein, Hakel and Harlan, 1975). Moreover, student samples have proved to be an inexpensive way to perform a manipulation check and to examine the causal relationship between variables and social behaviors (Shapiro, 2002).

3.3.2. Pilot Study Measurements

A standardized, self-administered questionnaire was developed from an extensive literature review. After passing the selection criteria questions, the participants agreed to answer 103 questions. The survey instrument consisted of 9 introductory questions, 87 main instrument questions, and 7 demographic questions. The survey items measured the dependent and independent variables, incorporating an extended set of variables that were developed in the qualitative phase. After agreeing to participate in the study, participants faced a single qualifier

question that asks whether they visited a beverage establishment in the last month. In the following section, participants were asked to recall their last visit to a beverage establishment and answer 59 questions regarding the antecedents of customer experience at that establishment. The next section included fourteen questions regarding cognitive and affective experiential states and fourteen questions that measured affective and cognitive loyalty, return intention, and word-of-mouth. Finally, the last section contained seven demographic questions.

The measures for the study variables were adapted from the several surveys. A seven-point Likert scale was used to measure all the items, except for the introduction questions and demographics that were formatted as multiple-choice questions. The completed questionnaires were used to check for face validity (Hair et al., 2006) to (a) identify whether there are any problems with the design of the questionnaire, (b) determine if there are any grammatical or spelling errors, and (c) to ensure that respondents understand the directions and questions. Based on the results of these steps, minor revisions were made before the questionnaire was distributed.

3.3.3. Pilot Study Data Analysis

The data retrieved in the pilot study were imported into SPSS Version 22 to check for errors, ensure that scores are not missing, and identify outliers. Additional procedures were used to verify that the data does not violate any statistical assumptions (e.g., normality, homogeneity, or linearity). Following this, the data were analyzed using the exploratory factor analysis (EFA). EFA was performed with the aim to identify various constructs and leverage the number of items in the questionnaire (Gorsuch, 1988; Mulaik, 1987). The goal of this phase was to reduce the number of survey items and to execute the initial testing of the discriminatory and convergent

validity of the quality attributes scale (Campbell, 1986). Finally, Cronbach's alphas, measures of internal consistency, were calculated for all dependent and independent variables.

3.4. Quantitative Study 2 – Main Study

In the second quantitative phase, a revised survey was distributed to a sample of randomly selected customers of beverage establishments. The survey items measured the dependent and independent variables and included an extended set of variables that were developed in the qualitative phase and the pilot study. Participants were first randomly assigned to one of the three groups based on the type of beverage establishment (beverage-only establishment, bar/entertainment combination and food/ beverage combination). Each participant was asked to recollect the last time they were in the described type of the beverage establishment and then to answer questions about that experience.

3.4.1. Main Study Sample

The survey was distributed to a random sample of participants from the Amazon Mechanical Turk (MTurk) online marketing agency. As an online labor market, MTurk connects "requesters" who post various job tasks and "workers" who receive compensation for task completion. Several studies argued about the advantages of using MTurk samples in behavioral research (Buhrmester, Kwang & Gosling, 2011; Goodman, Cryder & Cheema, 2013; Mason & Suri, 2012; Paolacci, Chandler & Ipeirotis, 2010). The MTurk database includes participants from the entire U.S. with a very diverse demographic characteristic such as age, gender, ethnicity, and socio-economic status (Mason & Suri, 2012). Generally, MTurk samples are more

diverse compared to student samples and other online samples, thus representing the general population more accurately (Buhrmester et al., 2011). MTurk samples show a minor disparity compared to the random sample recruited from a U.S. community and the reliability and validity of the responses is very high (Goodman et al., 2013). Moreover, the reliability and validity can be improved with the implementation of an adequate attention check and trial questions in the survey (Crump, McDonnell & Gureckis, 2013).

The targeted main study population was U.S. customers who were customers of a beverage establishment at least once in the past six months. The modified online-based questionnaire was distributed through Amazon MTurk during a three-day period in March 2013. The formal criteria for the random selection of the sampling frame were U.S. residents of 21 years of age or older. The obtained sample for the main study was 641 respondents. The respondents who failed to provide correct responses on attention check questions were eliminated, resulting in the final sample of 595 responses.

3.4.2. Main Study Measurements

Based on the results from the pilot study, ten questions were removed and seven new questions were added to the final study survey. The new survey instrument consisted of 9 introductory questions, 84 questions on the main part, 7 demographic questions and 3 attention check items. The questionnaire incorporated three sections (complete questionnaire is enclosed in Appendix B). The participants answered a single qualifier question in the first section that asks whether the respondent visited a beverage establishment in the last month. The second section asked a participant to recall their last visit to a beverage establishment and answer 57 questions

regarding the antecedents of customer experience at that establishment. The third section contained thirteen questions regarding cognitive and affective experiential states and fourteen questions for affective loyalty, cognitive loyalty, return intention, and word-of-mouth. Finally, the participants answered seven demographic questions. Based on similar research, all of the constructs items utilized a seven-point Likert scale, the lowest point being "strongly disagree" and the highest "strongly agree." All of these identified variables were tested for normality, skewness, and kurtosis.

Dependent variables were measured using previously developed scales.

- Affective loyalty - three items adapted from Back (2005) and Back and Parks (2003)
- Cognitive loyalty - four items adapted from Back and Parks (2003)
- Word-of-mouth - four items adapted from Kim et al. (2001)
- Return intention - three items adapted from Kivela et al. (1999a).

3.4.3. Main Study Data Analysis

Main study data was imported into SPSS Version 22 to check for errors, ensure that scores are not missing, and identify outliers. Additional procedures were used to verify that the data does not violate any statistical assumptions (e.g., normality, homogeneity, or linearity). Next, it was necessary to check the scale reliability. The newly developed measures as well as dependent variables have not been utilized in the beverage establishment context. Therefore, an internal consistency test was deemed necessary. Internal consistency was checked utilizing the Cronbach's alpha coefficient. Based on Pallant's (2005) recommendations, Cronbach's alpha

scale for internal consistency should be above 0.70. It is recommended to remove the items that cause the scale to yield unacceptably low alpha coefficients.

After the initial assumption checks and analysis of internal consistency the data was analyzed in three steps:

1. Exploratory factor analysis (EFA) of the instrument for the measurement of the antecedents of customer experience and the EFA of the instrument for the measurement of the customer experiential state,
2. Confirmatory factor analysis (CFA) of the instrument for the measurement of the antecedents of customer experience and the CFA of the instrument for the measurement of the customer experiential state,
3. Structural equation modeling used to test the entire model and the proposed hypotheses.

Exploratory Factor Analysis. Two separate exploratory factor analyses (EFA) were conducted. When possible, this technique searched for ways to reduce or summarize the data into a smaller set of factors (Hair et al., 2010). The first EFA was conducted to recognize different constructs, different factors within constructs, and different items that measure the same factors for the antecedents of customer experience (Gorsuch, 1988; Mulaik, 1987). The second EFA was conducted to recognize factors of customer experiential states (cognitive and affective). The goal of this phase was to reduce the number of survey items and to do the initial testing of the discriminatory and convergent validity of the quality attributes scales (Campbell, 1986). The main sample was randomly divided and the smaller sample of 238 participants (40% of the entire sample) was used for the exploratory factor analysis.

Confirmatory Factor Analysis. Since multiple factors were identified in two separate exploratory factor analyses, the confirmatory factor analysis (CFA) was utilized. The goal of the confirmatory factor analysis phase was to confirm the appropriate measurement scales (Hoyle, 2000; Mulaik, 1988). Three separate CFA tests were conducted. The first one analyzed the antecedents of customer experience scale, the second tested the experiential states scale, and the last one analyzed customer loyalty scales. Hair et al. (2010) recommended the use of two separate datasets or the splitting of one large data set for the EFA and CFA. First, a smaller sample was tested using EFA and a larger sample of 357 randomly selected participants (60% of the entire sample) was used for the three confirmatory factor analyses. Data was tested with SPSS AMOS 22 software packages used for structural equation modeling (Blunch, 2008; Jöreskog & Sörbom, 1996; Kline, 2010).

Structural Equation Model. In the final step of data analysis, the proposed framework and hypotheses were tested through structural equation modeling (SEM). SEM uses various types of models to depict both latent and observed relationships among variables to provide a quantitative test for a theoretical model (Schumacker & Lomax, 2004). This technique allows researchers to simultaneously test a set of interrelated hypotheses by estimating the relationships among multiple independent and dependent variables in a structural model (Gefen, Straub, & Boudreau, 2000).

For this stage of the analysis, the entire sample of 595 participants was used. In the first step, a single group SEM was utilized to examine the overall model fit and to test the hypotheses H1-H11. Hair et al. (2006) have recommended the use of absolute, incremental, and parsimony indicators for the evaluation of the model fit. Absolute indices assess how well the theoretical

model fits the sample data (Hair et al., 2006). The most commonly used absolute fit indices are the $\chi 2$ statistic, the root-mean-square error of approximation (RMSEA), the goodness-of-fit index (GFI), and the root-mean-square residual (RMR). Incremental fit indices indicate how well the proposed model fits to the alternative baseline model (Hair et al., 2006). The most commonly used relative fit indices are the normed fit index (NFI) and the comparative fit index (CFI). Finally, parsimony fit indices compare simultaneously alternative models. The most commonly used parsimony fit indices are the adjusted goodness-of-fit index (AGFI) and the parsimony normed fit index (PNFI). Based on the recommendation by Fan and Sivo (2007), Sivo et al (2006), and Schumacker and Lomax (2004), the overall model fit was tested based on the $\chi 2$/df statistic, CFI, GFI, AGFI, RMSEA, and PCLOSE.

The following step of the SEM analysis involved the re-specification of the proposed model and the creation of the alternative model that better fits the data (Schumacker & Lomax, 2004). According to Marcoulides and Drezner (2003), if the data does not provide an appropriate fit an alternative model should be proposed.

Hypotheses 12, proposing the moderating effect of the beverage establishment type, was tested using a multi-group SEM. Participants were assigned using random sampling to one of the three groups based on the type of beverage establishment (beverage-only, bar/entertainment combination, and food/ beverage combination). Therefore, the three-group SEM was used. Hypothesis 12 was tested using a critical ratio of differences between regression paths for the three groups.

The data was analyzed using SEM in AMOS 22. All scales were adopted from previous studies except for the antecedents of customer experience scale and cognitive and affective

experiential states scale that were developed using the exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). SEM analysis was found appropriate for this study because of two advantages it provides when compared to other statistical methods. First, SEM takes measurement error into account by using the several observed variables for one latent variable. SEM techniques assume imperfect measurement and analyze the measurement errors associated with all variables (Gefen et al., 2000). Second, SEM analysis allows multiple regressions to be tested simultaneously, and therefore it is applicable for the analysis of complex models such as the one proposed in this study.

CHAPTER FOUR: RESULTS

4.1. Qualitative Study Results

4.1.1. Sample

In the first part of the qualitative study, the sample was divided among eighteen managers from different beverage establishments. The managers had an average age of 32.4 years and average working experience in management positions of 6.2 years. Twelve managers managed nightclubs, while six of them managed bars/pubs (Table 3).

Table 3. Interviewed Managers Profiles

Average age	32.4 years
Average years of experience	6.2 in management positions
Average capacity of the venue	
• Nightclub	326 guests
• Bar/Pub	144 guests

The second part of the qualitative study used focus groups with student sample to verify the results of the interviews with the managers. The selected students were equally divided into four focus groups, with ten participants in each group which is considered an appropriate sample size for this type of research (Creswell, 2009). Approximately one-half of these students had no prior work experience in beverage establishments, but most of them had some type of prior work experience (Table 4).

Table 4. Student Focus Group Demographic Characteristics (N=40)

Demographic Character	**Number of Sample Population**
Gender	
Male	16
Female	24
What is your current employment status?	
Unemployed	8
Part Time	24
Full Time	8
Have you been employed in beverage establishments?	
Currently	8
Previously	11
No	21

4.1.2. Interviews with Managers

Interviews with managers were organized in a semi-structured form. Several main research questions were introduced followed by an in-depth discussion (Table 5). The initial questions captured the nature of the establishment managers operated, the main product and the target market. The second set of questions aimed to recognize antecedents of customer experience from managers' perspective. Managers were asked to rate the importance of several antecedents of customer experience listed in the previous literature and to propose new antecedents. Finally, managers were asked to provide recommendations regarding customer experience in beverage establishments and to asses a list of questionnaire items that were developed from the literature review.

Table 5. Initial questions used in the interviews

Part 1 - Describe your beverage establishment.
What type of beverage establishment do you manage?
How big is it?
What is your target market?
What is the location?
What is the main product?
Part 2 - How do you manage customer experience?
How important is customer experience?
What are the key drivers of customer experience?
How do you measure customer experience?
How important is service quality for customer experience?
How important is product quality for customer experience?
How important is physical environment for customer experience?
How important is social environment for customer experience?
How important is convenience for customer experience?
How important is pricing for customer experience?
Part 3 - Do you have any further suggestions and recommendations regarding customer experience in beverage establishments?

The results of the interviews confirmed a proposed factor structure of antecedents of customer experience. The following six factors were listed in the order of importance: (1) Social environment - music, program, number of guests, guest appearance, guest enjoyment, guest mood; (2) Service quality - timeliness, responsiveness, assurance, personal attention, friendliness, empathy; (3) Perceived price fairness - fair entrances fee, fair drink prices; (4) Physical environment - the quality of physical space, lighting, design, furniture, physical facilities, layout, comfort, seating arrangement, cleanliness, and service staff appearance; (5) Product quality - variety, taste, drink quality, strong drinks, drink size, and (6) Convenience - location, close to customers.

4.1.3. Focus Groups

Focus groups with students were organized in a semi-structured form. The initial set of topics for the first two focus groups was identified from a thorough review of the literature on the literature review and the information retrieved from the managers interviews. Participants were first asked to describe their last experience in beverage establishments. Furthermore, they were asked to analyze the factors that had positive and negative effect on that experience.

The results from the focus group confirmed the proposed factor structure. Additionally, participants recognized social environment, in other words "atmosphere", as the most important driver of customer experience in beverage establishments. Several participants emphasized the importance of other guests for their own experience. According to the participants' responses, the beverage establishment experience is considered to be enjoyable when other guests are "having fun". Moreover, the quality of the music program was recognized as an important driver of the social experience.

Participants also recognized the importance of service quality for the overall experience. Friendliness and timeliness were recognized as two critical dimensions of service quality. Participants explained that bartenders and other service staff need to be very friendly and outgoing. However, the speed of service is also important. Several participants explained that slow service can have a significant negative effect on the experience.

Perceived price fairness was another factor that was recognized as a key driver of the customer experience. Most of the participants agreed that they would not make a second visit to a place that uses unfair pricing strategy. Nevertheless, few participants reported they were

willing to share their negative experience with their friends. If they find prices to be unfair they would not recommend the establishment to their friends.

Several participants recognized the importance of the physical environment for the creation of positive experience in beverage establishments. However physical environment did not seem to be equally important for all types of beverage establishments. For example, some participants stated that they do not care about physical environment when they go to neighborhood dive bars. On the other hand, physical environment seemed to be important for the bar and entertainment combinations as well as food and beverage combinations. Lighting, design, furniture, physical facilities, layout, comfort, seating arrangement, cleanliness, and service staff appearance were recognized as prominent attributes of physical environment.

Several participants explained that product quality is not critical for the customer experience in beverage establishments. Some stated that most of the beverage establishments offer the same or similar products that do not directly impact their experience. The only exceptions were cocktail lounges. Few participants explained that product quality (quality of cocktails) is an integral part of the customer experience in these establishments. Menu variety, size and quality of drinks were recognized as sub-dimensions of product quality.

Finally, participants confirmed the importance of convenience. However most of the participants stated that convenience does not directly impact their experience but serves as a facilitator. In other words, participants explained that establishment needs to have convenient operating hours, convenient location, appropriate parking and high level of safety for them to even consider visiting the establishment.

The objective of last two focus groups was to asses a survey instrument that was developed in the previous stages. Based on the feedback from the participants 10 questions were removed from the original questionnaire and 24 new questions were included. Music as a new factor suggested by focus group results was developed for the antecedents of customer experience. Additionally, convenience factor was divided into 4 new categories: information convenience, operating hours, location, parking and safety. The new questionnaire included 59 questions regarding the antecedents of customer experience at that establishment. Additionally, participants were asked to assess a questionnaire regarding cognitive and affective experiential states. They were offered a list of 10 items that measure cognitive experiential state and 15 items that measure affective experiential state. After reviewing participants' feedback, 5 cognitive and 6 affective experiential state items were removed from the questionnaire.

4.2. Pilot Study Results

Prior to main study data collection, a pilot study was conducted with the aim to test the instrument developed according to the qualitative study results. Pilot study data was analyzed in five steps:

1. Analysis of the demographic information.
2. Analysis of the descriptive information regarding the participants' last beverage establishment experience.
3. Exploratory factor analysis for the new instrument for the measurement of antecedents of customer experience.

4. Exploratory factor analysis of the new instrument for the measurement of customer experiential state.
5. Measurement of internal consistency of all dependent and independent variables.

4.2.1. Sample Demographic Information

The first round of data collection executed through an online survey resulted in 404 submitted surveys. This phase of study utilized a convenient sample. The link to the online-based questionnaire was provided to students from a large South-East American university who acted as recruiters during ten day period in March 2013. Therefore, the pilot study respondents comprised students, as well as their families and friends. After eliminating respondents who did not qualify for the survey and incomplete surveys, the final sample resulted in 252 responses. The respondents' demographics are displayed in Table 6 and Table 7. The age range of the respondents was between 21 and 79 years, with the average age of 29.42 years (Table 6). Based on the gender structure there was a larger portion of females with 70.6% respondents compared to 29.4% male respondents. The highest percentage of respondents (45.6%) reported to have annual income less than $50,000 which can be explained by 44.58% of the respondents who were students at the time of taking the survey. Considering that the sample mainly consisted of university students and their friends, most of the respondents had some college degree (34.5%) followed by the ones with Bachelor's Degree (34.1%) and Master's Degree (11.9%).

Table 6. Pilot study respondents' age

	N	Minimum	Maximum	Mean	Std. Deviation
Age	248	21	79	29.42	12.439
Valid N (listwise)	248				

Table 7. Pilot study respondents' profile

		Frequency	Percent (%)
Gender	Male	74	29.4
	Female	178	70.6
	Total	252	100.0
Ethnicity	Caucasian	198	78.6
	Native American	2	.8
	Hispanic	23	9.1
	African American	15	6.0
	Asian	9	3.6
	Other	5	2.0
	Total	252	100.0
Income	$25,000 or less	84	33.3
	$25,001- $50,000	31	12.3
	$50,001-$75,000	29	11.5
	$75,001-$100,000	26	10.3
	$100,001 - $150,000	12	4.8
	$150,001- $200,000	8	3.2
	$200,001-$250,000	3	1.2
	$250,001 or more	11	4.4
	Prefer not to answer	48	19.0
	Total	252	100.0
Education	High School	15	6.0
	Associate degree (2 year)	30	11.9
	Some college	87	34.5
	Bachelor's Degree (4 year)	86	34.1

		Frequency	Percent (%)
	Master's Degree	30	11.9
	Doctorate Degree	2	.8
	Other	2	.8
	Total	252	100.0
Occupation	Management or professional	44	17.5
	Services	16	6.3
	Sales	15	6.0
	Farming, fishing, and forestry	1	.4
	Construction, extraction, and maintenance	1	.4
	Production, transportation, and material moving	2	.8
	Government	9	3.6
	Technology	4	1.6
	Education	14	5.6
	Manufacturing	1	.4
	Student	113	44.8
	Retired	7	2.8
	Unemployed	9	3.6
	Other	16	6.3
	Total	252	100.0

In addition to six demographic questions respondents were asked how often they visit beverage establishments. Only 2.8% or respondents declared that they never visit these establishments. 29.8% visit beverage establishments less than once a month, 13.9% visit a beverage establishment on a monthly basis, 24.6% 2 to 3 times a week while 29% visit beverage establishments at least once a week (Table 8).

Table 8. Frequency in beverage establishments - pilot study

		Frequency	Percent (%)
Valid	Never	7	2.8
	Less than Once a Month	75	29.8
	Once a Month	35	13.9
	2-3 Times a Month	62	24.6
	Once a Week	38	15.1
	2-3 Times a Week	33	13.1
	Daily	2	.8
	Total	252	100.0

4.2.2. Descriptive Information about the Respondents' Experience

Aside from reporting basic demographics, participants also reported additional information about their last experience in the beverage establishment. 30.6% of respondents stated that they last establishment they visited was a beverage-only establishment. Furthermore, 32.5% visited a bar and entertainment combination and 36.9% visited a food and beverage combination. The highest percentage (28.6%) of participants most recently visited a restaurant with a bar. This was followed by 15.1% of participants who visited a standard bar and 12.3% who visited a sports bar. All other bar categories were visited by less than 10% of total number of participants. More than 55% of participants reported that the establishment they visited had live entertainment and 67.9% reported that beverage establishment offered food. Similarly, 39.3% of establishments offered a large selection of food followed by 24.6% that offered a small food selection and 4% that offered only bar snacks. Additionally, 52.8% of the respondents reported that they ordered food. During the last beverage experience, beer was ordered by 34.9%

of the participants, followed by cocktails (24.6%) and liquor (18.3%). In total, 37.3% of participants visited a beverage establishment in parties of four or more people. Only 2% of respondents reported to visit the beverage establishment alone (see Appendix C for additional complete information).

4.2.3. Exploratory Factor Analysis of Antecedents of Customer Experience Instrument

Exploratory factor analysis (EFA) investigates ways to reduce or summarize the data into a smaller set of factors (Hair et al., 2010). EFA was used to explore the underlying structure or relationships among the attributes of the proposed instrument. EFA was considered appropriate to determine how well the composite variables measured the constructs of interest. It was noticed that 9 out of 59 variables have minor variations of normality based on kurtosis and skewness scores (See Appendix D for the descriptive statistics for the antecedents of customer experience instrument). However, the majority of variables did not show major violation of normality assumption, and therefore EFA was deemed appropriate.

EFA with principle axis factoring and Oblimin rotation was conducted on the 59 items. Principle axis factoring was selected as the method of extraction. Because of the violation of normality of the observed variables, maximum likelihood was not deemed appropriate since it is more sensitive to normality violations (Hair et al., 2006). The first step EFA resulted in .909 value of Kaiser-Meyer-Olkin measure of sampling adequacy, which was above the recommended value of .60. Bartlett's test of sphericity was significant ($\chi^2(1711) = 13298$, $p <$ .01). The anti-image correlation matrix diagonals were all over .50, which supported the

inclusion of the items in the factor analyses. Regression factor score distributions for all factors were normally distributed.

Table 9 shows the communalities for all of the 59 items in the first step EFA. Following the initial EFA 11 items were removed from the analysis in 11 sequential steps. Out of 11 items, 8 items with low corrected item-total correlations were removed (two items for product quality, one item for physical environment, three items for social environment, one item for informational convenience and one item for perceived fairness of entrance fees) and additional 3 items with low factor loading (two social environmental and one information convenience) were deleted. No items were cross loaded into multiple factors. Table 9 shows the actual wording of the items, and the order in which the items were deleted from the further analysis.

Table 9. Communalities in the initial pilot study EFA - the antecedents of customer experience

	Extraction	**Order**
Service1. I received accurate service in a timely manner.	.710	
Service2. The staff was never too busy to respond to my requests.	.662	
Service3. The staff suggestions of drinks or food were reliable.	.521	
Service4. I received personal attention.	.663	
Service5. The staff was very friendly and outgoing.	.725	
Service6. The staff made me feel welcome.	.752	
Product1. I liked the variety of drinks on the menu.	.578	
Product2. The drinks I had were very tasty.	.809	
Product3. The quality of the drinks was excellent.	.803	
Product4. The drinks were strong.	.330	2
Product5. The drink size was satisfactory.	.527	7
Physical1. The lighting created a comfortable atmosphere.	.676	
Physical2. The design was attractive.	.790	
Physical3. Furniture (e.g., tables, chairs, stools) was of high quality.	.712	

	Extraction	Order
Physical4. The physical facilities (eg: buildings, signs, etc), were visually appealing.	.738	
Physical5. The layout made it easy to move around.	.673	
Physical6. The seating arrangement gave me enough space.	.726	
Physical7. The seating was comfortable.	.745	
Physical8. The establishment was clean.	.708	
Physical9. The staff was neat and well dressed.	.707	
Physical10. The staff was attractive.	.533	8
Music1. The music was very pleasing.	.607	
Music2. The music was not too loud and not too quiet.	.826	
Music3. The quality of sound was excellent.	.725	
Music4. The music volume was appropriate.	.840	
Social1. The beverage establishment had a good and interesting program (DJ/concert/dancers).	.481	6
Social2. The number of customers was perfect (not too few and not too many).	.472	5
Social3. The customers were attractive.	.477	4
Social4. The customers appeared to be enjoying themselves and having fun.	.862	9
Social5. The customers appeared to be in a good mood.	.818	10
Info_convenience1. Product/service information was readily available to me.	.646	11
Info_convenience2. The staff let me know the food/beverage prices or special offers.	.576	
Info_convenience3. Food/beverage product and pricing information was very clear and easy to read.	.754	
Info_convenience4. Making up my mind about what to order was easy.	.251	1
Info_convenience5. The menu and signage made it easy to choose between drinks.	.669	
Info_convenience6. The prices of drinks were clearly listed.	.695	
Hours1. The beverage establishment had convenient operating hours.	.638	
Hours2. The regular hours of operation were appropriate.	.835	
Hours3. The weekend hours of operation were appropriate.	.773	
Location1. The beverage establishment is conveniently located.	.559	
Location2. I only traveled short distance to reach the establishment.	.759	
Location3. The establishment is close to where I live.	.914	
Location4. That establishment is very close to my home.	.829	
Parking1. There were enough parking spaces close to the beverage establishment.	.811	
Parking2. Parking in front of the establishment was convenient.	.777	
Parking3. Parking was no problem at all.	.873	

	Extraction	Order
Parking4. The establishment was easily accessible.	.613	
Safety1. There were no safety or security problems at this beverage establishment.	.561	
Safety2. I know that the establishment is very safe.	.832	
Safety3. I heard that the establishment is very safe.	.708	
Safety4. The establishment is in a safe area.	.737	
Safety5. I felt safe at the establishment.	.734	
Entrance_fee1. The entrance fee/cover charge was fair.	.824	
Entrance_fee2. The entrance fee/cover charge was not too high.	.808	
Entrance_fee3. I think it is fair to pay an entrance fee/cover charge at that establishment.	.389	3
Price1. The drinks were fairly priced.	.852	
Price2. I consider the establishment's pricing policies to be fair.	.905	
Price3. The food/beverage prices were reasonable.	.953	
Price4. The food/beverage prices were fair.	.921	

Extraction Method: Principal Axis Factoring.

In the last step, EFA with principle axis factoring and Oblimin rotation was conducted on the remaining 48 items. The Kaiser-Meyer-Olkin measure of sampling adequacy with the value of 0.910 was higher than recommended value of 0.60. Bartlett's test of sphericity was significant ($\chi 2(1128) = 11167$, $p < .01$). The anti-image correlation matrix diagonals (measures of sampling adequacy) were all over .70, supporting the inclusion of each item in the factor analyses. Principle axis factoring was again selected as the method of extraction. Table 10 shows that communalities for all of the 28 items were above recommended level of 0.5.

Table 10. Communalities in the final pilot study EFA - the antecedents of customer experience

	Initial	Extraction
Service1	.726	.697
Service2	.707	.623

	Initial	Extraction
Service3	.570	.514
Service4	.683	.665
Service5	.810	.697
Service6	.831	.737
Product1	.575	.536
Product2	.774	.858
Product3	.780	.820
Physical1	.700	.599
Physical2	.757	.702
Physical3	.734	.669
Physical4	.751	.718
Physical5	.693	.624
Physical6	.765	.654
Physical7	.795	.725
Physical8	.765	.710
Physical9	.730	.666
Music1	.674	.588
Music2	.821	.808
Music3	.706	.697
Music4	.835	.847
Info_convenience2	.546	.544
Info_convenience3	.747	.752
Info_convenience5	.668	.632
Info_convenience6	.707	.723
Hours1	.699	.626
Hours2	.793	.866
Hours3	.771	.803
Location1	.638	.540
Location2	.773	.761
Location3	.892	.927
Location4	.866	.822
Parking1	.779	.807
Parking2	.780	.781
Parking3	.843	.873
Parking4	.641	.599
Safety1	.658	.548

	Initial	Extraction
Safety2	.815	.815
Safety3	.716	.709
Safety4	.762	.723
Safety5	.759	.725
Entrance_fee1	.790	.816
Entrance_fee2	.787	.889
Price1	.864	.839
Price2	.910	.905
Price3	.955	.956
Price4	.947	.927

Extraction Method: Principal Axis Factoring.

Based on the Kaiser criterion, 11 factors were extracted using principal axis factoring. The Kaiser rule is to drop all components with eigenvalues under 1.0 – this being the eigenvalue equal to the information accounted for by an average single item. Eleven factors together explained 73.05% of the entire variance (Table 11). Based on the characteristics of the items in the component matrix, 11 factors were assigned the following names:

1. Physical environment - 9 items that explained 33.9% of total variance
2. Parking convenience - 4 items that explained 7.5% of total variance
3. Perceived price fairness - 4 items that explained 5.9% of total variance
4. Music quality - 4 items that explained 5.1% of total variance
5. Location convenience - 4 items that explained 4.8% of total variance
6. Service quality - 6 items that explained 4.1% of total variance
7. Safety - 5 items that explained 3.3% of total variance
8. Information convenience - 4 items that explained 2.5% of total variance
9. Convenient operating hours - 3 items that explained 2.4% of total variance

10. Product quality - 3 items that explained 1.8% of total variance

11. Entrance fee fairness - 2 items that explained 1.8% of total variance

Table 11. Total variance explained for 11 factors extracted in the final pilot study EFA - the antecedents of customer experience

	Initial Eigenvalues			Extraction Sums of Squared Loadings			RSSL[a]
Factor	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	16.554	34.488	34.488	16.276	33.909	33.909	10.293
2	3.832	7.984	42.472	3.605	7.511	41.420	5.413
3	2.999	6.249	48.720	2.813	5.860	47.280	8.480
4	2.696	5.617	54.337	2.450	5.103	52.384	6.507
5	2.562	5.337	59.674	2.325	4.843	57.227	4.397
6	2.232	4.650	64.324	1.972	4.109	61.335	9.044
7	1.826	3.803	68.127	1.565	3.261	64.597	6.734
8	1.491	3.107	71.234	1.209	2.519	67.115	5.200
9	1.366	2.846	74.080	1.128	2.350	69.465	7.136
10	1.118	2.329	76.409	.879	1.831	71.296	7.800
11	1.049	2.185	78.594	.840	1.751	73.046	3.439
12	.831	1.730	80.324				
13	.717	1.494	81.818				
14	.645	1.344	83.163				
15	.557	1.160	84.323				
16	.550	1.145	85.468				
17	.513	1.069	86.537				
18	.499	1.039	87.575				
19	.424	.883	88.459				
20	.417	.869	89.328				
21	.391	.815	90.143				
22	.352	.733	90.876				
23	.335	.699	91.575				
24	.294	.613	92.188				
25	.282	.588	92.776				

	Initial Eigenvalues			Extraction Sums of Squared Loadings			RSSL[a]
Factor	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
26	.276	.575	93.350				
27	.247	.514	93.864				
28	.238	.495	94.359				
29	.232	.482	94.842				
30	.218	.454	95.295				
31	.205	.427	95.722				
32	.202	.420	96.142				
33	.189	.394	96.537				
34	.174	.363	96.900				
35	.165	.344	97.243				
36	.150	.313	97.557				
37	.139	.290	97.846				
38	.137	.285	98.131				
39	.129	.269	98.400				
40	.123	.257	98.657				
41	.116	.242	98.899				
42	.104	.217	99.116				
43	.100	.208	99.324				
44	.093	.193	99.517				
45	.083	.174	99.691				
46	.062	.130	99.821				
47	.061	.127	99.947				
48	.025	.053	100.000				

Extraction Method: Principal Axis Factoring.

a. Rotation Sums of Squared Loadings - When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

Oblimin rotation was selected because it was expected that latent factor are not orthogonal but related to each other to a certain degree. The rotated component matrix of the remaining items summarizes the constructs that emerged in factor analysis (Table 12). Items'

factor loadings ranged from 0.476 to 0.978 suggesting a relatively high correlation of the items with the suitable factors.

Out of 12 expected factors only one (social environment) was not recognized in the EFA because all items supposed to measure social environment were removed in the previous steps. Factor correlation matrix indicates that Oblimin rotation was appropriate considering that correlations between factors are relatively high (see Appendix E for the entire correlation matrix).

Table 12. Rotated component matrix - final pilot study EFA - the antecedents of customer experience

	Factor										
	1	2	3	4	5	6	7	8	9	10	11
Physical4	.732										
Physical3	.721										
Physical2	.714										
Physical7	.695										
Physical9	.662										
Physical8	.651										
Physical6	.637										
Physical5	.594										
Physical1	.543										
Parking3		.919									
Parking1		.906									
Parking2		.869									
Parking4		.626									
Price3			-.978								
Price4			-.964								
Price2			-.922								
Price1			-.836								

	Factor										
	1	2	3	4	5	6	7	8	9	10	11
Music4				.934							
Music2				.880							
Music3				.760							
Music1				.711							
Location3					.971						
Location4					.904						
Location2					.849						
Location1					.522						
Service2						.778					
Service4						.767					
Service5						.756					
Service1						.756					
Service6						.715					
Service3						.546					
Safety2							.810				
Safety3							.714				
Safety4							.686				
Safety1							.647				
Safety5							.619				
Info_convenience6								-.715			
Info_convenience3								-.619			
Info_convenience5								-.593			
Info_convenience2								-.476			
Hours2									-.837		
Hours3									-.814		
Hours1									-.652		
Product2										.933	
Product3										.852	
Product1										.588	
Entrance_fee2											.940
Entrance_fee1											.839

Extraction Method: Principal Axis Factoring.

Rotation Method: Oblimin with Kaiser Normalization.

a. Rotation converged in 10 iterations.

The results of pilot study EFA of the antecedents of customer experience scale indicated that several changes to the final study instrument were needed. Nine items that were causing major problems with the initial instrument were removed from the final study survey:

- Product4: The drinks were strong.
- Product5: The drink size was satisfactory.
- Physical10: The staff was neat and well dressed.
- Social1: The beverage establishment had a good and interesting program (DJ/concert/dancers).
- Social2: The number of customers was perfect (not too few and not too many).
- Social3: The customers were attractive.
- Info1: Product/service information was readily available to me.
- Info4: Making up my mind about what to order was easy.
- Entrance3: I think it is fair to pay an entrance fee/cover charge at that establishment.

To meet the three items per variable rule and to improve the overall scope of the instrument 7 new items were added to the final study questionnaire. These items were developed according to the literature analysis and consultation with the academic and industry experts:

- Product6: I enjoyed the drinks in this establishment.
- Product7: The drinks were well made.
- Product8: The drinks were of high quality.
- Socail6: The atmosphere in the establishment was excellent.
- Social7: The customers were enjoying the atmosphere.

- Social8: The atmosphere suited my taste.
- Entrance4: The entrance fee/cover charge was adequate.

4.2.4. Exploratory Factor Analysis of Customer Experiential State Instrument

EFA served to explore the underlying structure of the relationships among the attributes of the proposed customer experiential state instrument. The initial instrument included 14 measurement items of customer experiential state in beverage establishments. Before proceeding with the EFA, the descriptive statistics of 14 items was obtained (see Appendix F for the item descriptive statistics). Five out of 14 variables had minor variations of normality based on kurtosis and skewness scores. However, the majority of variables did not show major violation of normality assumption, and therefore EFA was deemed appropriate.

EFA with principle axis factoring and Oblimin rotation was conducted on the 14 items of customer experiential state in the beverage establishments. Principle axis factoring was selected as the method of extraction because of the violation of normality of the observed variables (Hair et al., 2006). The Kaiser-Meyer-Olkin measure of sampling adequacy was .920, which was above the recommended value of .60. Bartlett's test of sphericity was significant ($\chi^2(91) = 4075$, $p < .01$). The anti-image correlation matrix diagonals were all over .50, supporting the inclusion of each item in the factor analyses. Regression factor score distributions for all factors were normally distributed.

Table 13 shows the communalities for all 14 items in the first EFA. Item 5, describing Cognitive Experience, was removed from the analyses because it cross-loaded into two separate factors with loadings of 0.406 and 0.436.

Table 13. Communalities in the initial pilot study EFA - customer experiential state

	Initial	**Extraction**
Affective_experience1. I had a great experience at the beverage establishment.	.825	.789
Affective_experience2. I truly enjoyed my experience.	.873	.868
Affective_experience3. My experience was beyond words.	.538	.532
Affective_experience4. I had a very pleasant experience.	.898	.883
Affective_experience5. My experience was enjoyable.	.930	.909
Affective_experience6. My experience made me happy.	.897	.878
Affective_experience7. I had a very enjoyable time.	.885	.840
Affective_experience8. The experience made me feel relaxed.	.636	.633
Affective_experience9. My visit was very entertaining.	.720	.616
Cognitive_experience1. My experience at the beverage establishment made me feel hip and cool.	.566	.554
Cognitive_experience2. I felt like I was a different person when I was at the establishment.	.752	.784
Cognitive_experience3. I completely escaped from my everyday reality.	.793	.810
Cognitive_experience4. I felt like I was in another world while being there.	.834	.828
Cognitive_experience5. I not only enjoyed drinks, but was also entertained.	.650	.500

Extraction Method: Principal Axis Factoring.

In the second step, EFA with principle axis factoring and Oblimin rotation was conducted on the remaining 13 items. The Kaiser-Meyer-Olkin measure of sampling adequacy with value of 0.922 was higher than recommended value of 0.60. Bartlett's test of sphericity was significant ($\chi 2(78) = 3822$, $p < .01$). The anti-image correlation matrix diagonals (measures of sampling

adequacy) were all over .70, supporting the inclusion of each item in the factor analyses. Table 14 shows that communalities for all 13 items were above the recommended level of 0.5.

Table 14. Communalities in the final pilot study EFA - customer experiential state

	Initial	Extraction
Affective_experience1	.825	.791
Affective_experience2	.873	.870
Affective_experience3	.529	.526
Affective_experience4	.897	.890
Affective_experience5	.930	.916
Affective_experience6	.896	.881
Affective_experience7	.884	.844
Affective_experience8	.626	.620
Affective_experience9	.598	.577
Cognitive_experience1	.563	.552
Cognitive_experience2	.750	.795
Cognitive_experience3	.789	.817
Cognitive_experience4	.833	.858

Extraction Method: Principal Axis Factoring.

Based on the Kaiser criterion 2 factors were extracted using principal axis factoring. The Kaiser rule is to drop all components with eigenvalues under 1.0. 2 factors together explained 76.43% of the entire variance (Table 15). Based on the characteristics of the items in the component matrix, two factors were assigned the following names:

1. Affective experiential state - 9 items that explained 58.8% of total variance
2. Cognitive experiential state - 4 items that explained 17.6% of total variance

Table 15. Total variance explained for 2 factors extracted in the final pilot study EFA - customer experiential state

	Initial Eigenvalues			Extraction Sums of Squared Loadings			RSSL[a]
Factor	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	7.866	60.510	60.510	7.645	58.805	58.805	7.329
2	2.480	19.076	79.585	2.291	17.626	76.431	4.240
3	.552	4.243	83.828				
4	.464	3.572	87.400				
5	.382	2.937	90.336				
6	.309	2.376	92.713				
7	.258	1.986	94.699				
8	.215	1.650	96.349				
9	.134	1.032	97.381				
10	.122	.940	98.321				
11	.106	.812	99.133				
12	.063	.488	99.621				
13	.049	.379	100.000				

Extraction Method: Principal Axis Factoring.

a. Rotation Sums of Squared Loadings - When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

Oblimin rotation was selected because it was expected that latent factor are not orthogonal but related to each other. The rotated component matrix of the remaining 13 items summarizes the constructs that emerged in factor analysis (Table 16). Items' factor loadings ranged from 0.573 to 0.989 suggesting the relatively high correlation of the items with the suitable factors. Correlation between affective experiential state factor and cognitive experiential state factor was 0.392 indicating that Oblimin rotation was appropriate considering that correlations between factors was relatively high.

Table 16. Rotated component matrix - final pilot study EFA - customer experiential state

	Factor	
	1	2
Affective_experience5	.989	
Affective_experience4	.975	
Affective_experience2	.960	
Affective_experience6	.947	
Affective_experience7	.936	
Affective_experience1	.910	
Affective_experience8	.678	
Affective_experience9	.624	
Affective_experience3	.573	
Cognitive_experience4		.945
Cognitive_experience2		.925
Cognitive_experience3		.883
Cognitive_experience1		.580

Extraction Method: Principal Axis Factoring.
Rotation Method: Oblimin with Kaiser Normalization.
a. Rotation converged in 4 iterations.

The results of pilot study EFA of the customer experiential state scale indicated that one item should be removed from the final study survey:

- Cognitive 5 - I not only enjoyed drinks, but was also entertained.

4.2.5. Internal Consistency of Dependent and Independent Variables

The final step of pilot study was the analysis of the internal consistency of all independent and dependent variables. Internal consistency of each scale was appropriate with high Cronbach's alphas for different antecedents of customer experience factors:

1. Service quality - 6 items - Cronbach's alpha 0.909
2. Product quality - 3 items - Cronbach's alpha 0.875
3. Physical environment - 9 items - Cronbach's alpha 0.937
4. Music quality - 4 items - Cronbach's alpha 0.907
5. Information convenience - Cronbach's alpha 0.907
6. Convenient operating hour2s - 3 items - Cronbach's alpha 0.907
7. Location convenience - 4 items - Cronbach's alpha 0.897
8. Parking convenience - 4 items - Cronbach's alpha 0.905
9. Safety - 5 items - Cronbach's alpha 0.910
10. Entrance fee fairness - 2 items - Pearson Correlation 0.847
11. Perceived price fairness - 4 items - Cronbach's alpha 0.973

Similarly, Cronbach's alphas for affective experiential state and cognitive experiential state were very high at 0.957 and 0.912 respectively (see Appendix G for all measurement scales and their respective Cronbach's alphas).

Finally, Cronbach's alpha scores were also calculated for all of the additional variables. All of the internal consistency estimates were above suggested threshold of 0.8. Affective loyalty was measured with three items adapted from Back (2005), and Back and Parks (2003). This scale had a Cronbach's alpha of 0.819. Cognitive loyalty was measured with four items adapted from Back and Parks (2003) and had Cronbach's alpha of 0.897. Word-of-mouth was measured with four items adapted from Kim et al. (2001) and had Cronbach's alpha of 0.916. Finally, return intention was measured using three items adapted from Kivela et al. (1999a) and had Cronbach's alpha of 0.924. The pilot study results indicated that measurements had high estimated reliability

and therefore they were used in the main study (see Appendix G for all measurement scales and their respective Cronbach's alphas).

4.3. Main Study Results

After obtaining the results from the pilot study EFA, the final survey was distributed to a random sample of participants. The final instrument consisted of 9 introductory questions, 57 questions regarding antecedents of customer experience, 13 questions about customer experiential states, 14 questions about dependent variables (affective loyalty, cognitive loyalty, word-of-mouth and return intention) and 7 demographic questions. The data collected in the main study was analyzes in eleven steps:

1. Analysis of the demographic information.
2. Analysis of the descriptive information regarding the participants' last beverage establishment experience.
3. Exploratory factor analysis for the new instrument for the measurement of antecedents of customer experience.
4. Exploratory factor analysis of the new instrument for the measurement of customer experiential state.
5. Measurement of internal consistency of all dependent variables.
6. Confirmatory factor analysis for the new instrument for the measurement of antecedents of customer experience.

7. Confirmatory factor analysis of the new instrument for the measurement of customer experiential state.
8. Confirmatory factor analysis of the instrument for the measurement of customer loyalty.
9. Structural equation modeling for the testing of the hypotheses H1-H11.
10. Structural equation modeling analysis of the alternative model.
11. Multi-group SEM analysis of the moderating effect of the type of the beverage establishment.

4.3.1. Sample Demographic Information

The targeted main study population was U.S. customers who were customers of a beverage establishment at least once in the past 6 months. Modified online-based questionnaire was distributed through Amazon MTurk during a three day period in March 2013. The formal criteria for the random selection of the sampling frame consisted of U.S. residents of 21 years of age or older. The obtained sample for the main study was 641 respondents. The respondents who failed to provide correct responses on attention check questions were eliminated, resulting in the final sample of 595 responses.

The respondents' demographics are displayed in Table 17 and Table 18. The age range of the respondents was between 21 and 72 years, with the average age of 31.87 years (Table 17). Based on the gender structure there was a smaller portion of females with 40.7% respondents compared to 59.3% male respondents. The highest percentage of respondents (55.8%) reported to have annual income between $25,000 and $75,000 which is consistent with U.S. census data.

Most of the respondents had Bachelor's Degree (34.1%) followed by some college degree (34.5%) and High School (11.9%).

Table 17. Main study respondents' age

	N	Minimum	Maximum	Mean	Std. Deviation
Age	595	21	72	31.87	9.424
Valid N (listwise)	595				

Table 18. Main study respondents' profile

		Frequency	Percent (%)
Gender	Male	353	59.3
	Female	242	40.7
	Total	595	100.0
Ethnicity	Caucasian	476	80.0
	Native American	2	.3
	Hispanic	32	5.4
	African American	31	5.2
	Asian	43	7.2
	Pacific Islander	3	.5
	Other	7	1.2
	Total	594	99.8
Income	$25,000 or less	119	20.0
	$25,001- $50,000	200	33.6
	$50,001-$75,000	132	22.2
	$75,001-$100,000	69	11.6
	$100,001 - $150,000	48	8.1
	$150,001- $200,000	13	2.2
	$200,001-$250,000	2	.3

		Frequency	Percent (%)
	$250,001 or m ore	1	.2
	Prefer not to answer	11	1.8
	Total	595	100.0
Education	High School	59	9.9
	Associate degree (2 year)	53	8.9
	Some college	187	31.4
	Bachelor's Degree (4 year)	243	40.8
	Master's Degree	43	7.2
	Doctorate Degree	7	1.2
	Other	3	.5
	Total	595	100.0
Occupation	Management or professional	98	16.5
	Services	73	12.3
	Sales	49	8.2
	Farming, fishing, and forestry	6	1.0
	Construction, extraction, and maintenance	16	2.7
	Production, transportation, and material moving	9	1.5
	Government	23	3.9
	Technology	83	13.9
	Education	39	6.6
	Manufacturing	10	1.7
	Student	69	11.6
	Retired	8	1.3
	Unemployed	56	9.4
	Other	56	9.4
	Total	595	100.0

In addition to 6 demographic questions respondents were asked how often they visit beverage establishments. Only 0.3% or respondents declared that they never visit these establishments. 24.9% visit beverage establishments less than once a month, 24.7% once a

month, 35.1% visit 2 to 3 times a week while 10.6% visit beverage establishments at least once a week (Table 19).

Table 19. Frequency in beverage establishments - main study

		Frequency	Percent (%)
Valid	Never	2	.3
	Less than Once a Month	148	24.9
	Once a Month	147	24.7
	2-3 Times a Month	209	35.1
	Once a Week	63	10.6
	2-3 Times a Week	23	3.9
	Daily	3	.5
	Total	595	100.0

4.3.2. Descriptive Information about the Respondents' Experience

Aside from reporting basic demographics, participants also reported additional information about their last experience in the beverage establishment. Approximately 32% of respondents stated that they most recently visited the beverage-only establishment. Additional 34.5% visited the bar and entertainment combination and 33.3% visited food and beverage combination. The highest percentage (21.3%) of participants last visited a standard bar. This was followed by 21.0% of participants who visited restaurant with a bar and 15% who visited sports bar. All other bar categories were visited by less than 10% of total number of participants. 37.5% of participants reported that the establishment they visited had live entertainment and 62.4% reported that beverage establishment offered food. 31.6% of establishments offered a large

selection of food followed by 27.1% that offered a small food selection and 3.7% that offered only bar snacks. Additionally, 45.2% of the respondents reported that they ordered food. During the last beverage experience, beer was ordered by 58.5% of the participants, followed by liquor (16.5%) and cocktails (14.1%). 28.4% of participants visited a beverage establishment in a party of four or more people. Only 4.5% of respondents reported to visit the beverage establishment alone (see Appendix H for additional complete information).

4.3.3. Exploratory Factor Analysis of Antecedents of Customer Experience Instrument

Exploratory factor analysis (EFA) was also used to explore the underlying structure or relationships among the attributes of the customer experience instrument. The main sample was randomly divided and exploratory factor analysis was executed on the smaller sample of 238 participants (40% of the entire sample). The initial instrument included 57 measurement items of antecedents of customer experience in beverage establishments. In the first step the descriptive statistics for 57 items was analyzed (see Appendix I for the descriptive statistics for the antecedents of customer experience instrument). Nineteen out of 57 variables have minor variations of normality based on kurtosis and skewness scores. However, the majority of variables did not show major violation of normality assumption, and therefore EFA was deemed appropriate.

The initial EFA included 57 measurement items of antecedents of customer experience in beverage establishments. The Kaiser-Meyer-Olkin measure of sampling adequacy was .891, which was above the recommended value of .60. Bartlett's test of sphericity was significant ($\chi^2(1596) = 12801$, $p < .01$). The anti-image correlation matrix diagonals were all over .50,

suggesting the inclusion of the items in the factor analyses. Regression factor score distributions for all factors were normally distributed. EFA with principle axis factoring and Oblimin rotation was conducted on the 57 items. Principle axis factoring was selected as the method of extraction. Because of the violation of normality of the observed variables, maximum likelihood was not deemed appropriate since it is more sensitive to normality violations (Hair et al., 2006).

Table 20 shows the communalities for all of the 57 items in the first EFA. Following the initial EFA, in 18 sequential steps 18 items were removed from the analysis. Out of the 18 items, 7 items with low corrected item-total correlations were dropped. Additional 11 items with low factor loading were removed from the analysis:

- Service1: I received accurate service in a timely manner.
- Service2: The staff was never too busy to respond to my requests.
- Service3: The staff suggestions of drinks or food were reliable.
- Service4: I received personal attention.
- Product1: I liked the variety of drinks on the menu.
- Physical1: The lighting created a comfortable atmosphere.
- Physical8: The establishment was clean.
- Physical9: The staff was neat and well dressed.
- Hours1: The beverage establishment had convenient operating hours.
- Hours2: The regular hours of operation were appropriate.
- Hours3: The weekend hours of operation were appropriate.
- Location1: The beverage establishment is conveniently located.
- Parking4: The establishment was easily accessible.

- Safety1: There were no safety or security problems at this beverage establishment.
- Safety2: I know that the establishment is very safe.
- Safety3: I heard that the establishment is very safe.
- Safety4: The establishment is in a safe area.
- Safety5: I felt safe at the establishment.

No items were cross loaded into multiple factors. Table 20 shows the order in which the items were deleted from the analysis and the actual wording of items.

Table 20. Communalities in the initial main study EFA - the antecedents of customer experience

	Initial	Extraction	Order
Service1 I received accurate service in a timely manner.	.631	.540	9
Service2 The staff was never too busy to respond to my requests.	.597	.511	8
Service3 The staff suggestions of drinks or food were reliable.	.477	.375	1
Service4 I received personal attention.	.644	.641	17
Service5 The staff was very friendly and outgoing.	.700	.557	
Service6 The staff made me feel welcome.	.737	.705	
Product1 I liked the variety of drinks on the menu.	.657	.584	18
Product2 The drinks I had were very tasty.	.862	.820	
Product3 The quality of the drinks was excellent.	.844	.834	
Product6 I enjoyed the drinks in this establishment.	.882	.895	
Product7 The drinks tasted well.	.901	.886	
Product8 The drinks were of high quality.	.838	.793	
Physical1 The lighting created a comfortable atmosphere.	.641	.536	5
Physical2 The design was attractive.	.730	.740	
Physical3 Furniture (e.g., tables, chairs, stools) was of high quality.	.777	.809	
Physical4 The physical facilities (eg: buildings, signs, etc), were visually appealing.	.755	.746	
Physical5 The layout made it easy to move around.	.628	.597	
Physical6 The seating arrangement gave me enough space.	.755	.838	
Physical7 The seating was comfortable.	.721	.647	

	Initial	Extraction	Order
Physical8 The establishment was clean.	.719	.647	7
Physical9 The staff was neat and well dressed.	.726	.550	4
Music1 The music was very pleasing.	.665	.586	
Music2 The music was not too loud and not too quiet.	.805	.760	
Music3 The quality of sound was excellent.	.739	.708	
Music4 The music volume was appropriate.	.828	.847	
Social4 The customers appeared to be enjoying themselves and having fun.	.823	.736	
Social5 The customers appeared to be in a good mood.	.840	.797	
Social6 The atmosphere in the establishment was excellent.	.834	.774	
Social7 The customers were enjoying the atmosphere.	.816	.822	
Social8 The atmosphere was very pleasant.	.840	.777	
Info_convenience2 The staff let me know the food/beverage prices or special offers.	.668	.564	
Info_convenience3 Food/beverage product and pricing information was very clear and easy to read.	.867	.920	
Info_convenience5 The menu and signage made it easy to choose between drinks.	.774	.775	
Info_convenience6 The prices of drinks were clearly listed.	.818	.771	
Hours1 The beverage establishment had convenient operating hours.	.796	.827	11
Hours2 The regular hours of operation were appropriate.	.800	.835	10
Hours3 The weekend hours of operation were appropriate.	.694	.601	6
Location1 The beverage establishment is conveniently located.	.564	.463	2
Location2 I only traveled short distance to reach the establishment.	.743	.667	
Location3 The establishment is close to where I live.	.884	.908	
Location4 That establishment is very close to my home.	.865	.838	
Parking1 There were enough parking spaces close to the beverage establishment.	.880	.876	
Parking2 Parking in front of the establishment was convenient.	.781	.779	
Parking3 Parking was no problem at all.	.890	.926	
Parking4 The establishment was easily accessible.	.630	.515	12
Safety1 There were no safety or security problems at this beverage establishment.	.682	.578	13
Safety2 I know that the establishment is very safe.	.790	.807	16
Safety3 I heard that the establishment is very safe.	.628	.477	3
Safety4 The establishment is in a safe area.	.747	.753	15
Safety5 I felt safe at the establishment.	.784	.727	14

	Initial	Extraction	Order
Entrance_fee1 The entrance fee/cover charge was fair.	.903	.928	
Entrance_fee2 The entrance fee/cover charge was not too high.	.730	.685	
Entrance_fee4 The entrance fee/cover charge was adequate.	.911	.934	
Price1 The drinks were fairly priced.	.855	.798	
Price2 I consider the establishment's pricing policies to be fair.	.927	.931	
Price3 The food/beverage prices were reasonable.	.948	.942	
Price4 The food/beverage prices were fair.	.944	.941	

Extraction Method: Principal Axis Factoring.

In the nineteenth step, EFA with principle axis factoring and Oblimin rotation was conducted on the remaining 39 items. The Kaiser-Meyer-Olkin measure of sampling adequacy with value of 0.859 was higher than recommended value of 0.60. Bartlett's test of sphericity was significant ($\chi 2(741) = 9218$, $p < .01$).). The anti-image correlation matrix diagonals (measures of sampling adequacy) were all over .70, suggesting the inclusion of the items in the factor analyses. Principle axis factoring was again selected as the method of extraction. Table 21 shows that communalities for all of the 39 items were above recommended level of 0.5.

Table 21. Communalities in the final main study EFA - the antecedents of customer experience

	Initial	**Extraction**
Service5	.650	.798
Service6	.635	.707
Product2	.849	.829
Product3	.810	.807
Product6	.873	.894
Product7	.887	.895
Product8	.810	.805
Physical2	.653	.657
Physical3	.746	.848

	Initial	Extraction
Physical4	.708	.743
Physical5	.592	.547
Physical6	.726	.987
Physical7	.683	.626
Music1	.637	.578
Music2	.778	.751
Music3	.701	.719
Music4	.807	.841
Social4	.793	.756
Social5	.822	.823
Social6	.793	.751
Social7	.798	.830
Social8	.817	.775
Info_convenience2	.615	.525
Info_convenience3	.847	.921
Info_convenience5	.735	.761
Info_convenience6	.787	.765
Location2	.656	.594
Location3	.867	.956
Location4	.851	.858
Parking1	.871	.886
Parking2	.766	.758
Parking3	.884	.939
Entrance_fee1	.897	.928
Entrance_fee2	.697	.682
Entrance_fee4	.902	.941
Price1	.833	.801
Price2	.919	.935
Price3	.941	.941
Price4	.938	.938

Extraction Method: Principal Axis Factoring.

Based on the Kaiser criterion 11 factors were extracted using principal axis factoring. The Kaiser rule is to drop all components with eigenvalues under 1.0 – this being the eigenvalue

equal to the information accounted for by an average single item. Eleven factors together explained 79.727% of the entire variance (Table 22). Based on the characteristics of the items in the component matrix, the 11 factors were assigned the following names:

1. Social environment -5 items that explained 28.5% of total variance
2. Perceived price fairness - 4 items that explained 8.6% of total variance
3. Entrance fee fairness - 3 items that explained 8.0% of total variance
4. Parking convenience - 3 items that explained 7.2% of total variance
5. Location convenience - 3 items that explained 6.3% of total variance
6. Music quality - 4 items that explained 4.6% of total variance
7. Information convenience - 4 items that explained 4.4% of total variance
8. Product quality - 5 items that explained 4.0% of total variance
9. Physical environment design - 3 items that explained 3.7% of total variance
10. Service quality - 2 items that explained 2.3% of total variance
11. Physical environment layout - 3 items that explained 2.0% of total variance

Table 22. Total variance explained for 11 factors extracted in the final main study EFA - the antecedents of customer experience

	Initial Eigenvalues			Extraction Sums of Squared Loadings			RSSL[a]
Factor	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	11.308	28.996	28.996	11.109	28.486	28.486	6.397
2	3.545	9.089	38.085	3.363	8.624	37.110	5.663
3	3.293	8.444	46.528	3.123	8.008	45.118	4.119
4	3.000	7.694	54.222	2.826	7.246	52.364	3.731

	Initial Eigenvalues			Extraction Sums of Squared Loadings			RSSL[a]
Factor	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
5	2.643	6.776	60.998	2.447	6.276	58.640	3.007
6	1.963	5.034	66.033	1.791	4.592	63.232	4.528
7	1.931	4.952	70.985	1.727	4.428	67.661	4.626
8	1.736	4.452	75.436	1.562	4.005	71.666	6.899
9	1.644	4.216	79.652	1.458	3.737	75.404	4.750
10	1.107	2.840	82.491	.879	2.253	77.657	4.213
11	1.007	2.582	85.073	.807	2.070	79.727	4.876
12	.551	1.412	86.485				
13	.538	1.381	87.866				
14	.426	1.092	88.958				
15	.406	1.040	89.998				
16	.344	.882	90.880				
17	.310	.795	91.675				
18	.301	.771	92.447				
19	.283	.725	93.172				
20	.248	.635	93.807				
21	.226	.580	94.387				
22	.222	.570	94.957				
23	.207	.531	95.489				
24	.195	.499	95.988				
25	.182	.466	96.454				
26	.172	.440	96.894				
27	.154	.396	97.290				
28	.142	.363	97.653				
29	.129	.330	97.983				
30	.122	.312	98.295				
31	.120	.309	98.604				
32	.096	.245	98.849				
33	.091	.232	99.081				
34	.083	.214	99.295				
35	.075	.192	99.487				
36	.063	.161	99.648				
37	.057	.145	99.793				
38	.048	.122	99.915				

	Initial Eigenvalues			Extraction Sums of Squared Loadings			RSSL[a]
Factor	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
39	.033	.085	100.000				

Extraction Method: Principal Axis Factoring.

a. Rotation Sums of Squared Loadings - When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

Oblimin rotation was selected because it was expected that latent factor are not orthogonal but related to each other. When an orthogonal rotation is used, it is recommended to use both pattern and structure matrix in the analysis of factor structure (Hair et al., 2006). The pattern matrix of the remaining items summarizes the constructs that emerged in factor analysis (Table 23). Additionally structure matrix confirms the suggested factor structure (Table 24). Items' factor loadings in the structure matrix ranged from 0.694 to 0.989 suggesting the high correlation of the items with the suitable factors.

Out of the 12 expected factors two (safety and convenient operating hours) were not recognized in the EFA because all of the items that are supposed to measure safety and convenient operating hours were removed in the previous steps. Additionally, physical environment factor was divided into two factors that were named based on their items: physical environment design and physical environment layout. Factor correlation matrix indicated that Oblimin rotation was appropriate considering that correlations between factors are relatively high (see Appendix J for the entire correlation matrix). Eleven factors structure developed in the EFA stage were tested with the confirmatory factor analysis (CFA).

Table 23. Pattern matrix - final main study EFA - the antecedents of customer experience

	Factor										
	1	2	3	4	5	6	7	8	9	10	11
Social5	.872										
Social7	.869										
Social4	.847										
Social6	.669										
Social8	.610										
Price3		.972									
Price4		.945									
Price2		.942									
Price1		.868									
Entrance_fee1			-.970								
Entrance_fee4			-.959								
Entrance_fee2			-.756								
Parking3				.969							
Parking1				.934							
Parking2				.849							
Location3					.989						
Location4					.912						
Location2					.742						
Music4						-.931					
Music2						-.861					
Music3						-.816					
Music1						-.658					
Info_convenience3							.940				
Info_convenience6							.868				
Info_convenience5							.812				
Info_convenience2							.606				
Product2								.903			
Product3								.902			
Product6								.900			
Product7								.871			
Product8								.856			

	Factor										
	1	2	3	4	5	6	7	8	9	10	11
Physical3									.918		
Physical4									.787		
Physical2									.698		
Service5										.845	
Service6										.766	
Physical6											-1.034
Physical5											-.628
Physical7											-.601

Extraction Method: Principal Axis Factoring.

Rotation Method: Oblimin with Kaiser Normalization.

a. Rotation converged in 9 iterations.

Table 24. Structure matrix - final main study EFA - the antecedents of customer experience

	Factor										
	1	2	3	4	5	6	7	8	9	10	11
Social7	.905										
Social5	.897										
Social4	.861										
Social6	.814										
Social8	.805										
Price3		.969									
Price4		.965									
Price2		.965									
Price1		.892									
Entrance_fee4			-.965								
Entrance_fee1			-.960								
Entrance_fee2			-.798								
Parking3				.967							
Parking1				.939							
Parking2				.866							
Location3					.976						
Location4					.922						

	Factor										
	1	2	3	4	5	6	7	8	9	10	11
Location2					.761						
Music4						-.908					
Music2						-.861					
Music3						-.842					
Music1						-.736					
Info_convenience3							.955				
Info_convenience6							.863				
Info_convenience5							.847				
Info_convenience2							.694				
Product6								.938			
Product7								.935			
Product2								.905			
Product3								.893			
Product8								.885			
Physical3									.915		
Physical4									.848		
Physical2									.787		
Service5										.882	
Service6										.820	
Physical6											-.989
Physical7											-.749
Physical5											-.721

Extraction Method: Principal Axis Factoring.
Rotation Method: Oblimin with Kaiser Normalization.

4.3.4. Exploratory Factor Analysis of Customer Experiential State Instrument

EFA served to examine the underlying structure or relationships among the attributes of the proposed customer experiential state instrument. Main sample was randomly divided and the smaller sample of 238 participants (40% of the entire sample) was utilized for the exploratory factor analysis. The initial instrument included 13 measurement items of customer experiential

state in beverage establishments. In the first step the descriptive statistics for 13 items was analyzed (see Appendix K for the item descriptive statistics). Seven out of 13 variables have minor variations of normality based on kurtosis and skewness scores. However, the majority of variables did not show major violation of normality assumption, and therefore EFA was deemed appropriate.

EFA with principle axis factoring and Oblimin rotation was conducted on the 13 items. Principle axis factoring was selected as the method of extraction because of the violation of normality of the observed variables (Hair et al., 2006). The initial EFA included 13 measurement items of customer experiential state in the beverage establishments. The Kaiser-Meyer-Olkin measure of sampling adequacy was .916, which was above the recommended value of .60. Bartlett's test of sphericity was significant ($\chi^2(78) = 2677$, $p < .01$). The anti-image correlation matrix diagonals were all over .70, suggesting the inclusion of the items in the factor analyses. Regression factor score distributions for all factors were normally distributed.

Table 25 shows the communalities for all 13 items in the first EFA. Cognitive Experience item 1 and affective experience item 3 were removed from the analyses because of the low factor loadings.

- Cognitive experience 1: My experience at the beverage establishment made me feel hip and cool - had communality of only 0.382 and therefore was removed from the analysis in the first step
- Affective experience 3: My experience was beyond words - had communality of 0.412 and therefore was removed from the analysis in the second step

Table 25. Communalities in the initial main study EFA - customer experiential state

	Initial	Extraction	Order
Affective_experience1 I had a great experience at the beverage establishment.	.745	.716	
Affective_experience2 I truly enjoyed my experience.	.809	.813	
Affective_experience3 My experience was beyond words.	.460	.414	2
Affective_experience4 I had a very pleasant experience.	.829	.831	
Affective_experience5 My experience was enjoyable.	.879	.881	
Affective_experience6 My experience made me happy.	.750	.759	
Affective_experience7 I had a very enjoyable time.	.841	.841	
Affective_experience8 The experience made me feel relaxed.	.580	.554	
Affective_experience9 My visit was very entertaining.	.537	.527	
Cognitive_experience1 My experience at the beverage establishment made me feel hip and cool.	.402	.382	1
Cognitive_experience2 I felt like I was a different person when I was at the establishment.	.601	.674	
Cognitive_experience3 I completely escaped from my everyday reality.	.639	.655	
Cognitive_experience4 I felt like I was in another world while being there.	.706	.775	

Extraction Method: Principal Axis Factoring.

In the third step, EFA with principle axis factoring and Oblimin rotation was conducted on the remaining 11 items. The Kaiser-Meyer-Olkin measure of sampling adequacy with value of 0.915 was higher than recommended value of 0.60. Bartlett's test of sphericity was significant ($\chi 2(55) = 2431$, $p < .01$). The anti-image correlation matrix diagonals (measures of sampling adequacy) were all over .70, suggesting the inclusion of the items in the factor analyses. Table 26 shows that communalities for all 11 items were above recommended level of 0.5.

Table 26. Communalities in the final main study EFA - customer experiential state

	Initial	Extraction
Affective_experience1	.739	.711
Affective_experience2	.809	.814
Affective_experience4	.820	.826
Affective_experience5	.877	.887
Affective_experience6	.749	.763
Affective_experience7	.839	.851
Affective_experience8	.557	.550
Affective_experience9	.524	.520
Cognitive_experience2	.540	.576
Cognitive_experience3	.632	.690
Cognitive_experience4	.701	.879

Extraction Method: Principal Axis Factoring.

Based on the Kaiser criterion 2 factors were extracted using principal axis factoring. The Kaiser rule is to drop all components with eigenvalues under 1.0. 2 factors together explained 73.34% of the entire variance (Table 27). Based on the characteristics of the items in the component matrix, two factors were assigned the following names:

1. Affective experiential state - 8 items that explained 55.5% of total variance
2. Cognitive experiential state - 3 items that explained 17.9% of total variance

Table 27. Total variance explained for 2 factors extracted in the final main study EFA - customer experiential state

	Initial Eigenvalues			Extraction Sums of Squared Loadings			RSSL[a]
Factor	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	6.342	57.657	57.657	6.101	55.461	55.461	6.040
2	2.235	20.316	77.973	1.967	17.880	73.341	2.479
3	.535	4.867	82.840				
4	.422	3.835	86.675				
5	.363	3.297	89.972				
6	.302	2.748	92.720				
7	.237	2.156	94.876				
8	.184	1.676	96.552				
9	.151	1.374	97.926				
10	.139	1.259	99.186				
11	.090	.814	100.000				

Extraction Method: Principal Axis Factoring.

a. Rotation Sums of Squared Loadings - When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

Oblimin rotation was selected because it was expected that latent factor are not orthogonal but related to each other. The pattern matrix of the remaining items summarizes the constructs that emerged in factor analysis (Table 28). Structure matrix additionally confirms the suggested factor structure (Table 29). Items' factor loadings ranged from 0.573 to 0.989 suggesting the relatively high correlation of the items with the suitable factors.

Correlation between affective experiential state factor and cognitive experiential state factor was 0.236 indicating that Oblimin rotation was appropriate considering that correlations between factors was relatively high. Two factors structure developed in the EFA stage were tested with the confirmatory factor analysis (CFA).

Table 28. Pattern matrix - final main study EFA - customer experiential state

	Factor	
	1	2
Affective_experience5	.954	
Affective_experience7	.923	
Affective_experience4	.920	
Affective_experience2	.908	
Affective_experience6	.847	
Affective_experience1	.844	
Affective_experience8	.748	
Affective_experience9	.696	
Cognitive_experience4		.942
Cognitive_experience3		.802
Cognitive_experience2		.770

Extraction Method: Principal Axis Factoring.

Rotation Method: Oblimin with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Table 29. Structure matrix - final main study EFA - customer experiential state

	Factor	
	1	2
Affective_experience5	.940	
Affective_experience7	.923	
Affective_experience4	.907	
Affective_experience2	.902	
Affective_experience6	.869	
Affective_experience1	.843	
Affective_experience8	.741	
Affective_experience9	.716	
Cognitive_experience4		.937
Cognitive_experience3		.825

	Factor	
	1	2
Cognitive_experience2		.757

Extraction Method: Principal Axis Factoring.
Rotation Method: Oblimin with Kaiser Normalization.

4.3.5. Internal Consistency of Dependent and Independent Variables used in the EFA sample

Before CFA and SEM model testing, the analysis of the internal consistency of all independent and dependent variables was conducted. Internal consistency of each scale was appropriate with high Cronbach's alphas for different antecedents of customer experience factors:

1. Service quality - 2 items - Pearson Correlation 0.710
2. Product quality - 5 items - Cronbach's alpha 0.959
3. Physical environment design - 3 items - Cronbach's alpha 0.886
4. Physical environment layout - 3 items - Cronbach's alpha 0.853
5. Music quality - 4 items - Cronbach's alpha 0.901
6. Social environment -5 items - Cronbach's alpha 0.933
7. Information convenience - 4 items - Cronbach's alpha 0.901
8. Location convenience - 3 items - Cronbach's alpha 0.912
9. Parking convenience - 3 items - Cronbach's alpha 0.944
10. Entrance fee fairness - 3 items - Cronbach's alpha 0.926
11. Perceived price fairness - 4 items - Cronbach's alpha 0.972

Similarly, Cronbach's alphas for affective experiential state and cognitive experiential state were very high at 0.954 and 0.875 respectively (see Appendix L for all measurement scales and their respective Cronbach's alphas).

Finally, Cronbach's alpha scores were calculated for all of the additional variables. All of the internal consistency estimates were above the suggested threshold. Affective loyalty was measured with three items adapted from Back (2005) and Back and Parks (2003). This scale had a Cronbach's alpha of 0.765. Cognitive loyalty was measured with four items adapted from Back and Parks (2003) and had Cronbach's alpha of 0.875. Four items adapted from Kim et al. (2001) were used to measure word-of-mouth and they had Cronbach's alpha of 0.866. Finally, return intention was measured with three items adapted from Kivela et al. (1999a) and had Cronbach's alpha of 0.889 (see Appendix L for all measurement scales and their respective Cronbach's alphas).

4.3.6. Confirmatory Factor Analysis of Antecedents of Customer Experience Instrument

Since multiple factors were identified as antecedents of customer experience exploratory factor analysis, confirmatory factor analysis (CFA) was utilized to confirm the appropriate measurement scales (Hoyle, 2000; Mulaik, 1988). The entire data set was split into two parts. A smaller sample was tested using EFA. A larger sample of 357 randomly selected participants (60% of the entire sample) was used for the confirmatory factor analysis. Maximum likelihood method (MLE) of extraction was deployed because the sample did not show violation of the multivariate normality assumption. The MLE technique was selected because the data met the model assumptions, which include multivariate normality, no missing data, no outliers, and

continuous variables (Hair et al., 2010). As suggested by the modification indices, some of the error terms in the same latent construct were correlated.

In the first step CFA was used to assess the fit of 11 latent variables of antecedents of customer experience which were measured by 39 observed variables. Based on the recommendation of Fan and Sivo (2007), Sivo et al (2006) and Schumacker and Lomax (2004), the appropriateness of model fit was assessed using χ^2/df, CFI, GFI, AGFI, RMSEA, and PCLOSE. Generally, having a χ^2-to-df ratio of less than 3; CFI greater than .95, GFI greater than .90, AGFI greater than .80, RMSEA less than .08 and PCLOSE greater than 0.05 indicate a good model fit. Based on the several model fit indicators (Table 30), the proposed measurement model of antecedents of customer experience demonstrated an appropriate fit. χ^2-to-df index with value of 1.818 was less than 3, CFI with value of 0.963 crossed a threshold indicating a good model fit. Additionally, GFI was 0.858, AGFI was 0.825, RMSEA was 0.048 and PCLOSE was 0.777. CFA model is shown in Figure 10.

Table 30. Antecedents of customer experience measurement model fit indicators

Measure	**Threshold**	**Value**	**Criteria Met**
Chi-Square/df	< 3	1.818	Yes
p-value	> 0.05	0.000	No
CFI	> 0.95	0.963	Yes
GFI	> 0.90	0.858	No
AGFI	> 0.80	0.825	Yes
RMSEA	< 0.08	0.048	Yes
PCLOSE	> 0.05	0.777	Yes

CFA was also used to estimate construct reliability and discriminant and convergent validity of the 11 antecedents of customer experience factors established in the EFA (Tables 31

and 32). Convergent validity, explained as a degree to which items of a particular construct should converge or share a high proportion of common variance (Hair et al., 2010), was assessed using three methods. These include factor loadings, average variance extracted (AVE), and construct reliability (CR). High factor loadings indicate that the items are converging on a common point, the latent construct. Two rules of thumb generally apply to factor loadings: indication of statistical significance and having standardized loading estimates of .50 or higher (Hair et al., 2010). The AVE is the average percentage of variation extracted (or explained) among the items of a latent construct (Hair et al., 2010). An AVE of .50 or higher suggests adequate coverage. Another indicator of convergent validity is construct reliability (CR). CR is used to measure internal consistency and reliability of the measured variables that represent a latent construct (Hair et al., 2010). Reliability scores greater than .70 suggest good reliability (Hair et al., 2010).

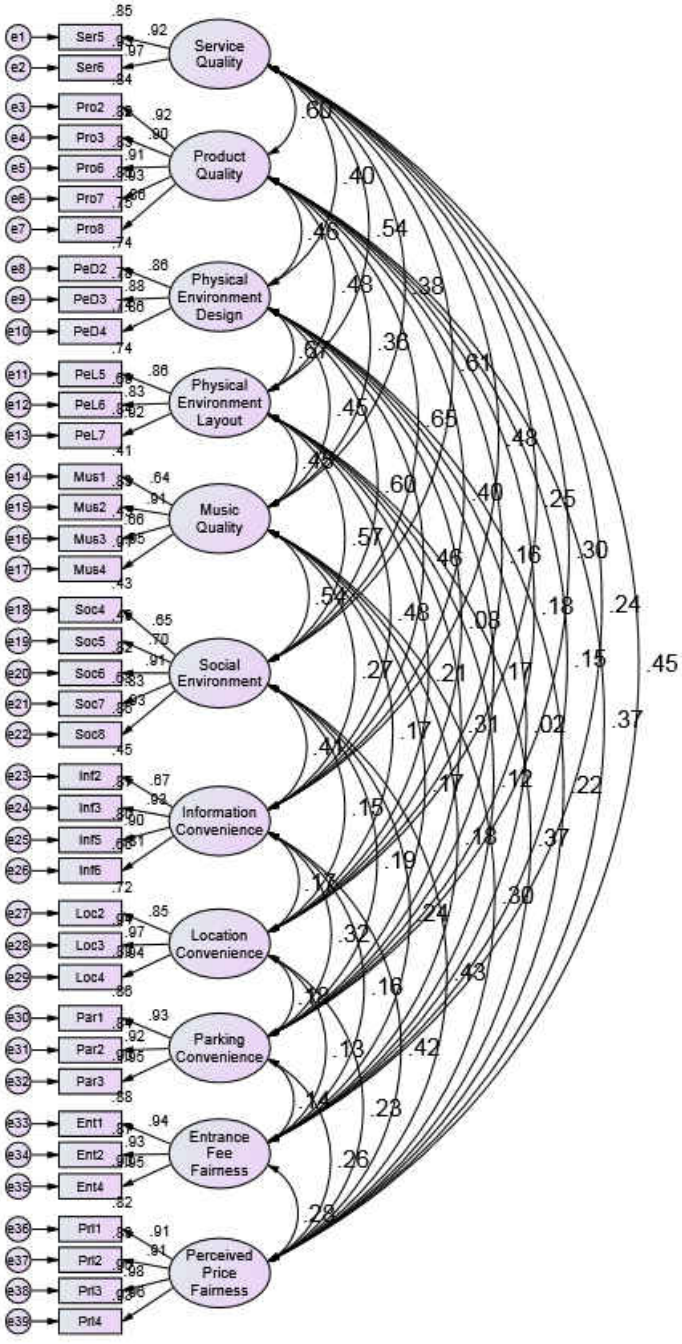

Figure 10. Antecedents of customer experience measurement model

Construct reliability coefficients (CR) of all six factors were above the 0.70 threshold (Chen & Hitt, 2002). Ranging from 0.638 to 0.979 standardized factor loadings of the items within the six factors were highly above the minimum value of 0.40 (Ford et al., 1986). According to the AVE values that ranged from 0.645 to 0.893, the convergent validity of the established factors was satisfactory (Garbarino & Johnson, 1999). Comparing AVE with the squared correlation between pairs of constructs, it can be observed that the maximum squared variance (MSV) values were lower than AVE values indicating good discriminant validity (Fornell & Larcker, 1981).

Table 31. Convergent and discriminant validity of 11 antecedents of customer experience

	CR	AVE	MSV	ASV	Service	Product	Design	Layout	Music	Social	Info	Location	Parking	Entrance	Price
Service	0.943	0.893	0.370	0.197	0.945										
Product	0.958	0.819	0.421	0.173	0.601	0.905									
Design	0.901	0.753	0.444	0.167	0.397	0.457	0.868								
Layout	0.903	0.758	0.444	0.201	0.543	0.475	0.666	0.870							
Music	0.876	0.645	0.295	0.123	0.380	0.360	0.453	0.453	0.803						
Social	0.903	0.654	0.421	0.224	0.608	0.649	0.599	0.570	0.543	0.809					
Info	0.899	0.693	0.229	0.140	0.479	0.400	0.458	0.478	0.269	0.414	0.832				
Location	0.945	0.852	0.062	0.032	0.248	0.164	0.084	0.206	0.167	0.152	0.174	0.923			
Parking	0.952	0.869	0.101	0.053	0.302	0.179	0.166	0.306	0.174	0.188	0.318	0.180	0.932		
Entrance	0.959	0.887	0.077	0.033	0.245	0.153	0.018	0.120	0.182	0.237	0.163	0.131	0.139	0.942	
Price	0.968	0.883	0.204	0.117	0.452	0.372	0.217	0.373	0.296	0.428	0.415	0.234	0.263	0.277	0.940

Table 32. Item loadings, reliabilities and validities - antecedents of customer experience

Construct	Items	Standardized Loadings	Construct Reliability	AVE	MSV	ASV
Service Quality	The staff was very friendly and outgoing.	.923	0.943	0.893	0.370	0.197
	The staff made me feel welcome.	.966				
Product Quality	The drinks I had were very tasty.	.919	0.958	0.819	0.421	0.173
	The quality of the drinks was excellent.	.904				
	I enjoyed the drinks in this establishment.	.911				
	The drinks tasted well.	.926				
	The drinks were of high quality.	.864				
Physical Environment Design	The design was attractive.	.861	0.901	0.753	0.444	0.167
	Furniture (e.g., tables, chairs, stools) was of high quality.	.881				
	The physical facilities (eg: buildings, signs, etc), were visually appealing.	.861				
Physical Environment Layout	The layout made it easy to move around.	.858	0.903	0.758	0.444	0.201
	The seating arrangement gave me enough space.	.833				
	The seating was comfortable.	.918				
Music Quality	The music was very pleasing.	.638	0.876	0.645	0.295	0.123
	The music was not too loud and not too quiet.	.912				
	The quality of sound was excellent.	.658				
	The music volume was appropriate.	.953				
Social Environment	The customers appeared to be enjoying themselves and having fun.	.654	0.903	0.654	0.421	0.224
	The customers appeared to be in a good mood.	.697				
	The atmosphere in the establishment was excellent.	.906				
	The customers were enjoying the atmosphere.	.826				
	The atmosphere was very pleasant.	.925				
Information Convenience	The staff let me know the food/beverage prices or special offers.	.672	0.899	0.693	0.229	0.140
	Food/beverage product and pricing information was very clear and easy to read.	.930				
	The menu and signage made it easy to choose between drinks.	.895				
	The prices of drinks were clearly listed.	.809				

Construct	Items	Standardized Loadings	Construct Reliability	AVE	MSV	ASV
Location Convenience	I only traveled short distance to reach the establishment.	.851	0.945	0.852	0.062	0.032
	The establishment is close to where I live.	.971				
	That establishment is very close to my home.	.943				
Parking Convenience	There were enough parking spaces close to the beverage establishment.	.928	0.952	0.869	0.101	0.053
	Parking in front of the establishment was convenient.	.919				
	Parking was no problem at all.	.950				
Entrance Fee Fairness	The entrance fee/cover charge was fair.	.940	0.959	0.887	0.077	0.033
	The entrance fee/cover charge was not too high.	.935				
	The entrance fee/cover charge was adequate.	.951				
Perceived Price Fairness	The drinks were fairly priced.	.905	0.968	0.883	0.204	0.117
	I consider the establishment's pricing policies to be fair.	.908				
	The food/beverage prices were reasonable.	.979				
	The food/beverage prices were fair.	.965				

4.3.7. Confirmatory Factor Analysis of Customer Experiential State Instrument

The second confirmatory factor analysis examined the factor structure of the customer experiential state instrument. The same sample used for the antecedents of customer experience CFA was used in this analysis. In the first step CFA was used to assess the fit of 2 latent variables of antecedents of the customer experiential state, measured with 11 observed variables. As suggested by the modification indices, some of the error terms in the same latent construct were correlated. Based on the several model fit indicators (Table 33), the proposed measurement model of the customer experiential states demonstrated an appropriate fit. χ^2-to-df index with value of 2.283 was less than 3, CFI with value of 0.987 crossed a threshold indicating a good

model fit. Additionally, GFI was 0.955, AGFI was 0.926, RMSEA was 0.060 and PCLOSE was 0.146. CFA model is shown in Figure 11.

Table 33. Customer experiential states measurement model fit indicators

Measure	Threshold	Value	Criteria Met
Chi-Square/df	< 3	2.283	Yes
p-value	> 0.05	0.000	No
CFI	> 0.95	0.987	Yes
GFI	> 0.90	0.955	Yes
AGFI	> 0.80	0.926	Yes
RMSEA	< 0.08	0.060	Yes
PCLOSE	> 0.05	0.146	Yes

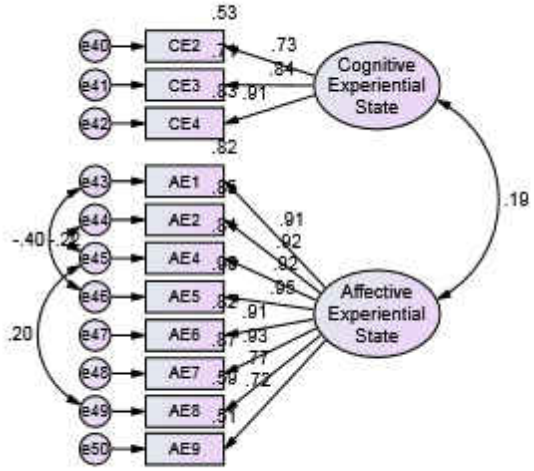

Figure 11. Customer experiential states measurement model

CFA was also used to estimate construct reliability and convergent and discriminant validity of the 2 customer experiential state factors established in the EFA (Tables 34). Construct reliability coefficients (CR) of both factors were above the 0.70 threshold (Chen & Hitt, 2002).

Ranging from 0.717 to 0.947 standardized factor loadings of the items within the six factors were highly above the minimum value of 0.40 (Ford et al., 1986). According to the AVE values that were 0.649 and 0.78, the convergent validity of the established factors was satisfactory (Garbarino & Johnson, 1999). Comparing AVE with the squared correlation between pairs of constructs, it can be observed that the MSV values were lower than AVE indicating good discriminant validity (Fornell & Larcker, 1981).

Table 34. Item loadings, reliabilities and validities - *customer experiential states*

Construct	Items	Standardized Loadings	Construct Reliability	AVE	MSV	ASV
Affective Experiential State	I had a great experience at the beverage establishment.	.907	0.96	0.78	0.04	0.04
	I truly enjoyed my experience.	.924				
	I had a very pleasant experience.	.916				
	My experience was enjoyable.	.947				
	My experience made me happy.	.906				
	I had a very enjoyable time.	.935				
	The experience made me feel relaxed.	.767				
	My visit was very entertaining.	.717				
Cognitive Experiential State	I completely escaped from my everyday reality.	.730	0.87	0.69	0.04	0.04
	I felt like I was in another world while being there.	.842				
	I felt like I was in another world while being there.	.912				

4.3.8. Confirmatory Factor Analysis of Customer Loyalty

The third confirmatory factor analysis examined the factor structure of the customer loyalty instrument. The same sample used for the antecedents of customer experience CFA was used in this analysis. In the first step CFA was used to assess the fit of 4 latent variables

(cognitive loyalty, affective loyalty, word-of-moth and return intention), measured with 14 observed variables. As suggested by the modification indices, some of the error terms were correlated. Based on the several model fit indicators (Table 35), the customer loyalty measurement model demonstrated an appropriate fit. χ^2-to-df index with value of 2.941 was less than 3, CFI with value of 0.976 crossed a threshold indicating a good model fit. Additionally, GFI was 0.933, AGFI was 0.887, RMSEA was 0.074 and PCLOSE was 0.001. CFA model is shown in Figure 12.

Table 35. Customer loyalty measurement model fit indicators

Measure	**Threshold**	**Value**	**Criteria Met**
Chi-Square/df	< 3	2.941	Yes
p-value	> 0.05	0.000	No
CFI	> 0.95	0.976	Yes
GFI	> 0.90	0.933	Yes
AGFI	> 0.80	0.887	Yes
RMSEA	< 0.08	0.074	Yes
PCLOSE	> 0.05	0.001	No

CFA was also used to estimate construct reliability and discriminant and convergent validity of the 4 latent variables (Table 36). Construct reliability coefficients (CR) of all six factors were above the 0.70 threshold (Chen & Hitt, 2002). Ranging from 0.400 to 0.912 standardized factor loadings of the items within the six factors were above the minimum value of 0.40 (Ford et al., 1986). According to the AVE values that ranged from 0.573 to 0.802, the convergent validity of the established factors was satisfactory (Garbarino & Johnson, 1999). However, discriminant validity was not fully confirmed because the square roots of the AVE for

cognitive loyalty and affective loyalty were lower than one the absolute value of the correlations with other factors. Additionally, the average variances extracted for cognitive and affective loyalty were lower than the average squared variance. However, this is expected with highly correlated factors such as two dimensions of loyalty, word of mouth and return intention.

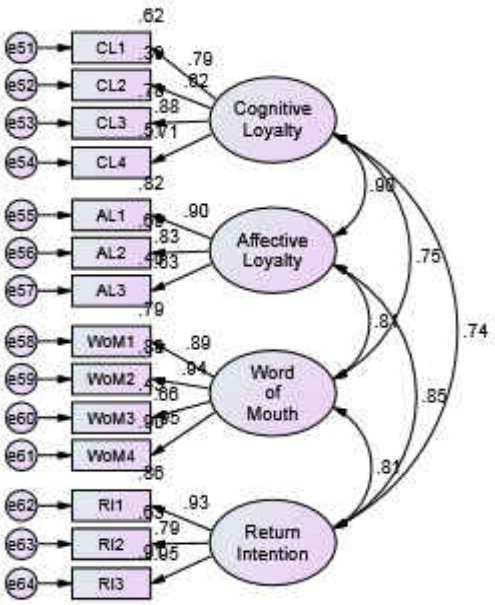

Figure 12. Customer loyalty measurement model

Table 36. Item loadings, reliabilities and validities - customer loyalty

Construct	Items	Standardized Loadings	Construct Reliability	AVE	MSV	ASV
Cognitive Loyalty	I received superior service quality as compared to similar places I have been.	.619	0.841	0.573	0.817	0.641
	No other beverage establishment is better than this one.	.619				
	The overall quality of this beverage establishment was outstanding.	.776				
	I believe this beverage establishment provides more to me than any other.	.507				
Affective	I loved my last visit to the beverage	.818	0.836	0.635	0.817	0.734

Construct	Items	Standardized Loadings	Construct Reliability	AVE	MSV	ASV
Loyalty	establishment.					
	I feel better after I visited the establishment.	.690				
	I like this establishment more than any other.	.400				
Word-Of-Mouth	I will spread positive word-of-mouth about this beverage establishment.	.787	0.922	0.752	0.661	0.627
	I would write a positive online review about the establishment.	.885				
	I will recommend this establishment to my friends.	.433				
	If my friends are looking to go to a beverage establishment, I would recommend this one.	.902				
Return Intention	I intend to visit this beverage establishment again.	.863	0.923	0.802	0.724	0.644
	If I visit a beverage establishment, it would be this one.	.631				
	I will visit this establishment again in the future.	.912				

4.3.9. Single Group Structural Equation Model Hypotheses Testing

In the final step of data analysis, the proposed framework and hypotheses were tested through structural equation modeling (SEM). Structural equation modeling utilizes diverse model types to explain both latent and observed relationships among variables to provide a quantitative test for a theoretical model (Schumacker & Lomax, 2004). This technique allows researchers to simultaneously test a set of interrelated hypotheses by estimating the relationships among multiple independent and dependent variables in a structural model (Gefen, Straub, & Boudreau, 2000). For this stage of the analysis the entire sample of 595 participants was used. A single group SEM was used to test the overall model fit and the hypotheses H1-H11 in the first step.

Model fit. The foundation for the structural model was the measurement model developed in the three separate CFA stages. Seventeen latent constructs (11 antecedents of customer experience, 2 experiential states, affective loyalty, cognitive loyalty, word of mouth and return intention) and 64 observed variables were used in the model. The hypothesized relationships among the constructs were tested with the significance of the model path coefficient. Similar to CFA, considering that the normality assumption was met, the maximum likelihood estimate method was exploited to test the theoretical model in AMOS 22. The goodness-of-fit measures were used to assess the overall structural model fit (Table 37). The overall fit indices for the proposed (base) model were acceptable, with a χ^2-to-df ratio equal to 2.242, CFI equal of 0.942, GFI was 0.824, AGFI was 0.802, RMSEA was 0.046 and PCLOSE was 1.000.

Table 37. Base structural model fit indicators

Measure	Threshold	Value	Criteria Met
Chi-Square/df	< 3	2.239	Yes
p-value	> 0.05	0.000	No
CFI	> 0.95	0.943	No
GFI	> 0.90	0.825	No
AGFI	> 0.80	0.802	Yes
RMSEA	< 0.08	0.046	Yes
PCLOSE	> 0.05	1.000	Yes

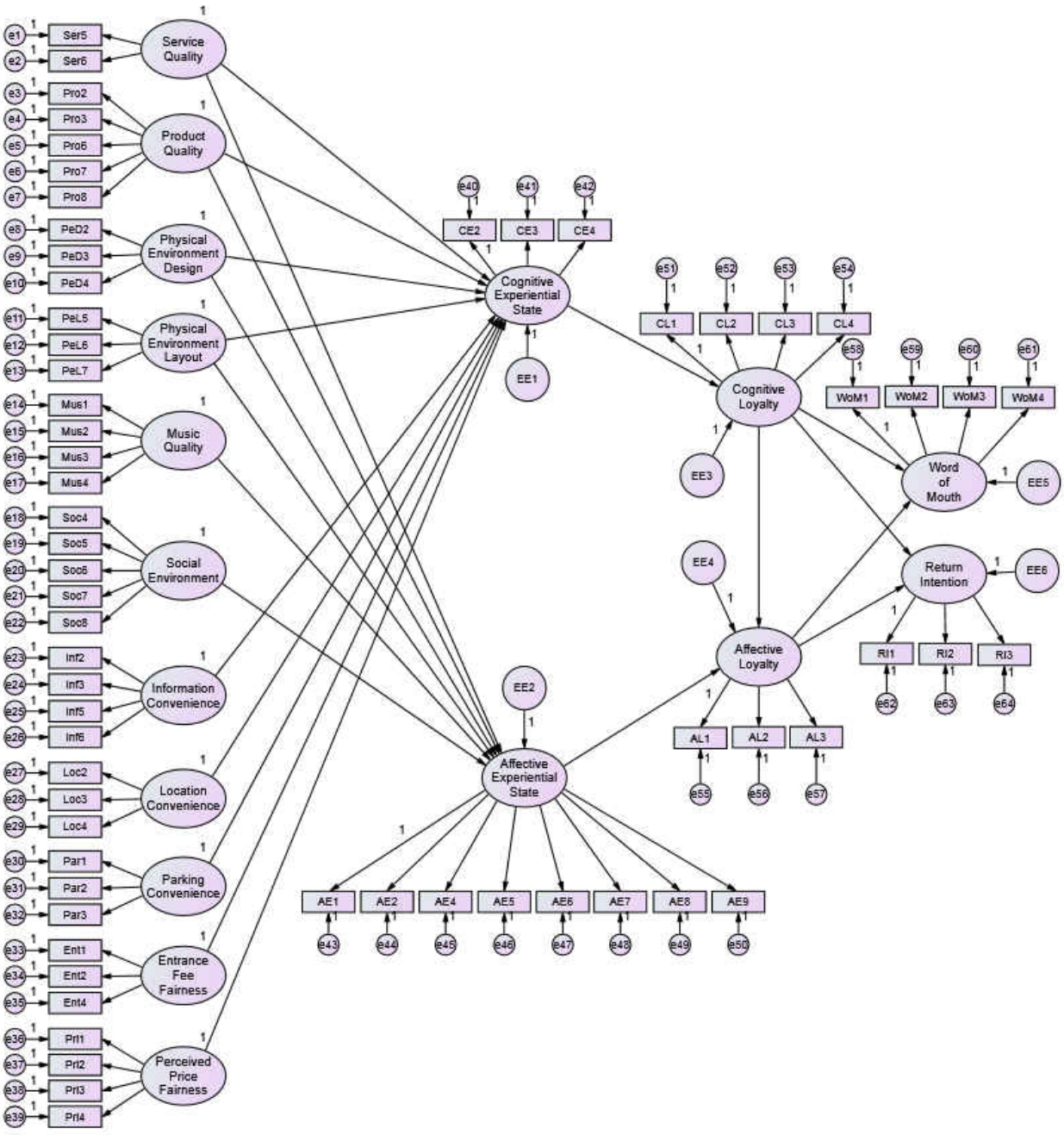

Figure 13. Proposed base model

Hypothesis testing. Hypotheses were tested in two steps. The first step involved confirmation if the theoretical model fits the variance-covariance matrix calculated with the sample data. In the second step, the significance of the structural coefficients was tested Schumacker & Lomax, 2004). Accordingly, the path coefficients between different pairs of latent variables were analyzed. First 11 hypotheses were reflected in 22 regression paths that were tested for significance (Figure 13). Hypothesis 12 was tested in the following stage with the multi-group SEM.

The initial 11 hypotheses were tested with larger number of paths because of the changes that were done on the measurement model of the antecedents of customer experience:

1. Physical environment was divided into two factors: physical environment design and physical environment layout. This resulted in two additional paths that had to be tested.
2. Music quality was considered as a separate factor and not as a dimension of social environment. This added one more path to the model.
3. Convenience factor was divided into three factors: information convenience, location convenience and parking convenience, increasing the number of tested paths by 3.
4. Entrance fee fairness was extracted as a separate factor from perceived price fairness. This added 1 additional path to the model.

The path significance relies on a *t*-value being equivalent to the parameter estimate divided by the standard error of the parameter estimate. Additionally, the sign (+/-) indicates the nature of the relationship between variables. Study results indicated that out of 22 paths, 10 paths

were significant in the structural model while 12 were not (Table 38). Figure 14 shows standardized regression coefficients.

Table 38. Base model path estimates

			Estimate	S.E.	C.R.	P	Hypothesis	Confirmed
Cognitive_Experiential_State	<---	Service_Quality	.083	.075	1.106	.269	H1a	No
Affective_Experiential_State	<---	Service_Quality	.182	.033	5.471	***	H1b	Yes
Cognitive_Experiential_State	<---	Product_Quality	-.055	.070	-.785	.432	H2a	No
Affective_Experiential_State	<---	Product_Quality	.207	.033	6.348	***	H2b	Yes
Cognitive_Experiential_State	<---	Physical_Enviro_Design	.186	.078	2.397	.017	H3a	Yes
Affective_Experiential_State	<---	Physical_Enviro_Design	-.083	.035	-2.370	.018	H3b	No
Cognitive_Experiential_State	<---	Physical_Enviro_Layout	.048	.077	.624	.533	H3a	No
Affective_Experiential_State	<---	Physical_Enviro_Layout	.064	.033	1.954	.051	H3b	No
Affective_Experiential_State	<---	Music_Quality	.030	.028	1.069	.285	H4	No
Affective_Experiential_State	<---	Social_Environment	.480	.041	11.678	***	H4	Yes
Cognitive_Experiential_State	<---	Information_Convenience	-.044	.066	-.663	.507	H5	No
Cognitive_Experiential_State	<---	Location_Convenience	.083	.055	1.513	.130	H5	No
Cognitive_Experiential_State	<---	Parking_Convenience	.088	.058	1.514	.130	H5	No
Cognitive_Experiential_State	<---	Entrance_Fee_Fairness	.173	.056	3.066	.002	H6	Yes
Cognitive_Experiential_State	<---	Perceived_Price_Fairness	-.058	.063	-.918	.358	H6	No
Cognitive_Loyalty	<---	Cognitive_Experien_State	.380	.044	8.665	***	H7	Yes
Affective_Loyalty	<---	Affective_Experien_State	.662	.031	21.258	***	H8	Yes
Affective_Loyalty	<---	Cognitive_Loyalty	.524	.028	18.844	***	H9	Yes
Return_Intention	<---	Cognitive_Loyalty	-.259	.044	-5.910	***	H10a	No
Word_of_Mouth	<---	Cognitive_Loyalty	-.025	.041	-.610	.542	H10b	No
Return_Intention	<---	Affective_Loyalty	1.137	.061	18.595	***	H11a	Yes
Word_of_Mouth	<---	Affective_Loyalty	.890	.057	15.744	***	H11b	Yes

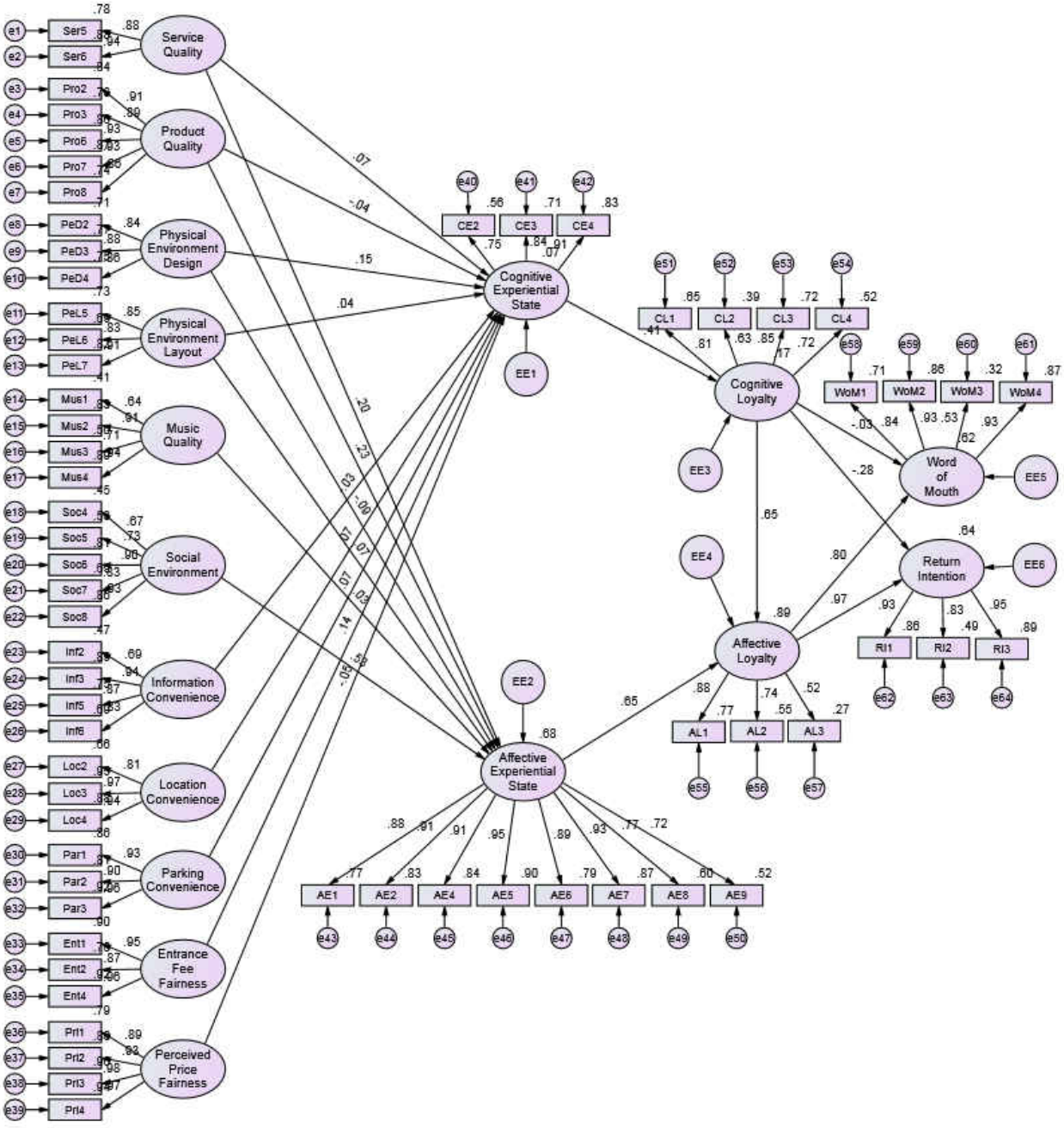

Figure 14. Base model path coefficients

Hypothesis 1 stated that service quality has a positive effect on the cognitive experiential state and the affective experiential state. This hypothesis was tested based on two path coefficients. The path coefficient between service quality and the cognitive experiential state was 0.083, which was not statistically significant thus *failing to confirm hypothesis H1a*. The path coefficient between service quality and the affective experiential state was 0.182, which was positively significant at $p < 0.001$, thus *confirming hypothesis H1b*. These results are consistent with previous findings from service industries that indicated a strong positive relationship between service quality and customer experience (Bolton & Drew, 1994; Iacobucci et al., 1995; Sivadas & Baker-Prewitt, 2000). Similarly to the findings of present study Bolton and Drew (1994) stated that attitudes about service quality have major impact on customer experience.

Hypothesis 2 stated that product quality has a positive effect on the cognitive experiential state and the affective experiential state. This hypothesis was tested based on two path coefficients. The path coefficient between product quality and the cognitive experiential state was -0.055, which was not statistically significant thus *failing to confirm hypothesis H2a*. The path coefficient between product quality and the affective experiential state was 0.207, which was positively significant at $p < 0.001$, thus *confirming hypothesis H2b*. These results are only partially consistent with previous findings. In restaurant setting, product quality was found to be an important driver of positive customer experience (Namkung & Jang, 2007; Sulek & Hensley, 2004). Clark and Wood (1999) agreed that food quality is a major factor that influences a customer's dining experience. Susskind and Chan (2000) also suggested that food quality is a key determinant for customer experience in the restaurant. However, previous studies focused on

a single construct model of customer experience and did not examine the relationship between product quality and cognitive and affective experiential states.

Hypothesis 3 stated that physical environment quality has a positive effect on the cognitive experiential state and the affective experiential state. This hypothesis was further divided into the effect of physical environment design on the cognitive and the affective experiential state and the effect of physical environment layout on the cognitive and the affective experiential state. Therefore, the hypothesis was tested based on four path coefficients. The path coefficient between physical environment design and the cognitive experiential state was 0.186, which was positively significant at p = 0.017, thus *partially confirming the H3a*. The path coefficient between physical environment design and the affective experiential state was -0.083, which was significant at p = 0.018. However the relationship was opposite from the one hypothesized, thus *failing to confirm hypothesis H3b*. The path coefficient between physical environment layout and the cognitive experiential state was 0.048, which was not statistically significant, thus failing to fully confirm hypothesis H3a. The path coefficient between physical environment layout and the affective experiential state was -0.064, which was not significant at p = 0.051, thus failing to confirm hypothesis H3b. This finding is consistent with previous studies that stated that quality of the physical environment is of high importance in the service industry (Bitner, 1990; Ha & Jang, 2010; Hul, Dube, & Chebat, 1997; Reimer & Kuehn, 2005; Raajpoot, 2002; Ryu & Han, 2010; Ryu & Jang, 2007; Turley & Milliman, 2000; Wakefield & Blodgett, 1996; Wall & Berry, 2007). However, design of the physical environment did not have a significant positive effect on the affective experiential state, indicating that the attractiveness of physical surroundings does not lead to customer's positive emotions.

Hypothesis 4 stated that social environment quality has a positive effect on the affective experiential state. This hypothesis was further divided into the effect of music quality on the affective experiential state and the effect of social environment quality on the affective experiential state. This hypothesis was tested based on two path coefficients. The path coefficient between music quality and the affective experiential state was 0.030, which was not statistically significant. These results are not completely consistent with previous studies confirmed the positive effect of music on the customer behavior in service setting (Bruner II, 1990; Caldwell & Hibbert, 1999; Kellaris & Altsech, 1992; North & Hargreaves, 1996). However, the path coefficient between social environment quality and the affective experiential state was 0.408, which was positively significant at $p < 0.001$, thus *partially confirming hypothesis H4.* Such results are congruent with previous research that argued that social environment can cause strong emotions (Fisher & Byrne, 1975; Donovan & Rossiter, 1982) as one of the most important drivers of positive customer experience (Hansen et al., 2005; Gustafsson et al., 2006).

Hypothesis 5 stated that convenience has a positive effect on the cognitive experiential state. This hypothesis was further divided into the effect of information convenience, location convenience and parking convenience on the cognitive experiential state and the effect of social environment quality on the cognitive experiential state. This hypothesis was tested based on three path coefficients. None of the path coefficients were statistically significant thus *failing to provide support for the hypothesis H5*. This result is not entirely surprising considering that convenience dimensions only allow a customer to enjoy a certain experience without improving

it directly (Lee, Sirgy, Larsen & Wright, 2002). Crosby and Stephens (1987) described convenience as a mean to decrease time and effort while acquiring the service.

Hypothesis 6 stated that perceived price fairness has a positive effect on the cognitive experiential state. This hypothesis was further divided into the effect of entrance fee fairness on the cognitive experiential state and the effect of perceived price fairness on the cognitive experiential state. This hypothesis was tested based on two path coefficients. The path coefficient between entrance fee fairness and the cognitive experiential state was 0.173, which was positively significant at $p < 0.001$, thus *partially confirming hypothesis H6*. However, the path coefficient between perceived price fairness and the cognitive experiential state (-0.058) was not statistically significant perceived thus hypothesis H6 was partially rejected. This result is somewhat unexpected considering that previous studies argued that fair product pricing has a positive effect on the overall service evaluation that is strongly correlated with customer experience (Bowen & Shoemaker, 1998; Kimes, 2002; Xia, et al., 2004).

Hypothesis 7 stated that the cognitive experiential state has a positive effect on cognitive loyalty. This hypothesis was *confirmed* since the path coefficient (0.380) was statistically significant ($p < 0.001$). These findings are consistent with the findings from previous research that investigated the relationship between customer experience and customer loyalty (Sivadas & Baker-Prewitt, 2000). Previous studies have shown that a customer's cognitive experiential state has a positive effect on customer loyalty (Homburg, Koschate & Hoyer, 2006; Jin, Park & Kim, 2008; Khalifa & Liu, 2007; Kim, Zhao & Yang, 2008; So, Wong & Sculli, 2005).

Hypothesis 8 stated that the affective experiential state has a positive effect on affective loyalty. This hypothesis was also *confirmed* since the path coefficient (0.662) was statistically

significant ($p < 0.001$). Such findings are also congruent with the previous studies that claim that customer's affective experiential state positively influences affective loyalty and enjoyment (Homburg, Koschate & Hoyer, 2006; Jin, Park & Kim, 2008; Khalifa & Liu, 2007; Kim, Zhao & Yang, 2008; So, Wong & Sculli, 2005).

Hypothesis 9 which stated that cognitive loyalty has a positive effect on affective loyalty was *confirmed*. The path coefficient (0.524) was positively significant at $p < 0.001$. These results are consistent with the theory of reasoned action (Back, & Parks, 2003).

Hypothesis 10 stated that cognitive loyalty has a positive effect on conative loyalty. This hypothesis was further divided into the effect of cognitive loyalty on return intention (H10a) and the effect of cognitive loyalty on return intention positive word-of-mouth (H10b). Hypothesis *H10 was not confirmed* since cognitive loyalty did not have a statistically significant effect on word-of mouth and the effect on return intention was negative. This result somewhat confirms Oliver's model of loyalty that is being developed in sequential stages.

Hypothesis 11 stated that affective loyalty positively affects conative loyalty. This hypothesis was further divided into the effect of affective loyalty on return intention (H11a) and the effect of affective loyalty on return intention and positive word-of-mouth (H11b). Both H11a and H11b were confirmed since the path between affective loyalty on return intention (1.137) was statistically significant ($p <0.001$) and the path between affective loyalty on word-of-mouth (0.890) was statistically significant ($p <0.001$). The results of the study have further provided support for Oliver's (1997) theory of customer loyalty. In this model, attitudinal loyalty is seen as a sequential process where customers first develop cognitive loyalty, followed by affective loyalty and conative loyalty (Oliver, 1997).

To summarize, the model testing resulted in 4 fully confirmed, 5 partially confirmed and 2 hypotheses that were not confirmed (Table 39). Because of such results, an alternative data driven model was proposed.

Table 39. Hypotheses Testing

No.	Hypothesis	Confirmed
H1	*Service quality has a positive effect on customer experience in beverage establishments.*	Partially
H1a	*Service quality has a positive effect on the cognitive experiential state.*	No
H1b	*Service quality has a positive effect on the affective experiential state.*	Yes
H2	*Product quality has a positive effect on customer experience in beverage establishments.*	Partially
H2a	*Product quality has a positive effect on the cognitive experiential state.*	No
H2b	*Product quality has a positive effect on the affective experiential state.*	Yes
H3	*Physical environment quality has a positive effect on customer experience in beverage establishments.*	Partially
H3a	*Physical environment quality has a positive effect on the cognitive experiential state.*	Partially
H3b	*Physical environment quality has a positive effect on the affective experiential state.*	No
H4	*Social environment quality has a positive effect on the affective experiential state in beverage establishments.*	Partially
H5	*Convenience has a positive effect on the cognitive experiential state in beverage establishments.*	No
H6	*Perceived price fairness has a positive effect on the cognitive experiential state in beverage establishments.*	Partially
H7	*The cognitive experiential state has a positive effect on cognitive loyalty.*	Yes
H8	*The affective experiential state has a positive effect on affective loyalty.*	Yes
H9	*Cognitive loyalty has a positive effect on affective loyalty.*	Yes
H10	*Cognitive loyalty has a positive effect on conative loyalty.*	No
H10a	*Cognitive loyalty has a positive effect on return intention.*	No
H10b	*Cognitive loyalty has a positive effect on positive word-of-mouth.*	No
H11	*Affective loyalty has a positive effect on conative loyalty.*	Yes

No.	Hypothesis	Confirmed
H11a	*Affective loyalty has a positive effect on word-of-mouth.*	Yes
H11b	*Affective loyalty has a positive effect on positive return intention.*	Yes

4.3.10. Structural Equation Modeling Analysis of the Alternative Model.

Even though the base model was shown to be a good fit to the data according to the model fit indices, specification search, the process of finding the best-fitting model, was considered appropriate in order to recognize better fitting alternative model (Marcoulides & Drezner, 2003). According to the results from the base model two major changes were done on the alternative model (Figure 15):

1. The cognitive experiential state latent variable and 3 observed variables for cognitive experiential state were removed from the model. Because the Affective experiential state was acting as a sole mediator between 11 antecedents of customer experience and customer loyalty latent variables. Additionally, hypothesis H7 stating that cognitive experiential state has a positive effect on cognitive loyalty was replaced with the effect of affective experiential state on cognitive loyalty.
2. The direct effect of cognitive loyalty on return intention and word-of-mouth was removed. Therefore, affective loyalty acts as a mediator between cognitive loyalty and two behavioral intention constructs.

Alternative model fit. The new model included 16 latent constructs (11 antecedents of customer experience, affective experiential states, affective loyalty, cognitive loyalty, word-of-

mouth and return intention) and 61 observed variables. The overall model fitness was assessed using goodness-of-fit measures (Table 40). In comparison to the base model, the overall fit indices for the alternative model were improved with a χ^2-to-df ratio equal to 1.988, CFI equal of 0.957, GFI was 0.840, AGFI was 0.818, RMSEA was 0.041 and PCLOSE was 1.000.

Table 40. Alternative structural model fit indicators

Measure	Threshold	Base	Alternative	Criteria Met
Chi-Square/df	< 3	2.239	1.988	Yes
p-value	> 0.05	0.000	0.000	No
CFI	> 0.95	0.943	0.957	Yes
GFI	> 0.90	0.825	0.840	No
AGFI	> 0.80	0.802	0.818	Yes
RMSEA	< 0.08	0.046	0.041	Yes
PCLOSE	> 0.05	1.000	1.000	Yes

Alternative model hypothesis testing. The changes in the alternative model led to the removal of hypotheses H10. At the same time hypotheses H1-H6 were changed to reflect the relationship between antecedents of customer experience and affective experiential state since cognitive experiential state was removed from the model. The alternative model results indicated that out of 16 paths, 12 paths were significant in the structural model while 4 were not (Table 41).

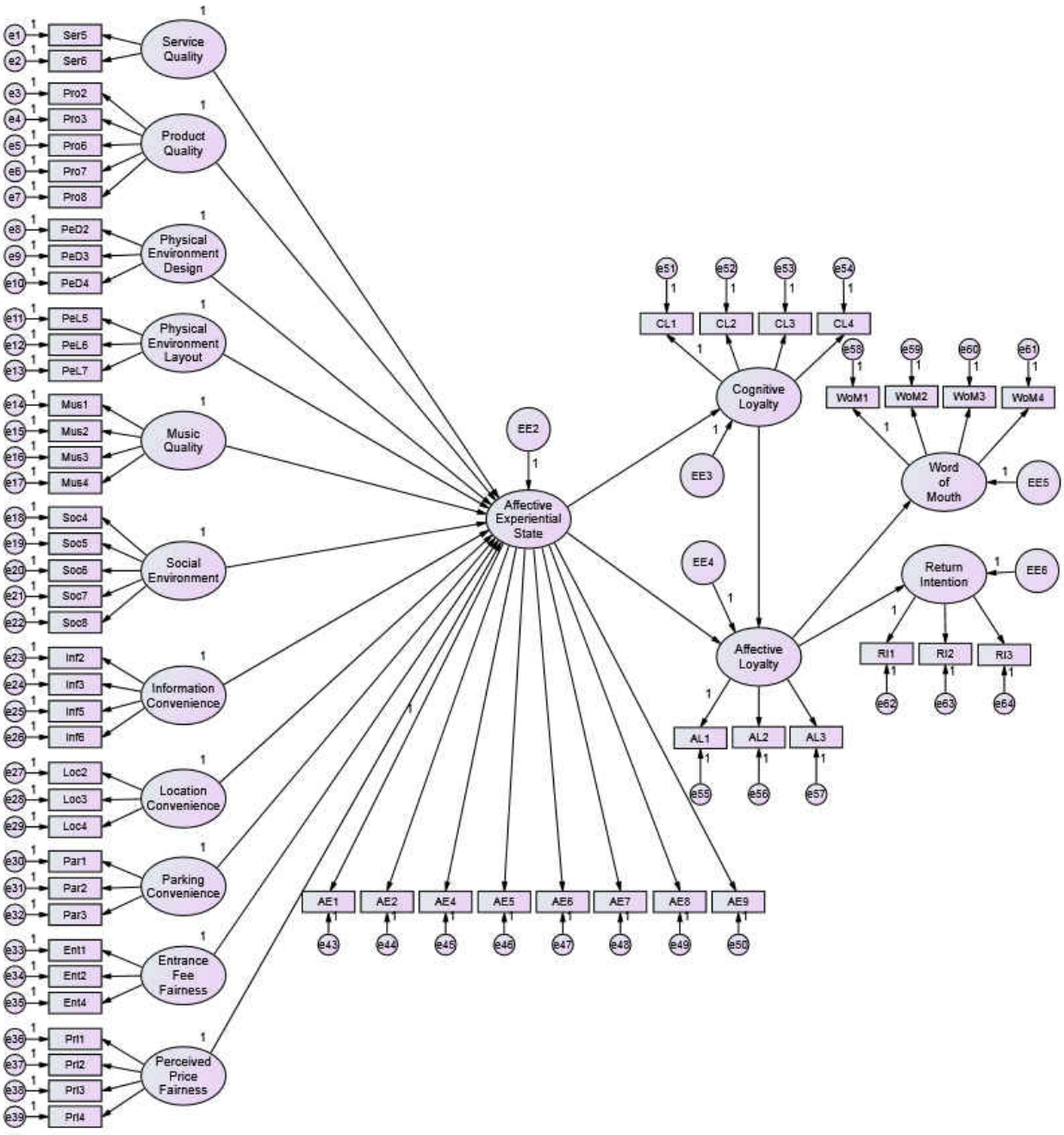

Figure 15. Proposed alternative model

Table 41. Alternative model path estimates

			Estimate	S.E.	C.R.	P	Hypothesis	Confirmed
Affective_Experiential_State	<---	Service_Quality	.218	.030	7.257	***	H1	Yes
Affective_Experiential_State	<---	Product_Quality	.218	.030	7.257	***	H2	Yes
Affective_Experiential_State	<---	Physical_Enviro_Design	.038	.031	1.237	.216	H3	No
Affective_Experiential_State	<---	Physical_Enviro_Layout	.060	.029	2.076	.038	H3	Yes
Affective_Experiential_State	<---	Music_Quality	.060	.029	2.076	.038	H4	Yes
Affective_Experiential_State	<---	Social_Environment	.302	.035	8.648	***	H4	Yes
Affective _Experiential_State	<---	Information_Convenience	.037	.025	1.504	.133	H5	No
Affective _Experiential_State	<---	Location_Convenience	-.004	.020	-.209	.835	H5	No
Affective _Experiential_State	<---	Parking_Convenience	-.025	.022	-1.133	.257	H5	No
Affective _Experiential_State	<---	Entrance_Fee_Fairness	.056	.022	2.573	.010	H6	Yes
Affective _Experiential_State	<---	Perceived_Price_Fairness	.108	.024	4.498	***	H6	Yes
Cognitive_Loyalty	<---	Affective _Experien_State	1.178	.070	16.931	***	H7	Yes
Affective_Loyalty	<---	Affective_Experien_State	.642	.041	15.662	***	H8	Yes
Affective_Loyalty	<---	Cognitive_Loyalty	.505	.035	14.448	***	H9	Yes
Return_Intention	<---	Affective_Loyalty	.907	.035	25.763	***	H11a	Yes
Word_of_Mouth	<---	Affective_Loyalty	.873	.035	24.770	***	H11b	Yes

The results indicate that service quality, product quality, music quality, physical environment layout, social environment quality, entrance fee fairness and perceived price fairness all have a significant effect on affective experiential state. Only physical environment design and convenience factors did not influence affective experiential state significantly.

At the same time, affective experiential state had a positive impact on cognitive and affective loyalty. Cognitive loyalty had a positive effect on affective loyalty which had a positive impact on return intention and word-of-mouth. The results of the alternative model indicate that a single factor measurement of customer experiential state might be more appropriate.

4.3.11. Multi-Group SEM Analysis of the Moderating Effect of the Type of the Beverage Establishment

Hypotheses 12 indicated that the type of beverage establishment moderates the relationship between antecedents of customer experience (quality attributes, convenience, perceived price fairness) and customer experience. This hypothesis was tested using a multi-group SEM. Participants were first randomly assigned to one of the three groups based on the type of beverage establishment (beverage-only establishment, bar/entertainment combination and food/ beverage combination). In the following step, path coefficients were calculated for each separate group. Finally, these coefficients were compared using Z statistic used to test significance of the difference between the same path coefficients from different groups. Fifteen different paths were compared for three groups making in total 45 comparisons. Additionally, the overall model fitness was assessed using goodness-of-fit measures (Table 42). In comparison to the base model, the overall fit indices for the alternative model was reduced for some indictors with a χ^2-to-df ratio equal to 1.828, CFI equal of 0.889, GFI was 0.671, AGFI was 0.629, RMSEA was 0.037 and PCLOSE was 1.000.

Table 42. Base structural model fit indicators

Measure	Threshold	Value	Criteria Met
Chi-Square/df	< 3	1.828	Yes
p-value	> 0.05	0.000	No
CFI	> 0.95	0.889	No
GFI	> 0.90	0.671	No
AGFI	> 0.80	0.629	No
RMSEA	< 0.08	0.037	Yes
PCLOSE	> 0.05	1.000	Yes

In the first step, path coefficients between antecedents of customer experience and cognitive and affective experiential states were compared for beverage only group and bar and entertainment group. Only two critical ratios of differences between path coefficients in two groups were statistically significant (Table 43). The path coefficient between physical environment design and cognitive experiential state was 0.079 in beverage only group and 0.495 in bar and entertainment group. The z-score of 2.137 indicates a statistically significant difference between these path coefficients. Therefore, the effect of physical environment design on cognitive experiential state was much stronger in bar and entertainment establishments compared to beverage only establishments. The path coefficient between location convenience and cognitive experiential state was -0.067 in beverage only group and 0.256 in bar and entertainment group. The z-score of 2.400 indicates a statistically significant difference between these path coefficients. Therefore, the effect of location convenience on cognitive experiential state was much stronger in bar and entertainment establishments compared to beverage only establishments. All other critical ratios of differences were not statistically significant.

Table 43. Critical ratio of differences between beverage only and bar and entertainment groups

			Path coefficients			
			Bev Only	**B & E**	**z-value**	**P**
Cognitive_Experiential_State	<---	Service_Quality	.146	.060	-.443	>.05
Affective_Experiential_State	<---	Service_Quality	.180	.303	1.325	>.05
Cognitive_Experiential_State	<---	Product_Quality	.104	-.225	-1.930	>.05
Affective_Experiential_State	<---	Product_Quality	.200	.185	-.175	>.05
Cognitive_Experiential_State	<---	Physical_Enviro_Design	.079	.495	2.137	***
Affective_Experiential_State	<---	Physical_Enviro_Design	-.163	.003	1.693	>.05
Cognitive_Experiential_State	<---	Physical_Enviro_Layout	.101	-.191	-.853	>.05
Affective_Experiential_State	<---	Physical_Enviro_Layout	.089	.009	-1.450	>.05
Affective_Experiential_State	<---	Music_Quality	.011	.094	1.045	>.05

			Path coefficients			
			Bev Only	**B & E**	**z-value**	**P**
Affective_Experiential_State	<---	Social_Environment	.512	.511	-.009	>.05
Cognitive_Experiential_State	<---	Information_Convenience	-.087	.176	1.607	>.05
Cognitive_Experiential_State	<---	Location_Convenience	-.067	.256	2.400	***
Cognitive_Experiential_State	<---	Parking_Convenience	.159	.028	-.905	>.05
Cognitive_Experiential_State	<---	Entrance_Fee_Fairness	.181	.135	-.326	>.05
Cognitive_Experiential_State	<---	Perceived_Price_Fairness	.012	-.162	-1.094	>.05

In the second step path coefficients between antecedents of customer experience and cognitive and affective experiential states were compared for beverage only group and food and beverage group. Only one critical ratio of differences between path coefficients in two groups was statistically significant (Table 44). The path coefficient between service quality and affective experiential state was 0.180 in beverage only group and 0.037 in food and beverage group. The z-score of -2.084 indicates a statistically significant difference between these path coefficients. Therefore, the effect of service quality on affective experiential state was much stronger in beverage only establishments compared to food and beverage establishments.

Table 44. Critical ratio of differences between beverage only and food and beverage groups

			Path coefficients			
			Bev Only	**F & B**	**z-value**	**P**
Cognitive_Experiential_State	<---	Service_Quality	.146	.197	.301	>.05
Affective_Experiential_State	<---	Service_Quality	.180	.037	-2.084	***
Cognitive_Experiential_State	<---	Product_Quality	.104	-.148	-1.463	>.05
Affective_Experiential_State	<---	Product_Quality	.200	.138	-.970	>.05
Cognitive_Experiential_State	<---	Physical_Enviro_Design	.079	.126	.241	>.05
Affective_Experiential_State	<---	Physical_Enviro_Design	-.163	-.050	1.590	>.05
Cognitive_Experiential_State	<---	Physical_Enviro_Layout	.101	.154	.276	>.05
Affective_Experiential_State	<---	Physical_Enviro_Layout	.089	.065	-.332	>.05
Affective_Experiential_State	<---	Music_Quality	.011	-.017	-.519	>.05
Affective_Experiential_State	<---	Social_Environment	.512	.397	-1.282	>.05
Cognitive_Experiential_State	<---	Information_Convenience	-.087	-.101	-.089	>.05

			Path coefficients			
			Bev Only	**F & B**	**z-value**	**P**
Cognitive_Experiential_State	<---	Location_Convenience	-.067	.085	1.204	>.05
Cognitive_Experiential_State	<---	Parking_Convenience	.159	.111	-.358	>.05
Cognitive_Experiential_State	<---	Entrance_Fee_Fairness	.181	.064	-.863	>.05
Cognitive_Experiential_State	<---	Perceived_Price_Fairness	.012	-.027	-.257	>.05

In the final step path coefficients between antecedents of customer experience and cognitive and affective experiential states were compared for bar and entertainment group and food and beverage group. Only one critical ratio of differences between path coefficients in two groups was statistically significant (Table 45). The path coefficient between service quality and affective experiential state was 0.303 in bar and entertainment group and 0.037 in food and beverage group. The z-score of -3.187 indicates a statistically significant difference between these path coefficients. Therefore, the effect of service quality on affective experiential state was much stronger in bar and entertainment establishments compared to food and beverage establishments.

Table 45. Critical ratio of differences between bar and entertainment and food and beverage groups

			Path coefficients			
			B & E	**F & B**	**z-value**	**P**
Cognitive_Experiential_State	<---	Service_Quality	.060	.197	.667	>.05
Affective_Experiential_State	<---	Service_Quality	.303	.037	-3.187	***
Cognitive_Experiential_State	<---	Product_Quality	-.225	-.148	.398	>.05
Affective_Experiential_State	<---	Product_Quality	.185	.138	-.559	>.05
Cognitive_Experiential_State	<---	Physical_Enviro_Design	.495	.126	-1.837	>.05
Affective_Experiential_State	<---	Physical_Enviro_Design	.003	-.050	-.604	>.05
Cognitive_Experiential_State	<---	Physical_Enviro_Layout	-.191	.154	1.771	>.05
Affective_Experiential_State	<---	Physical_Enviro_Layout	.009	.065	.687	>.05
Affective_Experiential_State	<---	Music_Quality	.094	-.017	-1.539	>.05

			Path coefficients			
			B & E	**F & B**	**z-value**	**P**
Affective_Experiential_State	<---	Social_Environment	.511	.397	-1.109	>.05
Cognitive_Experiential_State	<---	Information_Convenience	.176	-.101	-1.635	>.05
Cognitive_Experiential_State	<---	Location_Convenience	.256	.085	-1.259	>.05
Cognitive_Experiential_State	<---	Parking_Convenience	.028	.111	.578	>.05
Cognitive_Experiential_State	<---	Entrance_Fee_Fairness	.135	.064	-.527	>.05
Cognitive_Experiential_State	<---	Perceived_Price_Fairness	-.162	-.027	.869	>.05

CHAPTER FIVE: DISCUSSION AND CONCLUSIONS

Previous studies have examined the antecedents of customer experience in different service sectors (Bojanic & Rosen, 1994; Cronin & Taylor, 1994; Parasuraman, Zeithaml, & Berry, 1988). Also, a number of studies investigated unique attributes of foodservice establishments that might affect customer experience (Kim et al., 2009; Stevens et al., 1995). Existing research demonstrated that service quality, product quality, physical environment, social environment, convenience, and price are crucial antecedents of customer experience (Bitner, 1990, 1992; Cronin & Taylor, 1994; Dabholkar et al., 2000; Kim, Ng, & Kim, 2009; Ryu & Han, 2010; Verhoef et al., 2009). However, there is a lack of understanding about whether the same antecedents of customer experience can be applied in the context of beverage establishments. To bridge the gap in prior research, this study was conducted to investigate the relationship among quality attributes, convenience, pricing strategies, customer experience, and customer loyalty in beverage establishments. Therefore, the objective of this study was the development of a theoretical framework that examines the outcomes and antecedents of customer experience in these establishments. The proposed framework involves the different quality attributes of beverage establishments such as service, product, physical and social environment, convenience, perceived price fairness, customer experience dimensions, and customer loyalty (cognitive, affective, and conative).

5.1. Summary of Methods

The study was conducted in six phases. The first phase was the analysis of previous literature related to the constructs proposed in the framework. The second phase included a development of mixed methodology research design. The third phase involved the collection, coding, and analyses of the qualitative data utilizing a triangulation design (Annells, 2006; Groenewald, 2004; Morse, 2003). The fourth phase was a pilot study that aimed to refine the study instrument. The fifth phase was a main quantitative study based on the survey design. As a result, the complete quantitative and qualitative dataset was integrated and analyzed in the final study phase.

In the first part of the qualitative study, eighteen managers who operated different beverage establishments in the United States and Europe were selected using a purposive sampling method. Because the study was exploratory, it employed a semi-structured interview technique for the data collection. The second part of the qualitative study used focus groups with a student sample to verify the results of the manager interviews. Forty university students were selected because they represent an important segment of beverage establishment customers (Moss, 2010b; Skinner, et al., 2005).

The first quantitative phase in the research process was a pilot study, based on the survey design. The pilot study incorporated data collection through a survey questionnaire with questions regarding an experience in a beverage establishment that occurred in the last six months. This phase of the study utilized a convenience sample of 404 participants. Because of the large amount of missing values, incomplete data were removed, resulting in 252 observations used in the analysis.

In the second quantitative phase, a survey was conducted with a sample of randomly selected customers of beverage establishments. The survey instrument consisted of 9 introductory questions, 84 main instrument questions, and 7 demographic questions. The survey items measured all of the dependent and independent variables and included an extended set of variables that were developed in the qualitative phase and the pilot study. Participants were randomly assigned to one of three groups based on the type of beverage establishment (beverage-only establishment, bar/entertainment combination and food/ beverage combination). Each participant was asked to recollect the last time they visited the described type and then to answer questions about that experience.

The targeted main study population was U.S. customers who had visited a beverage establishment at least once in the past six months. The modified online-based questionnaire was distributed through Amazon MTurk during a three-day period in March 2013. The formal criteria for the random selection of the sampling frame were U.S. residents of 21 years of age or older. The obtained sample for the main study was 641 respondents. The respondents who failed to provide correct responses on attention check questions were eliminated, resulting in the final sample of 595 responses.

5.2. Discussion of the Results

5.2.1. Demographic and Descriptive Information

The demographic profiles of the participants in the pilot and the main study were very different. This could explain some of the differences in the participants' preferences and the results of the exploratory analysis. The majority of the pilot study participants were female with a relatively younger average age of 29.42 years. Almost 18% of participants reported that they visit beverage establishments two or three times a week. This can be explained by a relatively large percentage of college students that tend to visit beverage establishments significantly more than older customers.

The main study participants were slightly older with the average age of 31.87 years and only 40.7 % were female. Additionally, the main study had a more diversified sample in terms of income, education, and ethnicity. Only 3.9% of participants in the main study reported that they visit beverage establishments two or three times a week. As expected, the majority of participants visited beverage establishments between one and three times a month.

5.2.2. Antecedents of Customer Experience Dimensions

Based on the previous theoretical frameworks from foodservice establishments as well as Rust and Oliver's (1994) three-component model of quality, it was expected that the following six factors represent the key antecedents of customer experience: (1) service quality, (2) product quality, (3) physical environment (servicescape), (4) social environment (atmosphere), (5) convenience, and (6) perceived price fairness (Kim et al., 2009; Johns and Howard (1998).

The results of the qualitative and quantitative study partially confirmed a proposed factor structure of the antecedents of customer experience. Nevertheless, several new sub-dimensions of customer experience antecedents were recognized. The analysis distinguished two separate sub-dimensions of the physical environment: design and layout. Moreover, convenience was separated into information, location, and parking convenience. In addition, entrance fee fairness was separated from perceived price fairness. Therefore, a new factor structure consists of the following eleven antecedents of customer experience:

1. Service quality
2. Product quality
3. Physical environment design
4. Physical environment layout
5. Music quality
6. Social environment
7. Information convenience
8. Location convenience
9. Parking convenience
10. Entrance fee fairness
11. Perceived price fairness

Service quality. Previous studies have defined **s**ervice quality as an important attribute that affects customer purchase behavior and preferences (Zeithaml, 1988). Considering that superior service quality ensures higher economic returns (Qin & Prybutok, 2008) and drives loyalty towards the service provider (Kandampully, 1998), it was assumed to be an important

quality attribute for beverage establishments (Jauhari & Dutta, 2009). In the beverage industry, service quality is observed as an intangible benefit reflected in courteous, responsive, professional, and caring behavior provided by the service staff.

Both pilot study and main study results indicate that customers recognized the importance of service quality for the overall experience. Friendliness and timeliness were identified as two critical dimensions of service quality in the focus groups. Participants explained that bartenders and other service staff should be very friendly and outgoing. Moreover, the speed of service is also a critical service quality component. Several participants reported that slow service could have a significant negative aspect on the experience.

The survey results confirmed the importance of staff friendliness as a service quality dimension. However, speed of service was removed from the service quality measurement since it did not have a significant factor loading. This does not indicate that service speed is not important but instead indicates that it is a separate dimension of service that does not have to be directly related to friendliness. Customers specifically expect friendly service that makes them feel welcome. Although service may be slow at time, customers can be satisfied if they develop a relationship with the service provider. It is a well-known anecdote that the relationships between regular customers and bartenders are among the strongest types of service relationships. These relationships at start might be based on the mutual benefits but they can also develop into true rapport. Bartenders and other beverage employees primarily need to be friendly and close to their customers. However, in high volume settings such as nightclubs, friendliness might be less relevant since customers do not have as much time to communicate with employees.

Product quality. Previous studies from restaurant contexts argued that customers have high expectations regarding product quality, which is often more important that other quality attributes (Perry, 2006). It has been shown that product quality positively affects dining experience and it is essential for the restaurant success (Namkung & Jang, 2007; Sulek & Hensley, 2004). Building on Namkung and Jang's (2007) findings, it was expected that presentation, variety, taste, freshness, and originality were sub-dimensions of product quality in beverage establishments. As expected, the results indicated that only taste and overall quality of drinks were sub-dimensions of product quality in beverage establishments. However, menu variety and drink size were not recognized as important dimensions of product quality factor and were therefore removed from subsequent analysis.

Contrary to the findings from the restaurant related studies, the results indicate that product quality is not critical for the customer experience in beverage establishments. Certain focus group participants stated that most of the beverage establishments offer the same or similar products, which do not directly influence their overall experience. Nevertheless, cocktail lounges were found to be the only exception. Few participants explained that product quality (quality of cocktails) is an integral part of the customer experience in these establishments. In addition product quality was recognized as a separate dimension. Similarly, the influence of product quality on customer experience did not seem to be as important as in the restaurant business.

Physical environment design and layout. Quality of the physical environment has been shown to be of high importance in the service industry (Bitner, 1990; Ha & Jang, 2010; Hul, Dube, & Chebat, 1997; Reimer & Kuehn, 2005; Raajpoot, 2002; Ryu & Han, 2010; Ryu & Jang, 2007; Turley & Milliman, 2000; Wakefield & Blodgett, 1996; Wall & Berry, 2007). Bitner

(1992) grouped the physical surrounding factors into three dimensions: (1) ambient conditions, (2) spatial layout and functionality, and (3) signs, symbols, and artifacts. These three attributes have become general guidelines for success in the architecture of hotels, restaurants, and beverage establishments.

The results from the present study confirmed the importance of the physical environment for the creation of a positive experience in beverage establishments. Lighting, design, furniture, physical facilities, layout, comfort, seating arrangement, cleanliness, and service staff appearance were recognized as dimensions of physical environment. However, physical environment did not seem to be equally important for all types of beverage establishments. For example, a few participants stated that they do not care about the physical environment when they go to neighborhood dive bars. On the other hand, physical environment seemed to be significant for the bar and entertainment combinations as well as food and beverage combinations.

The study results indicated that the physical environment dimension should be separated into design and layout components thus confirming Wakefield and Blodgett's (1996) servicescape model. The design component of physical environment was represented with items describing the attractiveness, quality of furniture, and the overall visual appeal of the environment. The layout dimension was depicted through the ease of navigation through the establishments, spatial layout, and seating comfort.

The results of the present study are similar to the prior research in the restaurant context (Hui et al., 1997; Robson, 1999). Numerous beverage establishments clearly emphasize the quality of their physical environment. For some establishments ambiance may even be a key differentiator and a crucial factor that drives customer demand. In order to achieve superior

ambiance, some bars and nightclubs have hired world-renowned architects to design their interiors, hoping to distinguish themselves from the competition (Katsigris, 2012).

Music quality. In the last two decades numerous studies have explored the influence of music on customer behavior (Caldwell & Hibbert, 1999). Bruner II (1990), North and Hargreaves (1996), and Kellaris and Altsech (1992) have examined the effect of music in a service setting. Sweeney and Wyber (2002) found that music influenced customer behavioral intentions.

The results from the study suggested that quality of music is a relevant antecedent of the beverage establishment experience. Similarly, survey results have recognized that music quality is a separate dimension from social environment. Pleasing music, appropriate volume level, and quality of sound items were used to measure overall music quality. Unlike some aspects of the social environment, music quality is under direct management control. As a result, management can manipulate certain aspects of the social environment using appropriate music and entertainment (Skinner et al, 2005).

Social environment. Social environment is a widely acknowledged dimension of hospitality experience, particularly evident in various travel magazines and hospitality journals (Heide & Gronhaug, 2006). The concept of social environment, which influences customer perceptions of quality, is commonly known as "atmosphere," or an element of atmosphere (Heide & Gronhaug, 2006). Atmosphere may be used to depict the vibe or surroundings quality (Kotler, 1973). However, it is important not to confuse physical attributes of the environment with atmosphere. Bitner (1992) emphasized that servicescape and atmosphere present two separate concepts in the service setting. More importantly, customers reported that atmosphere is

essential for eliciting pleasant feelings and satisfaction. Therefore, individuals within the service environment create the atmosphere.

Study participants recognized social environment as the most important driver of customer experience in beverage establishments. Several participants emphasized the importance of other guests for their own experience, confirming the conclusions of Tombs and McColl-Kennedy (2003). The participants explained that seeing other guests that are "having fun" boosts their enjoyment of the experience. The results of the study recognize social environment as a behavior of other guests and overall atmosphere in the establishment. Such results are congruent with previous studies that emphasized the importance of social environment in beverage establishments in enhancing the customer experience (Gustafsson et al., 2006; Hansen et al., 2005; Katshkigris, 2011, Kokko, 2005). The enjoyment, mood, and behavior of other customers are often more important than any of the attributes under direct management control. Langeard et al. (1981) noticed that customers also pay attention to service personnel, both front and backstage employees, and that employees' characteristics influence the customer's overall experience.

Because of the changing customer preferences, beverage establishments frequently place more emphasis on the social environment and the "atmosphere." Some older pubs in the United Kingdom, which traditionally did not provide any type of entertainment, now offer a wide variety of events, such as concerts, live performances, and quiz nights (Pratten, 2003). The management of the beverage operations may only have a limited influence on the social environment because other customers are primarily creating a positive "atmosphere." Some beverage establishments try to motivate customers to engage in certain behavior that could

improve the “atmosphere.” Others expect employees to interact with customers on a more personal level. These establishments encourage employees to dance, sing, or even drink with customers. Moreover, such initiative clearly suggests to customers what is the expected behavior in the establishment.

Information, location, and parking convenience. Service convenience has become a noteworthy topic in marketing research (Colwell et al., 2008) and it is described as the capability to “accomplish a task in the shortest time with the least expenditure of human energy” (Morganosky, 1986, p. 37). Brown (1990) defined convenience as consumers’ time and effort spent on acquiring a product or service in the consumption process.

Based on the study results, information, location, and parking convenience were recognized. Information convenience is described as the availability of information about the establishment and what it is offering. Most of the beverage establishments are encouraged to provide information to customers about products and service, food and beverage prices, special offers, and entertainment. The employees are encouraged to directly communicate this information to customers or to provide appropriate signs and symbols, confirming Bitner's (1992) model.

Convenient location with easy access seems to be of major importance to beverage establishments (Seidman & Crim, 2008). Similarly, capacity and proximity of the parking area can be categorized as convenience factors. Parking location in the vicinity of the establishment is highly desirable. However, some establishments in urban settings do not often have dedicated parking. As a result, the availability of public parking in the vicinity of the establishment can be of major importance for the customers.

Safety can also be considered as a dimension of convenience. However, the results from the exploratory factor analysis indicated that the safety construct should be removed from further analysis. These findings do not indicate that safety is not an important factor for beverage establishments, but suggest that safety serves only as a facilitating factor that cannot improve the customer experience. As such, safety is perceived as an essential requirement that provides customers the possibility to even consider visiting the beverage establishment for the first time. Taking into account that the survey questions were related to the participant's latest experience in a beverage establishment, it could be assumed that participants perceived the establishment to be relatively safe. Therefore, the results could not refer to the establishments that are considered unsafe since they would not be visited by the participants in the first place. As a result, safety was not recognized as a separate factor in the statistical analysis.

Entrance fee and perceived price fairness. Yüksel and Yüksel (2003) recognized price fairness as an extremely relevant factor that customers take into account when evaluating a service. Price fairness can be explained as a customer's impression of the outcome and transaction process that seem acceptable and reasonably priced (Bolton, Warlop, & Alba, 2003).

The results recognized that entrance fee fairness and product price fairness are two separate constructs. The entrance fee that was not too high was perceived as fair or adequate. Similarly, reasonable drink prices and fair pricing policies were major attributes of the perceived price fairness. Some beverage establishments do not charge entrance fees at all, which seems to be preferred by the customers. However, customers do not seem to mind to pay an entrance fee as long as they are aware of what they get in return. For example, having an entrance fee for a night with a regular program would be considered as an unfair pricing strategy, while an entrance

fee for a night with a live music program is reasonably justified. Apparently, customers recognize that beverage establishments inquire additional costs to hire a band but they also appreciate the additional experience that the entertainment program provides. The drink prices, on the other hand, seem more ambiguous. For instance, a large number of restaurants do not even display the drink prices in their menu. It appears that restaurant customers are less sensitive to drink prices compared to food prices. However, most of the beverage establishments still aim to create pricing strategies, such as daily specials and happy hour, which appeal to the price sensitive customers.

5.2.3. Customer Experiential State Dimensions

Customer experience has received significant academic attention in the last three decades (Chen & Chen, 2011; Quan & Wang, 2004). One of the theoretical frameworks used to explain customer experience was based on affective and cognitive dimensions. Schmitt (1999) used this approach and evaluated how different service providers analyze a customer's cognitive and affective reactions to experiential marketing. Berry et al. (2002) explained that companies should provide services to satisfy customers' basic needs and provide a desired experience (Chang & Horng, 2010). Berry et al. (2002) recognized emotional, or affective, and functional, or cognitive, elements of the service experience. Based on this framework, the affective and cognitive experiential states are recognized as two separate dimensions.

The results of the qualitative and quantitative studies confirmed a proposed theoretical structure of customer experiential states. Therefore, the factor structure included two customer experiential states:

1. Affective experiential state
2. Cognitive experiential state

The affective experiential state. This state "involves one's affective system through the generation of moods, feelings, and emotions" (Gentile, Spiller & Noci, 2007, p. 398). Service settings can generate an emotional response to create the customer's affective relationships (Rose, Clark, Samouel & Hair, 2012).

The results indicated that the affective experiential state is a separate dimension of customer experience. Enjoyment, pleasant experience, happiness, relaxation, and entertainment were attributes of the affective experiential state. These results confirmed the theoretical definition of the affective experiential state proposed by Gentile, Spiller, and Noci (2007).

The affective experiential state construct might seem ambiguous, but it is very applicable in a beverage establishment because of its hedonic nature. Customers do not need to visit beverage establishments, but they do so because of their personal enjoyment. As a result, they often develop a strong emotional response to their experience in a bar, which leads to the existence of an emotional relationship with the establishment.

The cognitive experiential state. This state is defined as the component of customer experience "connected with thinking or conscious mental processes" (Gentile, Spiller & Noci, 2007, p. 398). In this situation, customers want to escape their regular life and environment and see the world from a different perspective (Oh et al., 2007).

Based on survey results, the cognitive experiential state construct was identified. This construct is closely related to the escapism concept developed by Pine and Gilmore (1999). According to the results, the cognitive experience was defined as an escape from everyday

reality, the feeling of being a different person, and the feeling of being in a different world. Therefore, the results of the quantitative study confirmed the experiential state factor structure proposed in the services context by Gentile, Spiller, and Noci (2007) and Rose, Clark, Samouel and Hair (2012). Anecdotally, some customers visit beverage establishments in order to escape from their everyday life. These customers tend to expect a friendly, relaxing experience.

5.2.4. Theoretical Model

Previous studies recognized a positive relationship among quality attributes, customer satisfaction, and behavioral intentions (Baker & Crompton, 2000; Cronin et al., 2000; Taylor & Baker, 1994; Tian-Cole, Crompton, & Willson, 2002; Woodside et al., 1989). The proposed model of outcomes and antecedents of customer experience in this study involved three sets of hypotheses:

1. The relationship between quality attributes, convenience, perceived price fairness, and customer experiential states.
2. The relationship between customer experiential states, customer loyalty, and behavioral intentions.
3. The moderating effect of the type of beverage establishment on the relationship between antecedents of customer experience and customer experiential states.

Service quality and customer experiential states. Hypothesis 1 stated that service quality has a positive effect on the cognitive experiential state and the affective experiential state. The results provided partial support for this hypothesis, indicating that the improvement in service quality leads to a higher affective experiential state, but it does not have an effect on the

cognitive experiential state. Specifically, friendly service was recognized as a salient attribute of the customer affective experience. Such results are consistent with prior findings from service industries that indicated a strong positive relationship between service quality and customer experience (Bolton & Drew, 1994; Iacobucci et al., 1995; Sivadas & Baker-Prewitt, 2000). Similarly to the findings of the present study, Bolton and Drew (1994) stated that attitudes about service quality have a major impact on customer experience. Anderson et al. (1994) and Bitner et al. (1994) argued that improvement of service quality enhances customer experience, which further leads to increased customer satisfaction (Sivadas & Baker-Prewitt, 2000). However, previous research did not make a distinction between cognitive and affective experiential states. The results from the present study indicate that customers appreciate friendly and courteous service because it elicits their positive emotions, but it does not seem to have any effect on a customer's cognition.

This finding is only partially consistent with the studies from the restaurant context, where service quality was found to be one of the most important drivers of satisfaction and experience. It seems that the friendly service in beverage operations improves the customers' emotional reaction but it does not affect their objective evaluation of the experience. It is important to notice that only the friendliness dimension was examined, since the responsiveness, assurance, and reliability dimensions of service quality were not recognized to be significant in the beverage establishment context. Such results might indicate that an average beverage establishment customer prefers warmer, personalized service to speed and efficiency. However, this finding might not be consistent in all types of beverage establishments, since certain operations (nightclubs or larger sport bars) rely primarily on speed of service while others, such

as neighborhood bars, rely on the development of the relationship between employees and customers.

Product quality and customer experiential states. Hypothesis 2 stated that product quality has a positive effect on the cognitive and affective experiential states. The results provided partial support for this hypothesis indicating that the improvement in product quality leads to a higher affective experiential state but it does not have an effect on the cognitive experiential state. Tasty drinks made of high quality ingredients seemed to positively affect customers' emotions, but they did not evoke the feeling of escaping from reality. These results are only partially consistent with previous findings. In a restaurant setting, product quality was found to be an important driver of a positive customer experience (Namkung & Jang, 2007; Sulek & Hensley, 2004). Moreover, food quality is reported to be an essential factor that influences a customer's dining experience (Clark & Wood, 1999). Susskind and Chan (2000) also suggested that food quality is a key determinant for customer experience in the restaurant. However, previous studies focused on a single construct model of customer experience and did not examine the relationship between product quality and the cognitive and affective experiential states. The findings from the present study confirm that a customer's emotions are positively affected by the improvement in product quality, but the customer's cognitive state does not seem to change.

The results seem to indicate that the quality of drinks is of secondary importance in a beverage establishment. This finding did not come as a surprise, considering that drinks are only a secondary product in the majority of beverage establishments while the "atmosphere" is the primary. Additionally, the producers or distributors pre-make a majority of the drinks, so the

establishment does not have a direct effect on their quality. For example, if a customer orders a type of domestic beer in the bar he can get the exact same product in many different bars. Therefore, in most cases beverage establishments cannot differentiate themselves from the competition based on the quality of their products. The notable exceptions are cocktail bars, which often base their marketing strategy around unique, crafted, high quality products. In a way, they seem to be more similar to restaurants that compete against each other based on the quality of their food items. The only impact beverage operations may have on overall product quality is reflected in the menu variety. However, the current study did not recognize menu variety as a dimension of product quality. Therefore, menu variety was not proved to have impact on customer experiential states.

Physical environment quality and customer experiential states. Hypothesis 3 stated that the physical environment quality has a positive effect on the cognitive and affective experiential state. Based on the results from the EFA and CFA, the physical environment construct was divided into design and layout components. Therefore, the effect of design and layout on cognitive and affective experiential states was tested. The results indicate that the physical environment design had a significant positive effect on the cognitive experiential state. In other words, the overall attractiveness, quality of furniture, and the visual appeal of the environment can have a positive effect on a customer's cognitive experience. This finding seems logical, considering that the cognitive experiential state is defined as an escape from everyday reality and the feeling of being in a different world. Therefore, the design of the establishment can be critical for the creation of such a state. Moreover, such a finding is congruent with prior research that stated that the quality of the physical environment is of high importance in the

service industry (Bitner, 1990; Ha & Jang, 2010; Hul, Dube, & Chebat, 1997; Reimer & Kuehn, 2005; Raajpoot, 2002; Ryu & Han, 2010; Ryu & Jang, 2007; Turley & Milliman, 2000; Wakefield & Blodgett, 1996; Wall & Berry, 2007).

The design of the physical environment did not have a significant positive effect on the affective experiential state, indicating that the attractiveness of physical surroundings does not lead to a customer's positive emotions. Due to the specific nature of beverage establishments, this finding is in contrast with previous studies that reported that the physical environment has a positive effect on a customer's emotions (Bitner, 1990; Mehrabian & Russell, 1974).

Furthermore, the physical environment layout dimension did not have a significant impact on either the cognitive or affective experiential states. Layout was operationalized as the ease of navigation through the establishments, spatial layout, and seating comfort layout. Such results are not surprising, considering that the layout dimension facilitates operationalization (Greenland & McGoldrick, 2005; Hightower & Shariat, 2009), having the purpose only to support the main service and not directly contribute to the improvement of customers' experience.

These findings are not consistent with the general notion from the service industry that physical environment is critical for customer experience (Bitner, 1990; Mehrabian & Russell, 1974). It seems that the majority of beverage establishments do not require a high quality service environment in order to create a good service experience. This is mainly true for smaller neighborhood bars that usually do not invest too much in the design and facilities, yet manage to create good "atmosphere" and a strong base of loyal customers. On the other hand, high-end nightclubs and ultra lounges are known to invest heavily in the facilities design and often need to

renovate every two to three years in order to stay "popular." These establishments do not attract the same type of loyal customers like smaller dive bars and cannot create a strong "atmosphere" based only on the personal relationships between employees and customers.

Social environment quality and the affective experiential state. Hypothesis 4 stated that the social environment quality positively influences the affective experiential state. Based on the EFA and CFA results, this hypothesis was further divided into the effect of music quality on the affective experiential state and the effect of social environment quality on the affective experiential state.

The results indicate that the music quality did not have a significant effect on the affective experiential state. Taking into consideration that previous studies confirmed the positive effect of music on the customer behavior in a service setting (Bruner II, 1990; Caldwell & Hibbert, 1999; Kellaris & Altsech, 1992; North & Hargreaves, 1996), this result is quite unexpected. Although Sweeney and Wyber (2002) found that music influenced customer behavioral intentions, the effect of music on emotional states should significantly differ depending on the type of service setting. Such findings are particularly surprising, considering that music is one of the key "products" of a large number of beverage establishments. A potential explanation for this finding is that customers tend not to visit an establishment that plays music they do not find appealing. Therefore music can be seen as a facilitating factor, thus the effect cannot be detected through a post hoc survey research.

The effect of the social environment on the affective experiential state was found to be extremely positive. In fact, the results indicate that the social environment was the strongest predictor of the affective experiential state. These results are consistent with the existing studies

that argued that social environment can cause strong emotions (Donovan & Rossiter, 1982; Fisher & Byrne, 1975) as one of the most important drivers of positive customer experience (Gustafsson et al., 2006; Hansen et al., 2005). Social environment in the current study was defined as the enjoyment, mood, and behavior of other customers. Therefore, management should give a strong effort to improve the "atmosphere" in the beverage establishment in order to enhance customer experience. This finding was not reported in the restaurant context. A majority of the restaurant studies focused on the effect of service, products, and physical environment on customer experience and satisfaction (Namkung & Jang, 2007; Ryu & Han, 2010). Based on the results, social environment is considered to be the main product of beverage establishments. The customers care the most about what other customers' behavior is and their displayed enjoyment regarding the beverage establishment experience. Unfortunately, the management has the least amount of control over the social environment compared to other factors. Management teams can either try to create an appropriate program that would stimulate customers to interact with each other, or to encourage employees to engage in a more personalized communication with the customers and thus create a "good atmosphere."

Convenience and the cognitive experiential state. Hypothesis 5 stated that convenience has a positive effect on the cognitive experiential state. Based on the results of the EFA and CFA analysis, convenience was divided into three dimensions: information, location, and parking convenience. The results of the study indicate that none of the three dimensions had a significant effect on the cognitive experiential state. This result is not entirely surprising, considering that the convenience dimensions only allow a customer to enjoy a certain experience without improving it directly (Lee, Sirgy, Larsen & Wright, 2002). Crosby and Stephens (1987)

described convenience as a means to decrease time and effort while acquiring a service. Although this should lead to the improvement of the experience (Hedhli, Chebat & Sirgy, 2013), the current study results are contradictory to such beliefs.

These findings can be explained utilizing Herzberg et al.'s (1959) theory of motivation (Mittal et al., 1998; Matzler & Sauerwein, 2002). According to Herzberg et al.'s (1959) theory, customers may react negatively to reduced performance of the attributes named "hygienes" but not positively to their improvement. The other set of attributes are named "motivators." Customers react positively to their improvement but do not react negatively to their reduction. The three convenience attributes in the beverage establishments, information, location, and parking, can be considered as "hygiene" factors. These factors do not seem to have a positive effect on customer experience, but their poor performance would lead to customers' negative reactions. Considering that the study participants needed to visit an establishment in order to complete the survey, it can be assumed that the vast majority perceived their chosen establishment as convenient. In other words, customers are less likely to visit the establishment that is inconveniently located or does not have convenient parking.

Perceived price fairness and the cognitive experiential state. Hypothesis 6 stated that perceived price fairness has a positive effect on the cognitive experiential state. This hypothesis was further divided into the effect of entrance fee fairness on the cognitive experiential state and the effect of perceived price fairness on the cognitive experiential state. The results from the survey indicate that entrance fee fairness has a significant positive effect on the cognitive experiential state. This result confirms the previous finding that price fairness is a leading factor that customers take into account when evaluating a service (Yuksel & Yuksel, 2002). Therefore,

beverage establishments need to provide fair and transparent entrance fee pricing strategies. Any changes in the entrance fees need to be justified and clearly communicated with customers.

The relationship between perceived price fairness of beverages and the cognitive experiential state was not found to be significant. This result is somewhat unexpected, considering that previous studies argued that fair product pricing has a positive effect on the overall service evaluation that is strongly correlated with customer experience (Bowen & Shoemaker, 1998; Kimes, 2002; Xia, et al., 2004). Such findings do not indicate that price fairness is not relevant in beverage establishments, but they might indicate price fairness acts as a "hygiene" factor. In other words, customers would not visit the beverage establishment with unfair prices. However, an additional improvement in perceived fairness of beverage prices does not have an effect on customer experience. Unlike food prices that are usually displayed in the menu, beverage prices are often hidden. Nevertheless, this custom does not appear to negatively affect customers' perception of pricing strategies because it is a common practice.

Cognitive experiential state and cognitive loyalty. Hypothesis 7 stated that the cognitive experiential state has positive effect on cognitive loyalty. The results from the main study provided support for this hypothesis. These findings are consistent with the results from previous research that investigated the relationship between customer experience and customer loyalty (Sivadas & Baker-Prewitt, 2000). Previous studies have shown that a customer's cognitive experiential state has a positive effect on customer loyalty (Ha & Perks, 2005; Janda & Ybarra, 2005; Khalifa & Liu, 2007; Ranaweera, Bansal & McDougall 2008). Furthermore, it has been proved that cognitive loyalty is affected by the information available to the customer, such as price, quality, and value (Evanschitzky & Wunderlich, 2006). Similarly, the results from the

present study show that physical environment, design, and entrance fee fairness have a positive effect on the cognitive experiential state. Therefore, it is not surprising that the cognitive experiential state has a positive effect on customers' cognitive loyalty in beverage establishments.

Affective experiential state and affective loyalty. Hypothesis 8, stating that the affective experiential state has a positive effect on affective loyalty was also confirmed. Such findings are also congruent with the previous studies that claim that a customer's affective experiential state positively influences affective loyalty and enjoyment (Ha & Perks, 2005; Janda & Ybarra, 2005; Khalifa & Liu, 2007; Ranaweera, Bansal & McDougall 2008). In beverage establishments, customers can develop affective loyalty only if they have a number of positive emotional experiences. These experiences, based on the results of the present study, are influenced by service quality, product quality, and most importantly, the quality of the social environment.

Considering that affective loyalty is defined as a favorable emotion and attitude toward a certain company or their products and services, it was expected that the affective experiential state would have a strong positive influence on affective loyalty. Affective loyalty is also defined as the emotional attachment to a relationship that instructs a person to continue the relationship because of favorable attitudes, affects, emotions, and perceptions (Jaros, Jermier, Koehler & Sincich, 1993). This emotional attachment is developed after a series of the affective experiential states that a customer feels during the service encounter (Sambandam & Lord, 1995).

Cognitive loyalty, affective loyalty and behavioral intention. Hypothesis 9 stated that cognitive loyalty has a positive effect on affective loyalty. The results from the present study

provided support for this hypothesis, which is consistent with the theory of reasoned action (Back, & Parks, 2003). Ajzen and Fishbein (1980) developed the reasoned action theory as a framework that connects customers' behavioral intention with their beliefs and attitudes. This theory states that customers make decisions based on the evaluations of alternatives and their decisions suggest that they engage in the most desirable behavior (Back & Parks, 2003). Bentler and Speckart (1981) further elaborate that customers' attitudes are formed first and that they affect customers' emotions.

Similarly, Oliver (1997) stated that customer loyalty has multiple stages. The first stage is cognitive loyalty and the second one is affective loyalty. Hypothesis 10 stated that cognitive loyalty has a positive effect on conative loyalty. This hypothesis was further divided into the effect of cognitive loyalty on return intention and the effect of cognitive loyalty on return intention and positive word-of-mouth. The results from the study did not provide support for the relationship between cognitive loyalty and behavioral intentions, but onfirmed Oliver's model of loyalty that is developed in sequential stages.

Hypothesis 11 stated that affective loyalty has a positive effect on conative loyalty. This hypothesis was further divided into the effect of affective loyalty on return intention and the effect of affective loyalty on return intention and positive word-of-mouth. The results of the study have confirmed both hypotheses and further provided support for Oliver's (1997) theory of customer loyalty. In this model, attitudinal loyalty is seen as a sequential process where customers first develop cognitive loyalty, followed by affective loyalty and conative loyalty (Oliver, 1997). In the last stage of loyalty forming, customers develop conative loyalty, reflected in their behavioral intention to purchase products or services or to spread positive word of mouth

about a company. The results of the study indicate that affective loyalty serves as a full mediator between cognitive and conative loyalty (word-of-mouth and return intention), confirming that loyalty is developed in stages. The first stage is a development of attitude, followed by the second stage in which attitude can affect emotions, and finally, emotions can create behavioral intention in the third stage.

The moderating effect of type of beverage establishment. Hypothesis 12 stated that the type of beverage establishment would moderate the relationship between antecedents of customer experience (quality attributes, convenience, perceived price fairness) and customer experience. This hypothesis was only partially confirmed. For the purpose of this study, beverage operations were divided into several categories: (1) the beverage-only bar - full bars, cocktail lounges, dive bars, beer bars; (2) bar/entertainment combinations - sports bars, blues bars, karaoke bars, comedy bars, dance bars, live music bars; and (3) food and beverage combinations - restaurant bars, pubs, taverns, wine bars, brewpubs.

The findings suggested that the effect of the physical environment design on the cognitive experiential state was much stronger in bar/entertainment establishments compared to beverage-only establishments. This result suggests that bar/entertainment combinations need to put more focus on the physical environment compared to beverage-only bars (Katsigris, 2012). Similarly, location convenience was found to have a stronger effect on the cognitive experiential state in bar/entertainment combinations compared to beverage-only establishments. The study results also indicate that service quality was more important in beverage-only and bar and entertainment establishments compared to food and beverage establishments.

The effect of the other antecedents of customer experience on customer experiential states did not vary between different types of establishments. These results indicate that all beverage establishments need to focus primarily on the social environment and create a positive atmosphere.

Final model. Based on the result of the study, the new model that is constructed includes all of the significant relationships (Figure 16). Service quality, product quality, and social environment have significant effects on the affective experiential state. The physical environment design and entrance fee fairness positively affect the cognitive experiential state. The rest of the new model is similar to the original, proposed model. The cognitive experiential state has a positive impact on cognitive loyalty and the affective experiential state has a positive effect on affective loyalty. Finally, Oliver's (1997) multiple-stage loyalty model is confirmed, since cognitive loyalty positively influences affective loyalty that impacts two dimensions of conative loyalty (word-of-mouth and return intention). In table 46, a summary of the main findings is displayed.

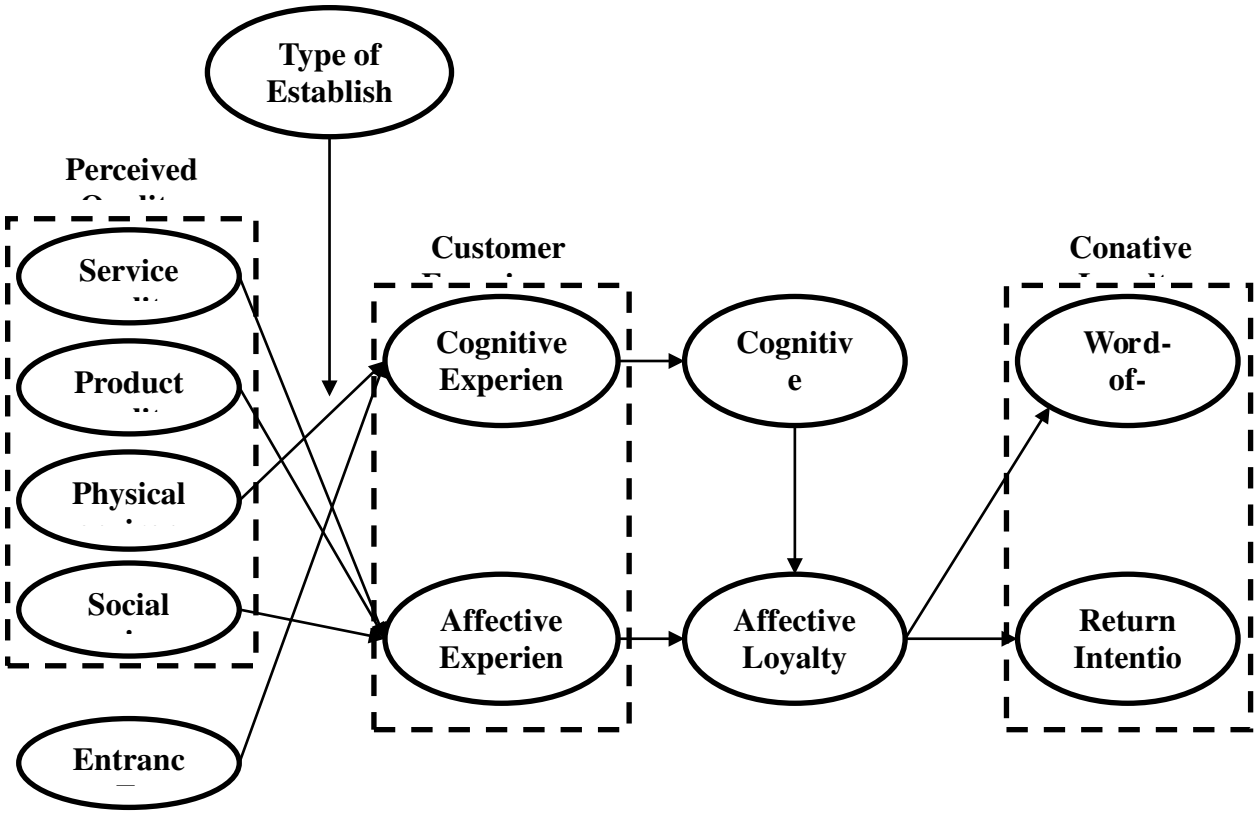

Figure 16. Final model of significant relationships

Table 46. Summary of findings

Proposed relationship	Finding	Literature Support
Service quality --> Cognitive experiential state	**No relationship**	Not consistent with previous research (Bolton & Drew, 1994; Iacobucci et al., 1995; Sivadas & Baker-Prewitt, 2000)
Service quality --> Affective experiential state	**Positive relationship**	Consistent with previous research (Bolton & Drew, 1994; Iacobucci et al., 1995; Sivadas & Baker-Prewitt, 2000)
Product quality --> Cognitive experiential state	**No relationship**	Not consistent with previous research Namkung & Jang, 2007; Sulek & Hensley, 2004)
Product quality --> Affective experiential state	**Positive relationship**	Consistent with previous research (Namkung & Jang, 2007; Sulek & Hensley, 2004)
Physical environment design -->	**Positive relationship**	Consistent with previous research (Bitner,

Proposed relationship	Finding	Literature Support
Cognitive experiential state		1990; Ha & Jang, 2010; Raajpoot, 2002; Ryu & Han, 2010; Ryu & Jang, 2007; Wakefield & Blodgett, 1996)
Physical environment design --> Affective experiential state	**Negative relationship**	Not consistent with previous research (Wakefield & Blodgett, 1996)
Physical environment layout --> Cognitive experiential state	**No relationship**	Not consistent with previous research (Wakefield & Blodgett, 1996)
Physical environment layout --> Affective experiential state	**No relationship**	Partially consistent with previous research (Greenland & McGoldrick, 2005; Hightower & Shariat, 2009)
Music quality --> Affective experiential state	**No relationship**	Not consistent with previous research (Bruner II, 1990; Caldwell & Hibbert, 1999; Kellaris & Altsech, 1992; North & Hargreaves, 1996)
Social environment --> Affective experiential state	**Positive relationship**	Consistent with previous research (Fisher & Byrne, 1975; Donovan & Rossiter, 1982; Hansen et al., 2005; Gustafsson et al., 2006)
Information convenience --> Cognitive experiential state	**No relationship**	Partially consistent with previous research (Lee, Sirgy, Larsen & Wright, 2002)
Location convenience --> Cognitive experiential state	**No relationship**	Partially consistent with previous research (Lee, Sirgy, Larsen & Wright, 2002)
Parking convenience --> Cognitive experiential state	**No relationship**	Partially consistent with previous research (Lee, Sirgy, Larsen & Wright, 2002)
Entrance fee fairness --> Cognitive experiential state	**Positive relationship**	Consistent with previous research (Yuksel & Yuksel, 2002)
Perceived price fairness --> Cognitive experiential state	**No relationship**	Not consistent with previous research (Bowen & Shoemaker, 1998; Kimes, 2002; Xia, et al., 2004)
Cognitive experiential state --> Cognitive loyalty	**Positive relationship**	Consistent with previous research (Ha & Perks, 2005; Homburg, Kim, Zhao & Yang, 2008; So, Wong & Sculli, 2005)
Affective experiential state --> Affective loyalty	**Positive relationship**	Consistent with previous research (Jin, Park & Kim, 2008; Kim, Zhao & Yang, 2008; So, Wong & Sculli, 2005)
Cognitive loyalty --> Affective loyalty	**Positive relationship**	Consistent with previous research (Oliver, 1997)
Cognitive loyalty --> Word-of-mouth	**Negative relationship**	Not consistent with previous research (Oliver, 1997)
Cognitive loyalty --> Return intention	**No relationship**	Partially consistent with previous research (Oliver, 1997)

Proposed relationship	Finding	Literature Support
Affective loyalty --> Word-of-mouth	**Positive relationship**	Consistent with previous research (Oliver, 1997)
Affective loyalty --> Return intention	**Positive relationship**	Consistent with previous research (Oliver, 1997)

5.3. Implications

5.3.1. Implications for Research

This study has several important theoretical contributions. Different antecedents of customer experience in beverage establishments were recognized and an instrument that measures these dimensions was developed. To the best of our knowledge, this is the first scale specifically developed to measure experience in beverage establishments. The importance of each of the antecedents of customer experience was examined in regards to their effect on customer experience. Additionally, an instrument that measures the cognitive and affective experiential states was developed and used in the model development. Finally, this study integrates different dimensions of customer experience and customer loyalty into a comprehensive theoretical model that could be further applied and retested in other service settings. A summary of theoretical implications is shown in table 47.

Table 47. Summary of theoretical implications

Objective	Contribution
Recognize antecedents of customer experience in beverage	11 antecedents of customer experience: service quality, product quality, physical environment design, physical environment

Objective	Contribution
establishments	layout, music quality, social environment, information convenience, location convenience, parking convenience, entrance fee fairness.
Development of an instrument for the measurement of antecedents of customer experience	The instrument consists of 39 items that explain 11 separate factors based on Verhoef et al. (2009) theoretical model.
Implement a cognitive and affective experiential framework to beverage establishments	A new instrument that measures the cognitive and affective experiential states was suggested and used in the development of the model. The new instrument consists of eleven items, eight that measure the affective experiential state and three that measure the cognitive experiential state.
Development of comprehensive model	The new model integrates different dimensions of antecedents of customer experience, customer experiential states, customer loyalty, and the moderating affect of the type of the beverage establishment. This theoretical model, with minor adaptations, could be tested in various service settings.

Antecedents of customer experience. Studies related to restaurants have focused on antecedents and outcomes of customer experience that are unique to these settings, such as pricing, brand, location, ambiance, image, food quality, value, service, and location (Johns & Howard, 1998). Similarly, Johns and Pine (2002) identified food, physical space, atmosphere, and service as key quality attributes in restaurants. However, the antecedents and outcomes of customer experience that are unique to beverage establishments have not been explored. The results of this study help to identify the antecedents and outcomes of customer experience that are unique to beverage establishments. A new factor structure proposed eleven antecedents of customer experience: service quality, product quality, physical environment design, physical environment layout, music quality, social environment, information convenience, location convenience, parking convenience, entrance fee fairness. This factor structure closely matches the theoretical framework developed by Verhoef et al. (2009).

An additional important theoretical contribution of this study is the development of an instrument for the measurement of antecedents of customer experience that can be used in the studies based on the Verhoef et al. (2009) theoretical model. The instrument consists of 39 items that explain 11 separate factors. Although the instrument itself was primarily created for the beverage establishment, the majority of the items is generic and can be easily adapted in different service settings. Therefore, the instrument could be used to measure the antecedents of customer experience in a wide range of service industries. Furthermore, separate factor measurement could be used in research that does not focus on a large number of antecedents of customer experience but a selected few, such as service quality dimensions or servicescape.

The instrument consists of three major separate sections. The first section incorporates six dimensions of perceived quality (service quality, product quality, physical environment design, physical environment layout, music quality, and social environment). Most of the items used in this section could be universally applied to the majority of service industries. The second section consists of the three dimensions of service convenience (information convenience, location convenience, and convenient operating hours). Similar to the perceived quality dimensions, information convenience, location convenience, and convenient operating hours are factors that can easily be adapted to a wide range of service industries, such as retailing or foodservice. The last section consists of two separate perceived price fairness factors (entrance fee fairness and product price fairness). Product price fairness is a relatively universal category. However, entrance fee fairness is a more salient dimension for beverage establishments, since entrance fees are not common in other service settings except for sports venues, museums, galleries, or certain special events.

Customer experiential states. This study also tried to implement a cognitive and affective experiential framework to beverage establishments. Gentile, Spiller, and Noci (2007) and later Rose et al. (2012) developed an experiential state theoretical framework. The results of the EFA and CFA analysis in the present study confirmed the proposed factor structure with new items that were adapted from a larger number of studies. Therefore a new instrument that measures the cognitive and affective experiential states was suggested and used in the development of the model. The new instrument consists of eleven items, eight that measure the affective experiential state and three that measure the cognitive experiential state. Since items are not designed specifically for a beverage establishment, they could be easily applied to other service settings. Nevertheless, it is important to mention that the cognitive experiential state measurement, because of its unique content, created several problems for the final model. Unlike the affective experiential state that participants can easily relate to, it is much harder to fully comprehend items used to measure the cognitive experiential state.

Theoretical model. Possibly the biggest theoretical contribution of this study is the development of a comprehensive model that integrates the different dimensions of the antecedents of customer experience, customer experiential states, customer loyalty, and the moderating affect of the type of beverage establishment. This theoretical model, with minor adaptations, could be tested in various service settings. It is expected that the relationship between perceived quality dimensions, convenience, price fairness, and customer experiential states could be similar in wide range of service industries. Similarly, customer experiential states should have a similar relation to customer loyalty in other service settings.

A major finding of the study was the relationship between the social environment and the affective experiential state. The study results imply that the majority of the other antecedents of customer experience did not have a significant effect on two experiential states or that the effect was relatively weak. However, social environment was by far the strongest predictor of customers' positive emotions and therefore their loyalty and behavioral intentions. Finally, the study results confirmed Oliver's (1997) theory of customer loyalty by providing support for the sequential relationship among cognitive, affective, and conative loyalty.

5.3.2. Implications for Practice

Besides contributing to the theoretical field of customer experience, this study aimed to provide implications for beverage establishment management that would help them understand the drivers of customer experience. This study has several important managerial implications (Table 48):

1. Development of the survey that can be used to assess customer experience and identify critical performance areas.
2. Identifying key drivers of customer experience that have the highest impact on customer patronage and positive word-of-mouth.

Table 48. Summary of managerial implications

Objective	Contribution
Development of the survey	The study developed an innovative survey that can measure a wide range of factors that are critical for beverage establishment operations. The study findings should help management to identify on which aspects of their business they should focus on

Objective	Contribution
	the most in order to improve customer experience.
Identifying key drives of customer experience	(1) Social environment (2) Product quality (3) Service quality (4) Design of the establishment (5) Fair entrance fees.

Beverage establishment customer experience survey. This study developed an innovative survey that can measure a wide range of factors that are critical for beverage establishment operations. Most of the existing surveys used in the service industry are based on the SERVQUAL instrument (Parasuraman et al., 1988), which has only limited industry application. The majority of beverage establishments, according to the interviews with managers, either use very simple satisfaction surveys, comment cards, or do not conduct any customer research at all. Because of that, managers are often forced to use their own judgment and anecdotal evidence to find factors that would improve customer satisfaction and the overall customer experience. This is especially important in the time of the so-called "experience economy" where experience is the main product of many service sectors (Pine & Gilmore, 1999).

Managers in the present study stated that customer experience is a driving force for their business. To the best of our knowledge, an effective instrument that could measure the factors that have an impact on customer experience did not exist. The present study tries to fill this gap by providing a simple self-administered questionnaire that can measure a wide range of antecedents of customer experience. This instrument can be administered in paper form or online and provide quick insight to management on their performance. Therefore, the study findings

should help management identify which aspects of their business they should focus on the most in order to improve customer experience.

Main drivers of customer experience. Possibly the most important managerial implication of the present study is the identification of key drivers of customer experience. Several factors that the management of beverage establishments should focus on the most are: (1) social environment, (2) product quality, (3) service quality, (4) design of the establishment, and (5) fair entrance fees.

The results from the present study have identified *social environment* to be the strongest antecedent of customer experience. Specifically, it was shown that customers perceive social environment as the enjoyment, mood, and behavior of other customers. Therefore, management should recognize what kind of social environment would leave a positive impression on the establishment customers that would result in improved experience. The creation of a "good atmosphere" is possibly one of the most difficult aspects of beverage establishments' business.

Management needs to create an appropriate program that would engage customers and improve their mood. An appropriate selection of entertainment should be accompanied with an appropriate selection of customers, since different customer segments perceive the idea of a "positive atmosphere" in different ways. What one customer group might consider enjoyable can be perceived as stressful by another. Therefore, management should be careful with the market segmentation strategy. For example, if an establishment is targeting college students, it should not market toward business professionals at the same time, since these two market segments have different demands. College students might not perceive the "atmosphere" created by business professionals as positive and the other way around.

Product quality was the second strongest predictor of customer experience in the present study, suggesting that the management of beverage establishments should try to improve the quality of their products. This might seem a difficult task to accomplish considering that beverage products are relatively simpler when compared to food products. However, in the last ten years, the beverage industry has gone through a period of product revival (Katsigris, 2012). The drinks of average quality as well as premade mixtures are not sufficient in today's market. Modern customers demand high quality products, cocktails that are "made from scratch," and a larger variety. Management needs to hire trained employees that can produce cocktails and mixed drinks of higher quality that meet the standards of the new market. Furthermore, customers are becoming more sophisticated in regards to beer and wine selection. The simplest list of several domestic beers and a modest selection of wines does not satisfy the modern customer. Management must become knowledgeable about the beer and wine industry and offer customers a wider range of products at different price ranges.

Service quality also proved to be a significant driver of customer experience. The results indicated that friendly and courteous service would lead to the customers' positive emotions. Unlike some other service sectors, where speed of service is more important, management of beverage operations should train their employees to primarily provide service that is perceived as friendly. Taking into account that customers care most about the social aspects of their experience in beverage establishments, this finding is especially important. Customers want to feel welcomed, and very often want to have a friendly conversation with the employees or even other customers. As a result, beverage establishment employees should not only serve drinks, but should also socialize with the guests.

Physical ambiance design quality also had an effect on customer experience, even though this effect was limited to the cognitive dimension of the experience. Such a result indicates that the management needs to create a pleasant ambiance in order to make customers feel like they escaped to a different world. Specifically, management should focus on the quality and design of furniture and the use of decorations.

The perceived *entrance fee fairness* was the last factor that had a significant effect on customer experience. The study results suggested that management of beverage establishments should be careful with their entrance fee strategy. Beverage establishments need to provide fair and transparent entrance fee pricing strategies. Any changes in the entrance fees need to be justified and clearly communicated with customers.

The results of the study also indicate that several performance factors do not directly impact customer experience. It appears that layout, music, information convenience, location convenience, parking convenience, and perceived price fairness do not have an effect on customer experience. However, this does not indicate that management should not focus on these factors. As a matter of fact, some of the previously addressed factors might act as facilitators to other aspects of the beverage establishment service. For example, the fact that an establishment has an inconvenient location or parking might not have a direct impact on the customers that are already loyal to the establishment. However, poor parking and location could limit the number of first-time customers. Therefore, these potential customers would have neither a positive nor negative experience, since they would not even visit the establishment.

5.4. Limitations

This study had several limitations. First, a purposive snowball sampling method was used to recruit beverage establishment managers. Considering that convenience sampling has low external validity, the qualitative study results have limited generalizability. However, the random sample suggests a high external validity. Second, only several types of beverage establishments were investigated in the qualitative part of the study. As a result, the qualitative study did not cover all different industry segments, which is a limitation, since management and practices in beverage establishments may vary according to the type of establishment. Third, the focus groups and the pilot study used a convenience sample of students. Even though student sampling has been a common topic of dispute among scholars, university students represent an important segment of beverage establishment customers. Thus, students of 21 years of age and older were considered an appropriate sample for this study (Moss, 2010b; Skinner, et al., 2005).

The main limitation of the main study was that the survey was conducted in an online environment and asked the participants to revoke the memories about their last visit to a beverage establishment. Unless the beverage establishment experience left a truly strong impression on participants, they would not be able to express their opinion regarding specific details that were asked in the survey. This also could create potential non-response bias. A number of potential participants would not qualify to do the survey if they did not visit a beverage establishment in the previous period. Since they are not participating in the study it is not possible to record their perception of the establishment. Additionally, the establishment that was visited by the participant had to meet at least certain minimum criteria for participants to visit it in the first place. For example, none of the convenience factors (information, location, and

parking) were found to have a significant effect on customer experience. One potential explanation of this phenomenon could be that participants would not even visit the establishment that is not conveniently located, has convenient parking, or is perceived as safe. Also, participants were asked to remember the experience that occurred in the previous six months. Those participants who frequently visit beverage establishments are more likely to have a vivid of a recent experience, compared to those participants who visit establishments only several times a year.

Additionally, the questionnaire length and the time needed to complete the survey might have caused questionnaire fatigue, which negatively influenced the validity of participants' responses. Although it was assumed that the respondents completed the survey objectively, the reliability could have been affected by respondents' beliefs, attitudes, reward drive, and desire to provide honest answers. In general, feedback from participating respondents did not mention that this was a concern. An additional limiting factor is that the survey was not collected right after the beverage establishment experience. Therefore, it was more difficult for participants to recall all the details about their experience and to provide the most accurate answers to the survey questions.

The instruments used in the survey were also a strong limiting factor. Considering that there were no previous studies about customer experience in beverage establishments, a new set of instruments had to be developed. These instruments were tested for validity and reliability. Nevertheless, additional follow-up studies could further improve the instruments. The instrument developed for the measurement of the cognitive experiential state seemed to be the most problematic. Specifically, the participants found it difficult to understand the concept of

"escapism" and to answer the questions regarding their cognitive experiential state. Finally, the main study sample was obtained from a United States based marketing company. Therefore, the findings cannot be generalized beyond that target population.

5.5. Future Research

The study findings should provide valuable guidelines for future research streams of customer experience in a service setting. It is recommended for future studies to reexamine the study model on a sample of beverage establishment customers with the data collected on premise. This could improve the overall validity of the results. Participants would not have to recollect their last experience in the beverage establishment but would just have to evaluate the present one.

Future studies should also test true causality using experimental design. The present study did not directly test causality, since it was based on survey design and SEM analysis. This type of analysis only assumes causality without directly being able to examine it. All of the significant relationships that were detected in the present study could be further tested for causality using scenario-based experimental design or field experiments. For example, the social environment was found to be the best predictor of the affective experiential state. This relationship should be retested using a scenario-based experiment in which all other performance indicators would remain stable and the social environment would be manipulated. Participants would be randomly assigned to two or more experimental cells ranging from "bad" to "good" social environments.

Considering the lack of previous research regarding beverage establishment customers' characteristics, future studies should examine customer demographics and customer segmentation. It is expected that different customer segments have different preferences and patronage behavior. Anecdotal evidence suggests that younger customers tend to visit beverage establishments more often than older ones. To the best of our knowledge, no studies have compared the preferences of older and younger generations and their spending habits in beverage establishments.

Similarly, future studies should focus on mixture modeling in order to recognize different types of beverage establishments based on their attribute scores. The current study referred to the existing theory that suggested three groups of beverage establishments: beverage-only, bar and entertainment combinations, and food and beverage combinations. However, beverage establishments can be divided into different clusters based on the objective attribute performance. This could potentially lead to the creation of new classifications of beverage establishments.

The present study focused only on the analysis on the performance of different antecedents of customer experience. Because of that, it was difficult to recognize attributes that acted as facilitators or hygiene factors. For example, while the importance of safety and security was recognized in the qualitative phase, these factors could not be analyzed in the quantitative phase of the study. Therefore, future studies could utilize the importance performance analysis (IPA) that would help recognize the factors of highest importance for customers, such as convenience, and in the second step the actual performance of the same attributes. This would provide a more clear set of managerial implications that would not disregard hygiene factors.

Additionally, future studies should focus on the analysis of different variables that moderate the relationship between the antecedents of customer experience and the customer experiential states. The present study provided partial support for the moderating effect of the type of beverage establishment. However, customer characteristics such as demographics and personality traits could also act as moderators. For example it is expected that age, gender and income might have an impact on the customer's evaluation of a beverage establishment. In addition, party size might have an impact on the relationship between the social environment and experience or convenience and customer experience.

Similarly, some of the antecedents, such as physical environment, could serve a dual role in the model. For example, it is expected that the physical environment would also moderate the relationship between service quality and customer experience. Additionally, the social environment variable should be tested as a mediator between other beverage establishment attributes and customer experience. Service quality, product quality, physical environment, and music could all affect the mood and behavior of other customers and consequently the perception of social environment. Therefore, the social environment can mediate the effect of these variables on customer experience, to a certain extent.

The results from the present study are not consistent with the results from similar studies in the restaurant environment. The majority of studies in the restaurant environment emphasized the importance of service, product, and physical environment on customer experience and satisfaction (Namkung & Jang, 2007; Ryu & Han, 2010). Future studies should focus on the comparison of the two environments and the explanation of the differences in the importance of various attributes.

Finally, the results from this study could be used to develop similar models in other service settings building on Verhoef et al.'s (2009) theoretical model. For example, it would be important to recognize the antecedents of customer experience in foodservice, hotel, and retailing contexts. Similarly, future studies could focus on the development of the instrument for the measurement of antecedents of customer experience in e-commerce. It is expected that a new set of antecedents of customer experience would be detected as a consequence of the differences between online and offline service settings.

APPENDIX A: IRB APPROVAL FORM

University of Central Florida Institutional Review Board
Office of Research & Commercialization
12201 Research Parkway, Suite 501
Orlando, Florida 32826-3246
Telephone: 407-823-2901 or 407-882-2276
www.research.ucf.edu/compliance/irb.html

Approval of Exempt Human Research

From: **UCF Institutional Review Board #1**
FWA00000351, IRB00001138

To: **Milos Bujisic**

Date: **March 10, 2014**

Dear Researcher:

On 3/10/2014, the IRB approved the following activity as human participant research that is exempt from regulation:

Type of Review:	Exempt Determination
Project Title:	ANTECEDENTS OF CUSTOMER EXPERIENCE IN BEVERAGE ESTABLISHMENTS
Investigator:	Milos Bujisic
IRB Number:	SBE-14-10085
Funding Agency:	
Grant Title:	
Research ID:	N/A

This determination applies only to the activities described in the IRB submission and does not apply should any changes be made. If changes are made and there are questions about whether these changes affect the exempt status of the human research, please contact the IRB. When you have completed your research, please submit a Study Closure request in iRIS so that IRB records will be accurate.

In the conduct of this research, you are responsible to follow the requirements of the Investigator Manual.

On behalf of Sophia Dziegielewski, Ph.D., L.C.S.W., UCF IRB Chair, this letter is signed by:

Signature applied by Joanne Muratori on 03/10/2014 01:09:09 PM EST

Joanne Muratori

IRB Coordinator

APPENDIX B: COMPLETE SURVEY

EXPLANATION OF RESEARCH

Title of Project: Customer Experience in Beverage Establishments

Please help a PhD student with his research.

Milos Bujisic, a PhD student at the University of Central Florida's Rosen College of Hospitality Management is working on his dissertation that evaluates different customer experiences in beverage establishments.

We appreciate that you take a few minutes to complete the survey form.

- You will be asked to answer several questions about the last bar/beverage establishment that you visited, along with several demographics questions.
- It should take approximately 10 minutes of your time to complete this online survey. The study results will be kept strictly confidential.
- You must be 21 years of age or older to take part in this research.

The participation in this study is voluntary. The benefits and the knowledge acquired through the study will contribute to the tourism and hospitality industry, students, educators and customers.

This research has been reviewed and approved by the IRB. For information about the rights of people who take part in research, please contact: Institutional Review Board, University of Central Florida, Office of Research & Commercialization, 12201 Research Parkway, Suite 501, Orlando, FL 32826-3246 or by telephone at (407) 823-2901. If you have any questions, concerns, or complaints please contact Milos Bujisic, Rosen College of Hospitality Management, by email at milosbujisic@knights.ucf.edu.

Q1 Do you want to participate in this study? (You can quit at any time) (By pressing this button you confirm that you are above 21 years old)

- ❍ Yes (1)
- ❍ No (2)

If No Is Selected, Then Skip To End of Survey

Q2.1
Have you visited any of the following types of beverage establishments in the last 6 months: **bar, cocktail lounge, dive bar and beer bar**?

- ❍ Yes (1)
- ❍ No (2)

If No Is Selected, Then Skip To End of Survey

Q2.11
Which type of beverage establishment did you visit last?

- ❍ Bar (1)
- ❍ Cocktail lounge (2)
- ❍ Dive bar (3)
- ❍ Beer bar (4)
- ❍ Other (5) _____

Q2.2
Have you visited any of the following types of beverage establishments in the last 6 months: **sports bar, blues bar, karaoke bar, comedy bar, dance club, nightclub and live music bar**?

- ❍ Yes (1)
- ❍ No (2)

If No Is Selected, Then Skip To End of Survey

Q2.21
Which type of beverage establishment did you visit last?

- ❍ Sports bar (1)
- ❍ Blues bar (2)
- ❍ Karaoke bar (3)
- ❍ Comedy bar (4)
- ❍ Nightclub (5)
- ❍ Live music bar (6)
- ❍ Other (7) _____

Q2.3

Have you visited any of the following types of beverage establishments in the last 6 months: **restaurant with a bar, pub, tavern, wine bar and brewpub**?

- ❍ Yes (1)
- ❍ No (2)

If No Is Selected, Then Skip To End of Survey

Q2.31

Which type of beverage establishment did you visit last?

- ❍ Restaurant with a bar (1)
- ❍ Pub (2)
- ❍ Tavern (3)
- ❍ Wine bar (4)
- ❍ Brewpub (5)
- ❍ Other (6) _____

Q3 Please, respond to the following questions regarding your most recent visit to a beverage establishment.

Q3.1 Was there live entertainment (e.g. concert, DJ, comedy performance)?
- Yes (1)
- No (2)

Q3.2 Was food offered?
- Yes (1)
- No (2)

If No Is Selected, Then Skip To Q3.5

Q3.3 How was the selection of food?
- A large selection of food (1)
- A small selection of food (2)
- Only bar snacks (3)

Q3.4 Did you order food?
- Yes (1)
- No (2)

Q3.5 What type of beverages did you order?
- Liquor (1)
- Cocktail (2)
- Beer (3)
- Wine (4)
- Non-alcoholic (5)
- Other (6)

Q3.6 How many other people were in your party?
- None, I went alone (1)
- One (2)
- Two (3)
- Three (4)
- Four or more (5)

Service. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
I received accurate service in a timely manner. (1)	❍	❍	❍	❍	❍	❍	❍
The staff was never too busy to respond to my requests. (2)	❍	❍	❍	❍	❍	❍	❍
The staff suggestions of drinks or food were reliable. (3)	❍	❍	❍	❍	❍	❍	❍
I received personal attention. (4)	❍	❍	❍	❍	❍	❍	❍
The staff were very friendly and outgoing. (5)	❍	❍	❍	❍	❍	❍	❍
The staff made me feel welcome. (6)	❍	❍	❍	❍	❍	❍	❍

Product. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
I liked the variety of drinks on the menu. (1)	❍	❍	❍	❍	❍	❍	❍
The drinks I had were very tasty. (2)	❍	❍	❍	❍	❍	❍	❍
The quality of the drinks was excellent. (3)	❍	❍	❍	❍	❍	❍	❍
I enjoyed the drinks in this establishment. (6)	❍	❍	❍	❍	❍	❍	❍
The drinks tasted well. (7)	❍	❍	❍	❍	❍	❍	❍
The drinks were of high quality. (8)	❍	❍	❍	❍	❍	❍	❍

Physical. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
The lighting created a comfortable atmosphere. (1)	❍	❍	❍	❍	❍	❍	❍
The design was attractive. (2)	❍	❍	❍	❍	❍	❍	❍
Furniture (e.g., tables, benches, stools) was of high quality. (3)	❍	❍	❍	❍	❍	❍	❍
The physical facilities (e.g. buildings, signs, etc.), were visually appealing. (4)	❍	❍	❍	❍	❍	❍	❍
The layout made it easy to move around. (5)	❍	❍	❍	❍	❍	❍	❍
The seating arrangement gave me enough space. (6)	❍	❍	❍	❍	❍	❍	❍
The seating was comfortable. (7)	❍	❍	❍	❍	❍	❍	❍
The establishment was clean. (8)	❍	❍	❍	❍	❍	❍	❍
The staff was neat and well dressed. (9)	❍	❍	❍	❍	❍	❍	❍

Music. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
The music was very pleasing. (1)	❍	❍	❍	❍	❍	❍	❍
The music was not too loud and not too quiet. (2)	❍	❍	❍	❍	❍	❍	❍
The quality of sound was excellent. (3)	❍	❍	❍	❍	❍	❍	❍
The music volume was appropriate. (4)	❍	❍	❍	❍	❍	❍	❍

Social. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
The customers appeared to be enjoying themselves and having fun. (4)	❍	❍	❍	❍	❍	❍	❍
The customers appeared to be in a good mood. (5)	❍	❍	❍	❍	❍	❍	❍
The atmosphere in the establishment was excellent. (6)	❍	❍	❍	❍	❍	❍	❍
The customers were enjoying the atmosphere. (7)	❍	❍	❍	❍	❍	❍	❍
The atmosphere was very pleasant. (8)	❍	❍	❍	❍	❍	❍	❍

Information Convenience. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
The staff let me know the food/beverage prices or special offers. (2)	❍	❍	❍	❍	❍	❍	❍
Food/beverage product and pricing information was very clear and easy to read. (3)	❍	❍	❍	❍	❍	❍	❍
The menu and signage made it easy to choose between drinks. (5)	❍	❍	❍	❍	❍	❍	❍
The prices of drinks were clearly listed. (6)	❍	❍	❍	❍	❍	❍	❍

Hours. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
The beverage establishment had convenient operating hours. (1)	❍	❍	❍	❍	❍	❍	❍
The regular hours of operation were appropriate. (2)	❍	❍	❍	❍	❍	❍	❍
The weekend hours of operation were appropriate. (3)	❍	❍	❍	❍	❍	❍	❍

Location. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
The beverage establishment is conveniently located. (1)	❍	❍	❍	❍	❍	❍	❍
I only traveled short distance to reach the establishment. (2)	❍	❍	❍	❍	❍	❍	❍
The establishment is close to where I live. (3)	❍	❍	❍	❍	❍	❍	❍
That establishment is very close to my home. (4)	❍	❍	❍	❍	❍	❍	❍

Parking. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
There were enough parking spaces close to the beverage establishment. (1)	❍	❍	❍	❍	❍	❍	❍
Parking in front of the establishment was convenient. (2)	❍	❍	❍	❍	❍	❍	❍
Parking was no problem at all. (3)	❍	❍	❍	❍	❍	❍	❍
The establishment was easily accessible. (4)	❍	❍	❍	❍	❍	❍	❍

Safety. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
There was no safety or security problem at that beverage establishment. (1)	❍	❍	❍	❍	❍	❍	❍
I know that the establishment is very safe. (2)	❍	❍	❍	❍	❍	❍	❍
I heard that that the establishment is very safe. (3)	❍	❍	❍	❍	❍	❍	❍
The establishment is in a safe area. (4)	❍	❍	❍	❍	❍	❍	❍
I felt safe at the establishment. (5)	❍	❍	❍	❍	❍	❍	❍

Entrance Fee Fairness. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)	N/A
The entrance fee/cover charge was fair. (1)	❍	❍	❍	❍	❍	❍	❍	❍
The entrance fee/cover charge was not too high. (2)	❍	❍	❍	❍	❍	❍	❍	❍
The entrance fee/cover charge was adequate. (4)	❍	❍	❍	❍	❍	❍	❍	❍

Drink Price Fairness. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
The drinks were fairly priced. (1)	❍	❍	❍	❍	❍	❍	❍
I consider the establishment's pricing policies to be fair. (2)	❍	❍	❍	❍	❍	❍	❍
The food/beverage prices were reasonable. (3)	❍	❍	❍	❍	❍	❍	❍
The food/beverage prices were fair. (4)	❍	❍	❍	❍	❍	❍	❍

Affective Experiential State. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
I had a great experience at the beverage establishment. (1)	❍	❍	❍	❍	❍	❍	❍
I truly enjoyed my experience. (2)	❍	❍	❍	❍	❍	❍	❍
My experience was beyond words. (3)	❍	❍	❍	❍	❍	❍	❍
I had a very pleasant experience. (4)	❍	❍	❍	❍	❍	❍	❍
My experience was enjoyable. (5)	❍	❍	❍	❍	❍	❍	❍
My experience made me happy. (6)	❍	❍	❍	❍	❍	❍	❍
I had a very enjoyable time. (7)	❍	❍	❍	❍	❍	❍	❍
The experience made me feel relaxed. (8)	❍	❍	❍	❍	❍	❍	❍
My visit was very entertaining. (9)	❍	❍	❍	❍	❍	❍	❍

Cognitive Experiential State. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
My experience at the beverage establishment made me feel hip and cool. (1)	❍	❍	❍	❍	❍	❍	❍
I felt like I was a different person when I was at the establishment. (2)	❍	❍	❍	❍	❍	❍	❍
I completely escaped from my everyday reality. (3)	❍	❍	❍	❍	❍	❍	❍
I felt like I was in another world while being there. (4)	❍	❍	❍	❍	❍	❍	❍

Cognitive Loyalty. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
I received superior service quality as compared to similar places I have been. (1)	❍	❍	❍	❍	❍	❍	❍
No other beverage establishment is better than this one. (2)	❍	❍	❍	❍	❍	❍	❍
The overall quality of this beverage establishment was outstanding. (3)	❍	❍	❍	❍	❍	❍	❍
I believe this beverage establishment provides more to me than any other. (4)	❍	❍	❍	❍	❍	❍	❍

Affective Loyalty. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
I loved my last visit to the beverage establishment. (1)	❍	❍	❍	❍	❍	❍	❍
I feel better after I visited the establishment. (2)	❍	❍	❍	❍	❍	❍	❍
I like this establishment more than any other. (3)	❍	❍	❍	❍	❍	❍	❍

Word-of-Mouth. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
I will spread positive word-of-mouth about this beverage establishment. (1)	❍	❍	❍	❍	❍	❍	❍
I would write a positive online review about the establishment. (2)	❍	❍	❍	❍	❍	❍	❍
I will recommend this establishment to my friends. (3)	❍	❍	❍	❍	❍	❍	❍
If my friends are looking to go to a beverage establishment, I would recommend this one. (4)	❍	❍	❍	❍	❍	❍	❍

Return Intention. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
I intend to visit this beverage establishment again. (1)	❍	❍	❍	❍	❍	❍	❍
If I visit a beverage establishment, it would be this one. (2)	❍	❍	❍	❍	❍	❍	❍
I will visit this establishment again in the future. (3)	❍	❍	❍	❍	❍	❍	❍

Satisfaction. Please indicate your agreement with the following statements.

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
I was satisfied with my overall experience. (1)	❍	❍	❍	❍	❍	❍	❍
I was happy with my experience in that beverage establishment. (2)	❍	❍	❍	❍	❍	❍	❍
I was content with my experience in that beverage establishment. (3)	❍	❍	❍	❍	❍	❍	❍

Frequency. How often do you go to bars?

- ❍ Never (1)
- ❍ Less than Once a Month (2)
- ❍ Once a Month (3)
- ❍ 2-3 Times a Month (4)
- ❍ Once a Week (5)
- ❍ 2-3 Times a Week (6)
- ❍ Daily (7)

Gender. What is your gender?

- ❍ Male (1)
- ❍ Female (2)

Age. What is your age?

Ethnicity. What is your ethnicity?

- ❍ Caucasian (1)
- ❍ Native American (2)
- ❍ Hispanic (3)
- ❍ African American (4)
- ❍ Asian (5)
- ❍ Pacific Islander (6)
- ❍ Other (7)

Income. What is your household annual income?

- ❍ $25,000 or less
- ❍ $25,001- $50,000
- ❍ $50,001-$75,000
- ❍ $75,001-$100,000
- ❍ $100,001 - $150,000
- ❍ $150,001- $200,000
- ❍ $200,001-$250,000
- ❍ $250,001 or more
- ❍ Prefer not to answer

Occupation. Please indicate your occupation.

- ❍ Management or professional
- ❍ Services
- ❍ Sales
- ❍ Farming, fishing, and forestry
- ❍ Construction, extraction, and maintenance
- ❍ Production, transportation, and material moving

- ❍ Government
- ❍ Technology
- ❍ Education
- ❍ Manufacturing
- ❍ Student
- ❍ Retired
- ❍ Unemployed
- ❍ Other:_____

Education. What is your educational level?

- ❍ High School
- ❍ Associate degree (2 year)
- ❍ Some college
- ❍ Bachelor's Degree (4 year)
- ❍ Master's Degree
- ❍ Doctorate Degree
- ❍ Other: _____

APPENDIX C: COMPLETE INFORMATION ABOUT PILOT STUDY PARTICIPANTS

Beverage establishment type - pilot study

	Frequency	Percent
The beverage-only establishment	77	30.6
The bar and entertainment combination	82	32.5
The food and beverage combination	93	36.9
Total	252	100.0

Beverage establishment sub-category - pilot study

	Frequency	Percent
Bar	38	15.1
Cocktail lounge	11	4.4
Dive bar	13	5.2
Beer bar	7	2.8
Other beverage-only establishment	8	3.2
Sports bar	31	12.3
Karaoke bar	5	2.0
Comedy bar	7	2.8
Nightclub	21	8.3
Live music bar	12	4.8
Other bar and entertainment combination	6	2.4
Restaurant with a bar	72	28.6
Pub	11	4.4
Tavern	2	.8
Wine bar	5	2.0
Other food and beverage combination	3	1.2
Total	252	100.0

Live entertainment - pilot study

	Frequency	Percent
Yes	113	44.8

No	139	55.2
Total	252	100.0

Food selection - pilot study

	Frequency	Percent
A large selection of food	99	39.3
A small selection of food	62	24.6
Only bar snacks	10	4.0
Total food	171	67.9
No food	81	32.1
Total	252	100.0

Food order - pilot study

	Frequency	Percent
Yes	133	52.8
No	129	47.2
Total	252	100.0

Beverage order - pilot study

	Frequency	Percent
Liquor	46	18.3
Cocktail	62	24.6
Beer	88	34.9
Wine	17	6.7
Non-alcoholic	37	14.7
Other	2	.8
Total	252	100.0

Party size - pilot study

	Frequency	Percent
None, I went alone	5	2.0
One	38	15.1
Two	67	26.6
Three	48	19.0
Four or more	94	37.3
Total	252	100.0

APPENDIX D: ANTECEDENTS OF CUSTOMER EXPERIENCE

DESCRIPTIVES - PILOT STUDY

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Service1	252	1	7	5.70	1.280	-1.478	.153	2.491	.306
Service2	252	1	7	5.17	1.536	-.901	.153	.070	.306
Service3	252	1	7	5.19	1.439	-.839	.153	.411	.306
Service4	252	1	7	5.24	1.488	-.927	.153	.300	.306
Service5	252	1	7	5.64	1.227	-1.250	.153	1.731	.306
Service6	252	1	7	5.54	1.301	-1.179	.153	1.345	.306
Product1	252	2	7	5.50	1.206	-.690	.153	-.150	.306
Product2	252	1	7	5.58	1.223	-1.006	.153	.735	.306
Product3	252	1	7	5.41	1.307	-.692	.153	-.102	.306
Product4	252	1	7	4.78	1.308	-.206	.153	-.233	.306
Product5	252	1	7	5.45	1.269	-.900	.153	.450	.306
Physical1	252	1	7	5.51	1.304	-1.221	.153	1.360	.306
Physical2	252	1	7	5.43	1.397	-1.150	.153	.792	.306
Physical3	252	1	7	5.03	1.614	-.786	.153	-.215	.306
Physical4	252	1	7	5.38	1.413	-1.015	.153	.579	.306
Physical5	252	1	7	5.26	1.442	-.933	.153	.203	.306
Physical6	252	1	7	5.23	1.479	-.975	.153	.126	.306
Physical7	252	1	7	5.25	1.468	-1.027	.153	.427	.306
Physical8	252	1	7	5.51	1.430	-1.290	.153	1.193	.306
Physical9	252	1	7	5.46	1.401	-1.262	.153	1.339	.306
Physical10	252	1	7	5.27	1.351	-.900	.153	.681	.306
Music1	252	1	7	5.35	1.216	-.620	.153	.325	.306
Music2	252	1	7	5.06	1.367	-.738	.153	.136	.306
Music3	252	1	7	5.10	1.277	-.438	.153	-.183	.306
Music4	252	1	7	5.13	1.345	-.798	.153	.197	.306
Social1	252	1	7	4.66	1.605	-.620	.153	-.101	.306
Social2	252	1	7	5.05	1.394	-.833	.153	.041	.306
Social3	252	1	7	4.72	1.301	-.306	.153	.197	.306
Social4	252	1	7	5.79	1.024	-1.102	.153	2.256	.306
Social5	252	1	7	5.86	1.014	-1.220	.153	2.600	.306
Info_convenience1	252	1	7	5.33	1.447	-1.210	.153	.978	.306

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Info_convenience2	252	1	7	4.96	1.761	-.762	.153	-.588	.306
Info_convenience3	252	1	7	5.21	1.701	-.970	.153	-.097	.306
Info_convenience4	252	1	7	5.38	1.332	-1.095	.153	1.290	.306
Info_convenience5	252	1	7	5.19	1.518	-.905	.153	.201	.306
Info_convenience6	252	1	7	4.84	1.908	-.711	.153	-.822	.306
Hours1	252	1	7	5.96	.987	-1.641	.153	4.676	.306
Hours2	252	1	7	5.98	.949	-1.464	.153	3.500	.306
Hours3	252	1	7	5.96	.995	-1.394	.153	2.776	.306
Location1	252	1	7	5.74	1.174	-1.494	.153	2.723	.306
Location2	252	1	7	5.43	1.579	-1.301	.153	.844	.306
Location3	252	1	7	4.99	1.846	-.826	.153	-.580	.306
Location4	252	1	7	4.67	1.937	-.572	.153	-1.005	.306
Parking1	252	1	7	4.78	1.760	-.683	.153	-.740	.306
Parking2	252	1	7	4.46	1.858	-.550	.153	-.993	.306
Parking3	252	1	7	4.44	1.855	-.471	.153	-1.066	.306
Parking4	252	1	7	5.45	1.238	-1.295	.153	1.896	.306
Safety1	252	1	7	5.61	1.354	-1.432	.153	2.106	.306
Safety2	252	1	7	5.41	1.261	-.616	.153	-.308	.306
Safety3	252	1	7	5.38	1.264	-.597	.153	-.100	.306
Safety4	252	1	7	5.55	1.208	-.932	.153	.611	.306
Safety5	252	1	7	5.85	1.139	-1.454	.153	2.636	.306
Entrance_fee1	252	1	7	4.89	1.448	-.296	.153	.018	.306
Entrance_fee2	252	1	7	4.81	1.494	-.378	.153	.120	.306
Entrance_fee3	252	1	7	4.06	1.795	-.275	.153	-.871	.306
Price1	252	1	7	5.38	1.299	-1.162	.153	1.260	.306
Price2	252	1	7	5.40	1.260	-1.113	.153	1.084	.306
Price3	252	1	7	5.42	1.290	-1.183	.153	1.097	.306
Price4	252	1	7	5.44	1.300	-1.155	.153	1.050	.306
Valid N (listwise)	252								

APPENDIX E: FACTOR CORRELATION MATRIX - PILOT STUDY EFA - THE ANTECEDENTS OF CUSTOMER EXPERIENCE

Factor Correlation Matrix

Factor	1	2	3	4	5	6	7	8	9	10	11
1	1.000	.267	-.333	.383	.130	.459	.330	-.320	-.413	.438	.015
2	.267	1.000	-.296	.211	.275	.170	.225	-.261	-.164	.034	.201
3	-.333	-.296	1.000	-.285	-.166	-.324	-.347	.351	.297	-.373	-.364
4	.383	.211	-.285	1.000	.164	.233	.216	-.144	-.380	.323	.224
5	.130	.275	-.166	.164	1.000	.089	.237	-.139	-.263	.111	.153
6	.459	.170	-.324	.233	.089	1.000	.321	-.344	-.340	.511	.229
7	.330	.225	-.347	.216	.237	.321	1.000	-.168	-.280	.282	.079
8	-.320	-.261	.351	-.144	-.139	-.344	-.168	1.000	.189	-.205	-.071
9	-.413	-.164	.297	-.380	-.263	-.340	-.280	.189	1.000	-.421	-.135
10	.438	.034	-.373	.323	.111	.511	.282	-.205	-.421	1.000	.235
11	.015	.201	-.364	.224	.153	.229	.079	-.071	-.135	.235	1.000

Extraction Method: Principal Axis Factoring.

Rotation Method: Oblimin with Kaiser Normalization.

APPENDIX F: THE DESCRIPTIVE STATISTICS FOR THE CUSTOMER EXPERIENTIAL STATE INSTRUMENT - PILOT STUDY

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Affective_experience1	252	1	7	5.79	1.234	-1.507	.153	2.482	.306
Affective_experience2	252	1	7	5.77	1.211	-1.403	.153	2.052	.306
Affective_experience3	252	1	7	4.61	1.577	-.286	.153	-.648	.306
Affective_experience4	252	1	7	5.75	1.216	-1.319	.153	1.717	.306
Affective_experience5	252	1	7	5.81	1.154	-1.449	.153	2.494	.306
Affective_experience6	252	1	7	5.79	1.165	-1.497	.153	2.592	.306
Affective_experience7	252	1	7	5.83	1.175	-1.530	.153	2.835	.306
Affective_experience8	252	1	7	5.44	1.312	-1.157	.153	1.291	.306
Affective_experience9	252	1	7	5.31	1.372	-1.075	.153	1.020	.306
Cognitive_experience1	252	1	7	4.68	1.527	-.272	.153	-.524	.306
Cognitive_experience2	252	1	7	3.95	1.744	.001	.153	-.978	.306
Cognitive_experience3	252	1	7	4.31	1.802	-.280	.153	-.966	.306
Cognitive_experience4	252	1	7	3.99	1.792	-.068	.153	-1.014	.306
Cognitive_experience5	252	1	7	5.05	1.485	-.796	.153	.195	.306
Valid N (listwise)	252								

APPENDIX G: MEASUREMENT SCALES AND CRONBACH'S ALPHAS IN THE PILOT STUDY

Reliability of the pilot study service quality scale

Code	Item
Ser1	I received accurate service in a timely manner.
Ser2	The staff was never too busy to respond to my requests.
Ser3	The staff suggestions of drinks or food were reliable.
Ser4	I received personal attention.
Ser5	The staff was very friendly and outgoing.
Ser6	The staff made me feel welcome.

Note. Cronbach's α = .909.

Reliability of the pilot study product quality scale

Code	Item
Pro1	I liked the variety of drinks on the menu.
Pro2	The drinks I had were very tasty.
Pro3	The quality of the drinks was excellent.

Note. Cronbach's α = .875.

Reliability of the pilot study physical environment scale

Code	Item
Phy1	The lighting created a comfortable atmosphere.
Phy2	The design was attractive.
Phy3	Furniture (e.g., tables, chairs, stools) was of high quality.
Phy4	The physical facilities (eg: buildings, signs, etc), were visually appealing.
Phy5	The layout made it easy to move around.
Phy6	The seating arrangement gave me enough space.
Phy7	The seating was comfortable.
Phy8	The establishment was clean.
Phy9	The staff was neat and well dressed.

Note. Cronbach's α = .937.

Reliability of the pilot study music quality scale

Code	Item
Mus1	The music was very pleasing.
Mus2	The music was not too loud and not too quiet.
Mus3	The quality of sound was excellent.
Mus4	The music volume was appropriate.

Note. Cronbach's α = .907.

Reliability of the pilot study information convenience scale

Code	Item
Inf2	The staff let me know the food/beverage prices or special offers.
Inf3	Food/beverage product and pricing information was very clear and easy to read.
Inf5	The menu and signage made it easy to choose between drinks.
Inf6	The prices of drinks were clearly listed.

Note. Cronbach's α = .907.

Reliability of the pilot study convenient operating hours scale

Code	Item
Hou1	The beverage establishment had convenient operating hours.
Hou2	The regular hours of operation were appropriate.
Hou3	The weekend hours of operation were appropriate.

Note. Cronbach's α = .907.

Reliability of the pilot study location convenience scale

Code	Item
Loc1	The beverage establishment is conveniently located.
Loc2	I only traveled short distance to reach the establishment.
Loc3	The establishment is close to where I live.
Loc4	That establishment is very close to my home.

Code	Item

Note. Cronbach's α = .897.

Reliability of the pilot study parking convenience scale

Code	Item
Par1	There were enough parking spaces close to the beverage establishment.
Par2	Parking in front of the establishment was convenient.
Par3	Parking was no problem at all.
Par4	The establishment was easily accessible.

Note. Cronbach's α = .905.

Reliability of the pilot study safety scale

Code	Item
Saf1	There were no safety or security problems at this beverage establishment.
Saf2	I know that the establishment is very safe.
Saf3	I heard that the establishment is very safe.
Saf4	The establishment is in a safe area.
Saf5	I felt safe at the establishment.

Note. Cronbach's α = .910.

Reliability of the pilot study entrance fee fairness scale

Code	Item
Ent1	The entrance fee/cover charge was fair.
Ent2	The entrance fee/cover charge was not too high.

Note. Pearson Correlation = .814.

Reliability of the pilot study perceived price fairness scale

Code	Item
Pri1	The drinks were fairly priced.
Pri2	I consider the establishment's pricing policies to be fair.
Pri3	The food/beverage prices were reasonable.
Pri4	The food/beverage prices were fair.

Note. Cronbach's α = .973.

Reliability of the pilot study affective experiential state scale

Code	Item
AE1	I had a great experience at the beverage establishment.
AE2	I truly enjoyed my experience.
AE3	My experience was beyond words.
AE4	I had a very pleasant experience.
AE5	My experience was enjoyable.
AE6	My experience made me happy.
AE7	I had a very enjoyable time.
AE8	The experience made me feel relaxed.
AE9	My visit was very entertaining.

Note. Cronbach's α = 957.

Reliability of the pilot study cognitive experiential state scale

Code	Item
CE1	My experience at the beverage establishment made me feel hip and cool.
CE2	I felt like I was a different person when I was at the establishment.
CE3	I completely escaped from my everyday reality.
CE4	I felt like I was in another world while being there.

Note. Cronbach's α = .912.

Reliability of the pilot study affective loyalty scale

Code	Item
AL1	I loved my last visit to the beverage establishment.

Code	Item
AL2	I feel better after I visited the establishment.
AL3	I like this establishment more than any other.

Note. Cronbach's α = .819.

Reliability of the pilot study cognitive loyalty scale

Code	Item
CL1	I received superior service quality as compared to similar places I have been.
CL2	No other beverage establishment is better than this one.
CL3	The overall quality of this beverage establishment was outstanding.
CL4	I believe this beverage establishment provides more to me than any other.

Note. Cronbach's α = .897.

Reliability of the pilot study word-of-mouth scale

Code	Item
WoM1	I will spread positive word-of-mouth about this beverage establishment.
WoM2	I would write a positive online review about the establishment.
WoM3	I will recommend this establishment to my friends.
WoM4	If my friends are looking to go to a beverage establishment, I would recommend this one.

Note. Cronbach's α = .916.

Reliability of the pilot study return intention scale

Code	Item
RI1	I intend to visit this beverage establishment again.
RI2	If I visit a beverage establishment, it would be this one.
RI3	I will visit this establishment again in the future.

Note. Cronbach's α = .924.

APPENDIX H: COMPLETE INFORMATION ABOUT MAIN STUDY PARTICIPANTS

Beverage establishment type - main study

	Frequency	Percent
The beverage-only establishment	192	32.3
The bar and entertainment combination	205	34.5
The food and beverage combination	198	33.3
Total	595	100.0

Beverage establishment sub-category - main study

	Frequency	Percent
Bar	127	21.3
Cocktail lounge	27	4.5
Dive bar	23	3.9
Beer bar	14	2.4
Other beverage-only establishment	1	.2
Sports bar	89	15.0
Blues bar	3	.5
Karaoke bar	16	2.7
Comedy bar	11	1.8
Nightclub	39	6.6
Live music bar	39	6.6
Other bar and entertainment combination	8	1.3
Restaurant with a bar	125	21.0
Pub	35	5.9
Tavern	1	.2
Wine bar	16	2.7
Brewpub	3	.5
Other food and beverage combination	18	3.0
Total	595	100.0

Live entertainment - main study

	Frequency	Percent
Yes	223	37.5
No	372	62.5
Total	595	100.0

Food selection - main study

	Frequency	Percent
A large selection of food	188	31.6
A small selection of food	161	27.1
Only bar snacks	22	3.7
Total food	371	62.4
No food	224	37.6
Total	595	100.0

Food order - main study

	Frequency	Percent
Yes	269	45.2
No	102	17.1
Total	371	62.4

Beverage order - main study

	Frequency	Percent
Liquor	98	16.5
Cocktail	84	14.1
Beer	348	58.5
Wine	29	4.9

	Frequency	Percent
Non-alcoholic	33	5.5
Other	3	.5
Total	595	100.0

Party size - main study

	Frequency	Percent
None, I went alone	27	4.5
One	145	24.4
Two	143	24.0
Three	111	18.7
Four or more	169	28.4
Total	595	100.0

APPENDIX I: ANTECEDENTS OF CUSTOMER EXPERIENCE

DESCRIPTIVES - MAIN STUDY

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Service1	238	1	7	5.70	.998	-1.646	.158	4.526	.314
Service2	238	1	7	5.04	1.472	-.713	.158	-.275	.314
Service3	238	1	7	5.00	1.227	-.326	.158	-.362	.314
Service4	238	1	7	5.02	1.426	-.725	.158	-.026	.314
Service5	238	2	7	5.75	.991	-.970	.158	1.024	.314
Service6	238	1	7	5.63	1.164	-1.050	.158	1.180	.314
Product1	238	1	7	5.58	1.169	-1.198	.158	1.767	.314
Product2	238	2	7	5.79	1.042	-1.306	.158	2.297	.314
Product3	238	1	7	5.70	1.087	-1.135	.158	1.896	.314
Product6	238	1	7	5.84	1.032	-1.314	.158	2.658	.314
Product7	238	1	7	5.74	1.129	-1.466	.158	2.741	.314
Product8	238	1	7	5.66	1.154	-1.289	.158	2.232	.314
Physical1	238	1	7	5.52	1.165	-1.326	.158	2.397	.314
Physical2	238	1	7	5.22	1.317	-.887	.158	.694	.314
Physical3	238	1	7	4.79	1.466	-.368	.158	-.724	.314
Physical4	238	1	7	4.98	1.444	-.734	.158	-.119	.314
Physical5	238	1	7	4.95	1.564	-.711	.158	-.398	.314
Physical6	238	1	7	5.03	1.504	-.892	.158	-.077	.314
Physical7	238	1	7	5.15	1.373	-.848	.158	.158	.314
Physical8	238	1	7	5.55	1.244	-1.259	.158	1.852	.314
Physical9	238	1	7	5.39	1.264	-1.186	.158	1.550	.314
Music1	238	1	7	5.16	1.322	-.883	.158	.915	.314
Music2	238	1	7	4.87	1.493	-.695	.158	-.150	.314
Music3	238	1	7	4.90	1.313	-.598	.158	.193	.314
Music4	238	1	7	4.99	1.448	-.911	.158	.453	.314
Social4	238	2	7	6.04	.887	-1.462	.158	3.364	.314
Social5	238	1	7	6.02	.878	-1.472	.158	4.710	.314
Social6	238	1	7	5.84	1.070	-1.333	.158	2.548	.314
Social7	238	1	7	5.97	.927	-1.503	.158	4.462	.314
Social8	238	1	7	5.84	1.035	-1.402	.158	3.112	.314
Info_convenience2	238	1	7	4.74	1.835	-.586	.158	-.963	.314
Info_convenience3	238	1	7	5.00	1.768	-.898	.158	-.412	.314
Info_convenience5	238	1	7	5.20	1.617	-1.043	.158	.163	.314

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Info_convenience6	238	1	7	4.82	1.886	-.653	.158	-.888	.314
Hours1	238	1	7	5.94	.985	-1.982	.158	6.245	.314
Hours2	238	1	7	6.00	.948	-2.016	.158	6.562	.314
Hours3	238	2	7	6.00	.874	-1.292	.158	2.553	.314
Location1	238	1	7	5.62	1.187	-1.312	.158	1.952	.314
Location2	238	1	7	5.23	1.538	-.935	.158	.114	.314
Location3	238	1	7	4.82	1.748	-.685	.158	-.585	.314
Location4	238	1	7	4.49	1.873	-.356	.158	-1.070	.314
Parking1	238	1	7	4.80	1.708	-.703	.158	-.559	.314
Parking2	238	1	7	4.42	1.853	-.365	.158	-1.090	.314
Parking3	238	1	7	4.66	1.779	-.576	.158	-.690	.314
Parking4	238	1	7	5.39	1.166	-1.308	.158	2.296	.314
Safety1	238	1	7	5.84	1.134	-1.513	.158	3.076	.314
Safety2	238	2	7	5.33	1.196	-.501	.158	-.376	.314
Safety3	238	1	7	5.11	1.260	-.340	.158	-.359	.314
Safety4	238	2	7	5.58	1.059	-.975	.158	1.059	.314
Safety5	238	1	7	5.92	.917	-1.229	.158	3.279	.314
Entrance_fee1	238	1	7	5.37	1.308	-.446	.158	-.397	.314
Entrance_fee2	238	1	7	5.29	1.410	-.570	.158	-.002	.314
Entrance_fee4	238	1	7	5.37	1.312	-.379	.158	-.531	.314
Price1	238	1	7	5.37	1.238	-1.155	.158	1.319	.314
Price2	238	1	7	5.43	1.263	-1.357	.158	2.132	.314
Price3	238	1	7	5.42	1.236	-1.276	.158	1.823	.314
Price4	238	1	7	5.43	1.253	-1.386	.158	2.274	.314
Valid N (listwise)	238								

APPENDIX J: FACTOR CORRELATION MATRIX - MAIN STUDY EFA - THE ANTECEDENTS OF CUSTOMER EXPERIENCE

Factor	1	2	3	4	5	6	7	8	9	10	11
1	1.000	.283	-.391	.134	.119	-.378	.217	.312	.267	.326	-.279
2	.283	1.000	-.289	.204	.138	-.092	.288	.302	.082	.319	-.253
3	-.391	-.289	1.000	-.019	-.043	.206	-.162	-.206	-.085	-.119	.120
4	.134	.204	-.019	1.000	.224	-.084	.278	.124	.095	.118	-.321
5	.119	.138	-.043	.224	1.000	-.093	.052	.181	.112	.084	-.064
6	-.378	-.092	.206	-.084	-.093	1.000	-.151	-.231	-.251	-.161	.240
7	.217	.288	-.162	.278	.052	-.151	1.000	.205	.195	.297	-.260
8	.312	.302	-.206	.124	.181	-.231	.205	1.000	.430	.397	-.314
9	.267	.082	-.085	.095	.112	-.251	.195	.430	1.000	.258	-.454
10	.326	.319	-.119	.118	.084	-.161	.297	.397	.258	1.000	-.275
11	-.279	-.253	.120	-.321	-.064	.240	-.260	-.314	-.454	-.275	1.000

Extraction Method: Principal Axis Factoring.

Rotation Method: Oblimin with Kaiser Normalization.

1. Social environment
2. Perceived price fairness
3. Entrance fee fairness
4. Parking convenience
5. Location convenience
6. Music quality
7. Information convenience
8. Product quality
9. Physical environment design
10. Service quality
11. Physical environment layout

APPENDIX K: THE DESCRIPTIVE STATISTICS FOR THE CUSTOMER EXPERIENTIAL STATE INSTRUMENT - MAIN STUDY

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Affective_experience1	238	1	7	5.79	1.034	-1.670	.158	4.178	.314
Affective_experience2	238	1	7	5.85	1.032	-1.782	.158	4.525	.314
Affective_experience3	238	1	7	4.06	1.569	.014	.158	-.771	.314
Affective_experience4	238	1	7	5.74	1.048	-1.537	.158	3.468	.314
Affective_experience5	238	1	7	5.84	1.013	-1.795	.158	5.099	.314
Affective_experience6	238	1	7	5.80	1.015	-1.416	.158	3.400	.314
Affective_experience7	238	1	7	5.82	1.012	-1.636	.158	4.328	.314
Affective_experience8	238	1	7	5.59	1.187	-1.267	.158	2.099	.314
Affective_experience9	238	2	7	5.71	1.074	-1.101	.158	1.725	.314
Cognitive_experience1	238	1	7	4.41	1.452	-.395	.158	-.222	.314
Cognitive_experience2	238	1	7	3.40	1.670	.462	.158	-.884	.314
Cognitive_experience3	238	1	7	4.15	1.687	-.198	.158	-1.011	.314
Cognitive_experience4	238	1	7	3.66	1.679	.194	.158	-.998	.314
Cognitive_loyalty1	238	1	7	4.55	1.407	-.329	.158	-.393	.314
Cognitive_loyalty2	238	1	7	3.23	1.521	.510	.158	-.355	.314
Cognitive_loyalty3	238	1	7	4.87	1.362	-.643	.158	.219	.314
Cognitive_loyalty4	238	1	7	3.86	1.587	.192	.158	-.718	.314
Valid N (listwise)	238								

APPENDIX L: MEASUREMENT SCALES AND CRONBACH'S ALPHAS IN THE MAIN STUDY

Reliability of the main study service quality scale

Code	Item
Ser5	The staff was very friendly and outgoing.
Ser6	The staff made me feel welcome.

Note. Pearson Correlation = .710.

Reliability of the main study product quality scale

Code	Item
Pro2	The drinks I had were very tasty.
Pro3	The quality of the drinks was excellent.
Pro6	I enjoyed the drinks in this establishment.
Pro7	The drinks tasted well.
Pro8	The drinks were of high quality.

Note. Cronbach's α = .959.

Reliability of the main study physical environment design scale

Code	Item
PeD2	The design was attractive.
PeD3	Furniture (e.g., tables, chairs, stools) was of high quality.
PeD4	The physical facilities (eg: buildings, signs, etc), were visually appealing.

Note. Cronbach's α = .886.

Reliability of the main study physical environment layout scale

Code	Item
PeL5	The layout made it easy to move around.
PeL6	The seating arrangement gave me enough space.
PeL7	The seating was comfortable.

Code	Item

Note. Cronbach's α = .853.

Reliability of the main study music quality scale

Code	Item
Mus1	The music was very pleasing.
Mus2	The music was not too loud and not too quiet.
Mus3	The quality of sound was excellent.
Mus4	The music volume was appropriate.

Note. Cronbach's α = .901.

Reliability of the main study social environment scale

Code	Item
Soc4	The customers appeared to be enjoying themselves and having fun.
Soc5	The customers appeared to be in a good mood.
Soc6	The atmosphere in the establishment was excellent.
Soc7	The customers were enjoying the atmosphere.
Soc8	The atmosphere was very pleasant.

Note. Cronbach's α = .933.

Reliability of the main study information convenience scale

Code	Item
Inf2	The staff let me know the food/beverage prices or special offers.
Inf3	Food/beverage product and pricing information was very clear and easy to read.
Inf5	The menu and signage made it easy to choose between drinks.
Inf6	The prices of drinks were clearly listed.

Note. Cronbach's α = .901.

Reliability of the main study location convenience scale

Code	Item
Loc2	I only traveled short distance to reach the establishment.
Loc3	The establishment is close to where I live.
Loc4	That establishment is very close to my home.

Note. Cronbach's α = .912.

Reliability of the main study parking convenience scale

Code	Item
Par1	There were enough parking spaces close to the beverage establishment.
Par2	Parking in front of the establishment was convenient.
Par3	Parking was no problem at all.

Note. Cronbach's α = .944.

Reliability of the main study entrance fee fairness scale

Code	Item
Ent1	The entrance fee/cover charge was fair.
Ent2	The entrance fee/cover charge was not too high.
Ent4	The entrance fee/cover charge was adequate.

Note. Cronbach's α = .926.

Reliability of the main study perceived price fairness scale

Code	Item
Pri1	The drinks were fairly priced.
Pri2	I consider the establishment's pricing policies to be fair.
Pri3	The food/beverage prices were reasonable.
Pri4	The food/beverage prices were fair.

Note. Cronbach's α = .972.

Reliability of the main study affective experiential state scale

Code	Item
AE1	I had a great experience at the beverage establishment.
AE2	I truly enjoyed my experience.
AE4	I had a very pleasant experience.
AE5	My experience was enjoyable.
AE6	My experience made me happy.
AE7	I had a very enjoyable time.
AE8	The experience made me feel relaxed.
AE9	My visit was very entertaining.

Note. Cronbach's α = 954.

Reliability of the main study cognitive experiential state scale

Code	Item
CE2	I felt like I was a different person when I was at the establishment.
CE3	I completely escaped from my everyday reality.
CE4	I felt like I was in another world while being there.

Note. Cronbach's α = .875.

Reliability of the main study affective loyalty scale

Code	Item
AL1	I loved my last visit to the beverage establishment.
AL2	I feel better after I visited the establishment.
AL3	I like this establishment more than any other.

Note. Cronbach's α = .765.

Reliability of the main study cognitive loyalty scale

Code	Item
CL1	I received superior service quality as compared to similar places I have been.
CL2	No other beverage establishment is better than this one.
CL3	The overall quality of this beverage establishment was outstanding.

Code	Item
CL4	I believe this beverage establishment provides more to me than any other.

Note. Cronbach's α = .875.

Reliability of the main study word-of-mouth scale

Code	Item
WoM1	I will spread positive word-of-mouth about this beverage establishment.
WoM2	I would write a positive online review about the establishment.
WoM3	I will recommend this establishment to my friends.
WoM4	If my friends are looking to go to a beverage establishment, I would recommend this one.

Note. Cronbach's α = .866.

Reliability of the main study return intention scale

Code	Item
RI1	I intend to visit this beverage establishment again.
RI2	If I visit a beverage establishment, it would be this one.
RI3	I will visit this establishment again in the future.

Note. Cronbach's α = .889.

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