A Study of Visitors’ Recreational Experience Types in Relationship to Customer Retention in Leisure Farm

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ABSTRACT

The objective of this study is to explore the effects of four realms of experience proposed by Pine and Gilmore (1999) on customer retention. Sontenkan Leisure Farm was selected for the research site. Two hundred and forty valid questionnaires were collected and descriptive statistics, factor analysis and regression analysis were used to analyze the data. The results indicated that: Among four realms of experience proposed by Pine and Gilmore (1999), visitors obtained highest satisfaction with aesthetic experiences, followed by escapist experiences, entertainment experiences and educational experiences. Escapist and aesthetic experiences had a positive effect on revisit intention and entertainment, educational and aesthetic experiences have a positive effect on customer loyalty.

Keywords: Leisure farm, Recreational experiences, Customer retention

INTRODUCTION

The rural area has been a space for agricultural production and it is also a part of farmer’s living space. With a rapid industrialization of Taiwan, quality of life is getting worse from vigorous city development. “Return to nature” has become one of recreation activities that people are pursuing in recent years. Rural area with abundant natural and cultural resources therefore has been promoted as optimal space for relaxation and holiday making for city residents. At the same time, the traditional agriculture has been threatened from a liberalized market of international agricultural trading after Taiwan joined the World Trade Organization (WTO) in 2002. To achieve agricultural sustainable, the traditional agriculture is transformed into leisure agriculture, which brings the opportunities of additional values. A model for leisure agriculture is then developed that combines the concept of farmland culture/lifestyle, agriculture production and natural ecology (Department of Agriculture Extension of Taiwan University, 1996). This provides an opportunity for Taiwanese to spend their leisure time in experiencing agricultural life.

Pine and Gilmore (1999) proposed that Service Economy based on delivering services has shifted to an Experience Economy based on staging experiences. Some Taiwanese researchers also observe this progression of economic value in leisure farm industry (Tuan, 2000; Lin, 2001). They suggested that leisure farms with rich and diversified natural resources provide a platform for creating memorable events for their visitors and that memory itself becomes the product - the “experience.” Leisure agricultural life not only meets visitors’ (consumers) need for returning farmland lifestyle, but also provides diversified life experiences. With increasing numbers of leisure farms in recent years, consumers have more choices and bargaining power in decision making. Operators of leisure farms now face sales threats from competitors. Under such circumstances, satisfaction of leisure farm experience in relationship to customer retention has become important management issue. This paper explores the effects of four realms of an experience- entertainment, education, escapist and estheticism proposed by Pine and Gilmore (1999) in relationship to customer retention and provides operational suggestions for leisure farm operators.
Experience Economy

Pine and Gilmore (1999) observed that the experience component of the economy is growing rapidly, outstripping the service sector. They further explained the difference between service and experience as following:

When a person buys a service, he purchases a set of intangible activities carried out on his behalf. But when he buys an experience, he pays to spend time enjoying a series of memorable events that a company stages-as in a theatrical play-to engage him in a personal way (p.2).

Experience-type transactions occur when a company uses services as the stage and goods as props to engage customers in a memorable event. Boswijk, Thijsen and Peelen (2007) defined experience as “an immediate, relatively isolated occurrence with a complex of emotions that make an impression and represent a certain value for the individual within the context of a specific situation.” More than being memorable as Pine and Gilmore explained, experience must be emotionally meaningful for individuals. Grant (2000) proposed 12 rules for building successful brands in the 21st Century and differentiation of experience is one of the rules. In addition, Yelkur(2000) suggested that the customer's experience of the service, the feelings and perceptions, have a pervasive influence on attracting new customers and retaining existing customers.

Pine and Gilmore (1999) have identified four types of experience, including (1) entertainment, (2) education, (3) escapist and (4) estheticism. Figure 1 shows the realms of an experience in terms of two conceptual dimensions: (1) The extent of participation by the customer/guest (which may vary from active to passive) and (2) extent of involvement in the experience (which varies from immersion to absorption). The coupling of these two dimensions defines the four realms of an experience. They are mutually compatible and intermingle to form unique personal experience. A rich of mix four realms is known as a “sweet spot” in the middle of the framework. Pine and Gilmore suggested that using the experiential framework as a guide to help service providers creatively explore the aspects of each realm that might enhance the particular experience they wish to stage.

![Figure 1: The experience realms](image)

Customer Retention

Customer retention is not only a cost effective and profitable strategy, but in today's highly competitive business environment it is necessary. This is especially true when 80% of sales come from top 20% of customers. According to the findings of Reichheld and Sasser (1990), a 5% increase in customer retention translated into a 25% to 125% increase in the profitability of nine selected service firms. Customer retention is concerned with maintaining the
business relationship established between a supplier and a customer by subsequent purchases or by the intention of the customer to make future purchase form the provider (Gerpott, Rams and Schindler, 2001). Customer retention is not necessarily maintained voluntarily because a customer is prevented by switching barriers from changing suppliers or giving up services (Jones, Mothersbaugh and Beatty, 2000). On the other hand, subsequent purchases may occur because a customer has a favorable attitude towards the provider and wants to keep the business relationship going to their mutual benefit (Ranaweera and Prabhu, 2003). Customer loyalty will occur when business relationships are continued in the latter way. This study adopts the latter circumstance to examine visitor satisfaction with four realms of experience proposed by Pine and Gilmore in the context of leisure farm and their relationships to customer retention.

Studies have reported significant links between customer satisfaction and retention (e.g., the likelihood of repurchasing and recommending). For example, Bolton (1998) found a positive effect of overall customer satisfaction on the duration of the relationship for cellular phone customers. Choi and Chu (2001) reported factors that determined travelers’ overall satisfaction levels and their likelihood of returning to the same hotel as well and Sim, Mak and Jones (2006) found that the latent construct customer retention was dependent on the latent construct of customer satisfaction. Mittal and Kamakura (2001) showed a strong, albeit nonlinear, effect of customer satisfaction on repurchase behavior. They also find large differences in the satisfaction–retention relationship across customer characteristics. On the basis of these studies, we expect customer satisfaction to have a significant influence on customer retention that varies across customers.

RESEARCH METHOD

Data Collection

An on-site, self-administrated survey was conducted at Sontenkan Leisure Farm, located in Chia-Yi county, Taiwan. Trained interviewers went to the Sontenkan Leisure Farm during weekends from September 1999 to October 1999 to distribute visitor questionnaires. A convenience sampling scheme was used in order to obtain higher response rate. A total of 250 questionnaires were distributed in the entrance of leisure and collected before departure. Ten questionnaires were found invalid for analysis due to insufficient information. The sample size for analysis was 240 with 96% response rate.

Instrument Design

The first part of questionnaire included questions concerning visitor satisfaction with four realms of experience proposed by Pine and Gilmore in the Sontenkan Leisure Farm. The visitor satisfaction scale has 23 items, which are evaluated by 5-point Likert scale, including 1 point for “very dissatisfied,” 2 for “dissatisfied,” 3 for “neutral,” 4 for “satisfied” and 5 for “very satisfied.” Visitor satisfaction items with four realms of experience are modified from the study of Yeh and Tuan (2002) and Chang’s (2008) study of leisure farm recreational experiences in Taichung County. The second part of questionnaire related to customer retention including 9 items after referring to revisit willing scales established by Bolton, Kannan, and Bramlett (2000); Wu and Hung (2001) and Wang (2008). The customer retention scale was measured in 5-point Likert scale from “strongly disagree” to “strongly agree.” The last part of questionnaire was visitor profile, such as gender, age, education, occupation and monthly personal income.

Data Analysis

This study used SPPSS 13.0 to process the collected data and perform statistical analysis in accordance with study objectives. Item analysis and Cronbach’s α were used to examine the validity and reliability of visitor satisfaction and customer retention scales. Frequency test was then proceeded to profile the sample visitors and descriptive statistics were performed to summarize visitor satisfaction with the Sontenkan Leisure Farm's recreational experiences. Then, factor analysis was adopted to identify main factors of customer retention. Last, stepwise regression analysis was performed to explore the effects of four realms of an experience- entertainment, education, escapist and estheticism proposed by Pine and Gilmore (1999) in relationship to customer retention in the case of Sontenkan Leisure Farm.
Validity and Reliability of Visitor Satisfaction and Customer Retention Scales

Item analysis and Cronach’s α were applied to examine validity and reliability of visitor satisfaction and customer retention scales. The item-to-total correlation describes the correlation between a single indicator (=item) and the sum of all indicators (=total) that are supposed to represent one factor (Wu and Tu, 2005). The result showed that visitor satisfaction scale’s 23 item-to-total correlations ranged from 0.52 to 0.74, indicating high convergent validity of the item under scrutiny. Customer retention scale’s 9 item-to-total correlations ranged from 0.75 to 0.81, also representing high convergent validity of the item. In terms of critical ratio (CR), the satisfaction scale’s values range from 8.66 to 15.85 (p<0.01) and customer retention scale’s value range from 12.01 to 20.40 (p<0.01). Both scale showed good discrimination ability among evaluated items.

Last, Cronach’s α was used to assess the reliability of scales. According to Nunnally (1978), Cronbach's α value should be at least greater than or equal to 0.70 so to be considered acceptable. In this study, Cronach’s α of the overall satisfaction scale was 0.946 and four realms of an experience- entertainment (0.862), education (0.866), escapist (0.904) and estheticism (0.816). Cronach’s α of the customer retention scale was 0.921. In summary, both visitor satisfaction and customer retention scales had acceptable internal consistency reliability and validity.

RESULTS

Visitors’ Profile

There are 143 female (59.6%) and 97 male (40.4%). The age group of 18 to 30 years old accounted the largest group with 140 people (59.1%), followed by 31 to 40 (19.8%), 51 to 60 (7.6%) and more than 61 years old (3.0%). On the educational level, majority of respondents were college/university graduates (59.2%) and high school graduates (29.0%). As for visitors’ occupation, service industry accounted the largest sample (25.9%), followed by manufacturing/industrial industry (14.6%), freelance (12.3%) and others (4.2%). Regarding income distribution, forty-five percent of respondents had monthly incomes under NT$20,000. Twenty-four percent of respondents had monthly incomes between NT$20,000 and NT$30,000. Respondents with more than NT$80,000 monthly income accounted the smallest group (3.4%).

Visitor Satisfaction with Four Realms of Experience

Within four realms of experience (Table 1), visitor satisfaction of esthetic experience obtained the highest score (m=3.49), followed by escapist experience (m=3.46), entertainment experience (m=3.19) and educational experience had the lowest satisfaction score (m=2.92). In terms of individual evaluative item, “The opportunity to relax” ranked the highest satisfaction (m=3.71). Next, “The cleanliness of leisure farm environment” (m=3.65), “To recuperate physical strength and mind” (m=3.63), “The quality of footpath, close to nature” (m=3.48), “The primitive farm view” (m=3.41) and “To provide abundant animals and plant ecology” (m=3.41). On the other hand, visitors were not satisfied with items related to educational purpose, such as “To perform farm production process such as growing vegetables/crops” (m=2.78), “Exhibition for farm production and farm lifestyle” (m=2.67), “To perform dairy/agricultural production process and method” (m=2.65) and “To perform livestock breeding such as oxen, bulls, and cows, horses, cattle, sheep, or hogs” (m=2.60). According to above findings, Sontenkan Leisure Farm showed competence to satisfy visitors’ needs of esthetic and escapist experience. Because the design of Sontenkan Leisure Farm does not emphasize much on livestock breeding or farm production, visitors’ experience on farming education is relatively low. Therefore, the findings reflected dissatisfaction toward educational experience.

<table>
<thead>
<tr>
<th>Visitor Satisfaction Items</th>
<th>Mean</th>
<th>S.D. 2</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational Experience</td>
<td>2.92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. The content of the interpretive board for wild plants is informative</td>
<td>3.40</td>
<td>1.05</td>
<td>7</td>
</tr>
<tr>
<td>2. To provide professional interpretation and guiding services of animals and plants</td>
<td>3.38</td>
<td>.93</td>
<td>9</td>
</tr>
<tr>
<td>3. Exhibition for farm production and farm lifestyle</td>
<td>2.67</td>
<td>.87</td>
<td>21</td>
</tr>
<tr>
<td>4. To perform farm production process such as growing vegetables/crops</td>
<td>2.78</td>
<td>.98</td>
<td>20</td>
</tr>
</tbody>
</table>
1. Measuring visitor satisfaction at 5-point scale. 5: very satisfied, 1: very dissatisfied

2. S.D. = Standard Deviation

The Main Factors of Customer Retention
Exploratory factor analysis was adopted to explore dimensions of customer retention in order to examine the relationship with four realms of experience proposed by Pine and Gilmore (1999). The result showed that Bartlett’s test of sphericity was 1561.67 and the Kaiser-Meyer-Olkin was 0.889 with p=0.000, implying that the adequacy of their correlation matrices for factor analysis. Principal Component factor analysis with Varimax Rotation was computed to calculate variation and loading factors. Table 1 presents the result of an exploratory factor analysis and revealed that the presence of two distinct factors that accounted for 75.932% of total variation. As seen in Table 2, five items with high loading were included in the first factor accounting for 39.60% of the explained variance. Because those items related to psychological intention to extend relationship with Sontenkan Leisure Farm, the first factor was named “revisit intention.” The second factor included four items accounting for 36.33% of the explained variance and was related to the behavior of choosing the same leisure farm no matter what. As a result, the second factor was named “customer loyalty.”

Table 1: Exploratory Factor Analysis of Customer Retention

<table>
<thead>
<tr>
<th>Customer Retention</th>
<th>Revisit Intention</th>
<th>Customer Loyalty</th>
<th>Communality</th>
</tr>
</thead>
<tbody>
<tr>
<td>I will recommend this leisure farm to friends and relatives.</td>
<td><strong>0.863</strong></td>
<td>0.254</td>
<td>0.809</td>
</tr>
<tr>
<td>I would like to know more about promotional deal of this leisure farm.</td>
<td><strong>0.860</strong></td>
<td>0.178</td>
<td>0.772</td>
</tr>
<tr>
<td>I am willing to revisit this leisure farm.</td>
<td><strong>0.856</strong></td>
<td>0.217</td>
<td>0.780</td>
</tr>
<tr>
<td>I am willing to revisit this leisure farm because of its promotional deal.</td>
<td><strong>0.719</strong></td>
<td>0.374</td>
<td>0.656</td>
</tr>
<tr>
<td>I am willing to purchase other paid service (e.g. DIY or rides)</td>
<td><strong>0.621</strong></td>
<td>0.539</td>
<td>0.676</td>
</tr>
<tr>
<td>Although consumption in this leisure farm is more expensive, I am willing to visit and make a purchase.</td>
<td>0.203</td>
<td><strong>0.883</strong></td>
<td>0.821</td>
</tr>
<tr>
<td>Compared with other leisure farms, I revisit this leisure farm more than others.</td>
<td>0.257</td>
<td><strong>0.882</strong></td>
<td>0.844</td>
</tr>
<tr>
<td>Compared with other leisure farms, I spend more in this leisure farm.</td>
<td>0.253</td>
<td><strong>0.864</strong></td>
<td>0.811</td>
</tr>
<tr>
<td>Compared with similar types of leisure farm, I am more than willing to visit this leisure farm.</td>
<td>0.522</td>
<td><strong>0.625</strong></td>
<td>0.663</td>
</tr>
</tbody>
</table>
The Effect of Visitor Satisfaction of Four Realms of Experience to Customer Retention

Stepwise regression analysis was performed to test the effect of visitor satisfaction of four types of experience on customer retention in the case of Sontenkan Leisure Farm. Four realms of experience—entertainment, education, escapist, and estheticism—were independent variables and two dimensions of customer retention (revisit intention and customer loyalty) were dependent variables, respectively. Table 3 indicated that two of four realms of experience—escapist and estheticism—entered in the regression model with statistically significant. In other words, 32% of variance of revisit intention can be explained by escapist and estheticism experiences. In terms of individual explained variance, escapist experience had a better predictive power with 27% of explained variance and estheticism experience had 5.2% of explained variance. Based on the Standardized Coefficient Beta, escapist and estheticism experience had a positive effect on revisit intention, meaning that if visitors had high satisfaction of escapist and estheticism experience, they are more than willing to revisit Sontenkan Leisure Farm.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R2</th>
<th>Δ R</th>
<th>F</th>
<th>Δ F</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-2.950</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Escapist</td>
<td>0.520</td>
<td>0.270</td>
<td>0.270</td>
<td>86.184</td>
<td>86.184</td>
<td>0.068</td>
<td>0.322</td>
</tr>
<tr>
<td>2. Estheticism</td>
<td>0.567</td>
<td>0.322</td>
<td>0.052</td>
<td>55.078</td>
<td>17.770</td>
<td>0.110</td>
<td>0.302</td>
</tr>
</tbody>
</table>

Concerning the effect of visitor satisfaction of four realms of experience to customer loyalty, Table 4 showed that three of four realms of experience—entertainment, education, and estheticism—entered in the regression model with 35.2% of explained variance. Among three types of experience, entertainment experience had a better predictive power with 30.4% of explained variance, followed by education experience (2.0%) and estheticism experience (2.8%). Both entertainment and education experiences have a positive effect on customer loyalty. In the other words, if visitors have higher satisfaction with entertainment and education experience, they are likely to become loyal customers.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R2</th>
<th>Δ R</th>
<th>F</th>
<th>Δ F</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-2.086</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Entertainment</td>
<td>0.551</td>
<td>0.304</td>
<td>0.304</td>
<td>101.791</td>
<td>101.791</td>
<td>0.114</td>
<td>0.511</td>
</tr>
<tr>
<td>2. Education</td>
<td>0.569</td>
<td>0.324</td>
<td>0.020</td>
<td>55.503</td>
<td>6.716</td>
<td>0.052</td>
<td>0.261</td>
</tr>
<tr>
<td>3. Estheticism</td>
<td>0.593</td>
<td>0.352</td>
<td>0.028</td>
<td>41.740</td>
<td>9.939</td>
<td>-0.081</td>
<td>-0.223</td>
</tr>
</tbody>
</table>

DISCUSSIONS AND SUGGESTIONS

With an extensive literature review, this study classified leisure farm experience into four types: entertainment, education, escapist, and estheticism experience. In the case of Sontenkan Leisure Farm, visitors were highly satisfied with estheticism experience and escapist experience. This finding suggested that people coming to leisure farm were expecting close to nature and the primitive farm view. Sontenkan Leisure Farm was designed in tropical farm theme with large group of palm trees and natural footpaths. This natural landscape meets the needs of city residents for “return to nature.” In general, visitors were not satisfied with education experience provided by Sontenkan Leisure Farm. Experiences related to farm production, agricultural lifestyle and interpretation were relatively weak. Therefore, designing an interesting farm interpretations and farm production activities is a working direction near future.

The study also found that revisit intention and customer loyalty are two dimensions of customer retention. This finding echoes the previous studies of customer retention, that is customer retention is defined as repurchase intention...
Concerning customer loyalty, Pine and Gilmore (1999) suggested that “sweet spot” occurs when four realms of an experience are mutually compatible and intermingle. However, this study did not show a holistic view of experience that comprises entertainment, education, escapist and estheticism experience in current Sontenkan Leisure Farm’s operation. Two or three experience among four realms of experience proposed by Pine and Gilmore were emerged in this study. For example, satisfaction of escapist and estheticism experience has a positive relationship with revisit intention. Concerning customer loyalty, satisfaction of entertainment, education and estheticism experience has a predictive power. In conclusion, Sontenkan Leisure Farm has not reached a point that creating a large group of “sweet spot” visitors. This finding will become a new management issue for the practitioner to consider. It is suggested the Sontenkan Leisure Farm should improve services related to education and entertainment experience so visitors have a greater chance to immerse in “sweet spot.”

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