



Article Title

Why do we buy luxury experiences?: Measuring value perceptions of luxury hospitality services

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Abstract

The luxury segment of the hospitality industry has experienced substantial growth in the past decade. Unfortunately, the notion of perceived luxury values has received scant attention, and there is a lack of valid framework to capture consumers' value perceptions in the context of luxury hospitality services. Using luxury restaurant as an example of luxury hospitality services, this paper aims to establish the structure of luxury hospitality values and their measures and to investigate the relationship between luxury hospitality values and purchase intentions.

Methodology

A survey questionnaire was developed to test the proposed luxury value framework. Confirmatory factor analysis and hierarchical linear regression were used to test the hypotheses.

Findings

Four luxury restaurant value dimensions including functional value, hedonic value, symbolic/expressive value and financial value were identified. The study results further reveal that a consumer's purchase intention is influenced primarily by hedonic value, followed by functional value and financial value. Interestingly, unlike in the context of luxury goods, the purchase of luxury restaurant services is not substantially influenced by symbolic/expressive value.

Practical implications

Hospitality firms catering to the affluent might use the luxury value framework to better understand what drives their customers' purchase intentions, and use such knowledge to create new services or to improve current product offerings. In addition, luxury hospitality companies can use this luxury value framework to position their brands/products.

Originality/value

To the best of the authors' knowledge, this study is the first that empirically tests a luxury value framework in the luxury hospitality context and investigates the relationship between luxury hospitality values and purchase intention.

Conclusion

This study reveals that three value dimensions, namely, functional value, hedonic value and financial value, significantly influence consumers' intention to patronize luxury restaurants. Among the three dimensions, hedonic value is the strongest predictor of luxury hospitality consumption. In general, consumers buying luxury products are looking for sensory pleasure, excitement and intrinsic enjoyment, and such benefits are particularly salient in hospitality services due to the experiential and pleasurable nature of hospitality experiences (Hirschman and Holbrook, 1982; Sheth *et al.*, 1991). Hence,

In addition, the current study includes both tangible (e.g. quality food) and intangible component (e.g. sophisticated dining environment and attentive service) in the functional value dimension. Our findings indicate that both of these components are essential in driving consumers' purchase intentions. The financial dimension reflects the need for the experience to match the high price associated with luxury (Wiedmann *et al.*, 2007, 2009; Shukla and Purani, 2012).

Moreover, this study addresses the differences between tangible luxury goods and intangible luxury hospitality services in the current study. Symbolic value is usually an important value dimension in the luxury goods consumption because consumers tend to use luxury products to signal their wealth or express their lifestyles. However, consumers tend to prefer highly visible products to seek the symbolic value (Chao and Schor, 1998; Fan and Burton, 2002; Yang and Mattila, 2013). As luxury hospitality services are less conspicuous and less attractive on signaling attributes than tangible luxury possessions (Yang and Mattila, 2013, 2014), it is possible that consumers are less likely to use luxury hospitality consumptions to express their values or to signal their social status. This study provides preliminary evidence of a non-significant relationship between symbolic/expressive value and luxury hospitality purchases. However, we want to point out that the current study did not differentiate between fine dining and luxury dining, and the examples of both types of restaurants were provided in the questionnaire. As symbolic elements may be less salient in the fine dining context than in the luxury-dining context, the current findings on symbolic/expressive value could be different if a clear distinction was made between fine dining restaurants and luxury restaurants.