

Gamification and Customers Experience in the Hospitality Industry

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Abstract

The application of gaming techniques and its measurement have engendered many discussions. Premised on the gamification dimensions of loyalty programs, advertising, and promotions, and creating or developing new services, this study examines the effect of the dimensions of gamification on the elements of customers' experience in the Hospitality industry. Utilising the survey research design and two-stage sampling technique, 700 customers of hotels and restaurants were sampled in the Nigerian Hospitality sector. The multivariate analysis was used in data analysis. The results reveal that gamification significantly affects customers' experience. The findings showed that creating new services is the most significant measure of gamification affecting customers' experience. The study also established that loyalty programmes, advertising, and promotion, and creating new services as dimensions of gamification are drivers of customers' experience. Firms in the service sector should pay attention to the issue of gamification in order to create a better customer experience, which could sustain competitiveness in the long-run. The study recommends that gamification strategies should be utilized in the hospitality industry. Emphases should be placed on making sure the customers' have peace of mind while patronizing the hospitality and tourism industry. The study contributes to the literature on the utilization of gamification in the Hospitality industry. The study analyzed the interaction between gamified services and customers' experience by utilizing each element of gamification separately.

Key Words: Gamification, Loyalty Programmes, Advertising and Promotion, Customers' Experience, Hospitality

JEL Classification: C36, G2, M11

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1. Introduction

The concept of gamification is an emerging concept which cuts across all fields and concepts of business. Its application could be seen in the field of health care, business, and education. According to Xu, Weber-Sabil, and Buhalis (2014), gamification as a trend is futuristic and can be utilized in tourism to stimulate customers' behaviors and elicit motivation. The application of gaming elements in tourism is rare but present, although it might not have been identified or conceptualized as gamification. Fray

(2012) defined gamification in hospitality businesses such as restaurants that give gifts to gamers or airline companies, creating brand awareness through social media channels. Gamification application in tourism can be viewed from two different angles; customers' engagement and employees' motivation. Vorlova (2015) opines that the tourist market is capitalizing on the potentials of introducing gamification to intensify tourists' experience and attract tourists. Although, the extent to which gamification drives tourist attractions and increase their experience is yet to be established. The concept of gamification deals with the utilisation of gaming elements such as players engagement, developing and creating new features, advertising and promotion in a non-gaming context. Although the role of gamification and its effect on the overall performance of a firm has been looked into, the literature on its effect on the sectors of the economy is scarce (Koivisto & Hamari, 2019, Rapp, et al., 2018).

Ng (2011) is of the opinion that the art of discussion on gamification can be significantly implemented in real-life scenarios and business. Huotari and Hamari (2012) assert that the concept of gamification and its application in tourism is still at its infancy and this has created a gap in the literature on its utilisation as a mechanism both in marketing and service literature while Burke, (2020) posits that although gamification has the potential of influencing any sector, the Hospitality industry has not yet taken advantage of the full potentials of gamification as some industries have done. Established firms have adopted gamification in their operations to increase customers' loyalty, gain customers' engagement, attain competitive advantage and improve employees' performance. Still, the empirical literature is scarce on how the Hospitality industry has gained from the discussion on gamification (Negrusa, Toader, Tutunea, Adina & Letitia, 2015; Dexter and Yazdanifard, 2014).

The kernel of this study is to examine the dimensions of gamification proposed by Negrusa et al. (2015) and establish the effect of these dimensions on the experience of customers' in the Hospitality industry. The study seeks to also establish the most significant component of gamification determining customers' experience in the Hospitality industry.

Premised on the objectives of the research, the following research questions were raised;

- i. To what extent does loyalty programmes affect customers' experience in the hospitality industry?
- ii. To what degree does advertising and promotion drives customers' experience in the hospitality industry?
- iii. How does creating new services affect customers' experience in the hospitality industry?

2. Literature review

2.1 Gamification in Hospitality

The gamification techniques and its application have been issues of debate in the literature. Uskov and Sekar (2015) opine that gamification is the use and implementation of game designs, mechanism, techniques, mobile game technology in real-life activities, processes, service delivery and business frameworks in order to improve customers' experience, improve employees efficiency, stakeholders engagement and management effectiveness while Deterding, Dixon, Khaled, and Nacke, (2011) point out that the essence of gamification application in business model is not about winning and collecting badges as seen in games but to actualise the need to incentivise behaviour by encouraging and motivating competitive behaviour outside the entertainment arena. Burke (2020) established that firms would start adopting gamification as a strategy, and it will be a key element for retailers and brands to influence and enhance customers' loyalty and firms' marketing options. It has become imperative of Hospitality industry to integrate gamification in their services as this provides a strategic tool for creating opportunities and sustainable tourism development which will help in reducing the negativities in a tourist destination (Touray & King, 2010; Negrusa et al., 2015; Xu et al., 2017). Xi and Hamari (2020) argue that firms



should adopt gamification strategy because it has the potential to increase the firm service awareness, engagement and improve the capacity of the customers to keep coming back to the brand.

The elements of gamification in Tourism and Hospitality are most applied in the form of Information and Communication Technology (ICT), mobile applications and location-based services. However, Negrusa et al., (2015) established empirically that the application of gamification in the Tourism and Hospitality industry as relating to the customers' are loyalty programmes, advertising and promotions, and creating or developing new services. The utilisation of these dimensions can be considered innovative in the Tourism and Hospitality industry since they allow firms to tailor their product and services towards the customers' needs and economic objectives, and provide a sustainable way for the Tourism and Hospitality industry to survive (Campon, Alves & Hernandez, 2013; Franzoni, 2015). Yee (2007) suggests that the gamification elements in the Tourism and Hospitality industry comprise immersion component (customisation and escapism), social component (creation of relationship) and achievement components (achieving corporate aims) while Vorlova (2015) argues that any further division of the components is influenced by existing experience, the interest of the researcher, age and gender.

It is imperative to examine the need, motivation and demand of customers' in order to create customised products and services that will be efficient and provide the desired impact in the tourism and hospitality industry; this utilisation and implementation of gamification will provide. This study, therefore, adopts the variables established by the study of Negrusa et al. (2015) which are loyalty programmes, advertising and promotions, and creating or developing new services as the measures of gamification in the tourism and hospitality industry.

2.2 Measurement of Gamification Dimensions

The loyalty programmes, advertising and promotions, and creating or developing new services measures adopted in this study have distinct constructs which were established in the extant literature (Yusuf et al., 2019; Negrusa et al., 2015; Vorlova, 2015).

Table 1: **Observed Gamification Dimensions**

Latent Variable	Observed Variable	Scholars
Loyalty Programme	Competitive reward programmes. Building communication with customers Feedback and Relationship Building Service Customisation	Yusuf et al., 2019; Negrusa et al., 2015 Authors' Modification
Advertising and Promotion	Promotions. Continuous Electronic Advertising Advertising and Entertainment. Promotions are fun.	Vorlova, 2015 and Authors Modification
Creating New Services	Creating new services. New services are technology-driven. Interactive products. Catalysing Services	Yusuf et al., 2019; Negrusa et al., 2015; Vorlova, 2015 Authors' Modification

Source: Authors Conceptualisation (2020)

The observed measures were adopted and modified by the authors to capture the dimensions of gamification in the study.

2.3 Customers' Experience

The definition and improvement of customers' experience are increasingly becoming a priority in marketing literature because customers' experience is fast replacing service quality as a competitive measure in the literature (Klaus & Maklan, 2013). Gavurova, Bacik, Ferdoko and Nastisin (2018) explain that customers experience is pivotal in enhancing organisational performance and that it is crucial for a firm to critical seek ways to improve the customers' experience. Different researchers have argued that in order to fulfil deeper hedonic aspiration and emotional sensory, customers' purchase goods and services (Arnould & Price, 1993; Schouten & McAlexander, 1995, Pine & Gilmore 2004; Maklan & Klaus, 2011). They argued that what is of utmost importance to the firm is how the customers' experience could be integrated, the process of acquiring and utilisation of firms' offerings could be enhanced and how such services help the customers' in achieving their value-in-use aspirations. Lemon and Verhoef (2016) explain that creating a strong customer experience should be the focus of a firm, and this is because customers interact more with firms through multiple channels in recent times. Ida (2017) elaborates that experience is extremely of importance to the consumers, and this has made them seek for more information about the firm.

However, while marketing literature has acknowledged that firms are increasingly competing for customers' experience, the measurement of the construct has raised debate (Maklan & Klaus, 2011). According to Donovan (2013), if the customers' experience cannot be measured, it cannot be improved upon. The measurement of customers' experience is critical to its success. Manthiou, Hickman and Klaus (2020) assert that customers experience is multidimensional and that emotions are a critical factor in distinguishing each customers perspective on what experience is. Klaus and Manthiou (2020) emphasis that firms need to evaluate customers experience to provide better services and stay relevant.

In this study, customer experience is viewed as the evaluation of the perception and attitude of the customers' which emanate from its encounter with firms' services directly and indirectly. This view is consistent with the conceptualisation of Klaus and Maklan, 2013; Maklan & Klaus 2011; Lemke et al. 2010; Verhoef et al. 2009. This definition is influenced by the fact that customers' experience is based on perception, not experience, it involves emotion and peer pressure, the experience is continuous (before, in and after service encounter), and that customers' experience is a resultant attitude and behaviour (Lemon and Verhoef, 2016; Maklan & Klaus 2011). Although the firm's overall health is important, concentrating on issues that concern the customers' will provide the best value to the firms. This study adopts the product experience, outcome focus, moments of truth and peace of mind as measures of customer experience. These measures are established by Verleye, (2015); Klaus and Maklan (2012); Maklan and Klaus, (2011) and according to them the measures demonstrate high validity and reliability in explaining the customers' experience construct.

2.4 Measures of Customers' Experience.

Manthiou et al., (2020) reports that certain situations may make customers feel both happy and unhappy, hence the need to have measures that would integrate such circumstances. The measures of customers' experience (the product experience, outcome focus, moments of truth and peace of mind as measures of customer experience) adopted in this study are seen as a reflection of customers, behaviour and perception on what a memorable experience is viewed as (Katherine et al., 2015; Klaus & Maklan, 2013; Klaus & Maklan, 2011). According to Amirah (2018), these measures exhibit both the behavioural and psychographic perspectives of the customers. The product experience refers to the experience associated with what the service or product offers such as its attributes, diversity, functionality and the capacity of the product to meet the needs order than the one offered. Klaus & Maklan (2012) explain that the product experience gives the customers the ability to choose and compare one firm's service or product to that of another. It deals with the freedom to choose, comparing products across firms, account management and necessity comparison. The outcome focus deals with the perception of the customers that a firm's transactional cost is reduced or competitive compared to other firms' services and product

offerings (Klaus & Maklan, 2013). The outcome focus can also be viewed as perceived value-added delivery by firms based on experience, which incites a positive behaviour and memorable feelings in the customer.

Moments of truth deals with service flexibility and recovery. It involves the risk behaviour and perception of the customers, which make them prefer a firm's service offering and delivery to another (Tax, Brown & Chandrashekar 1998). Risk-taking is a substantial element of the entrepreneurial orientation of the company (Ključnikov, et al., 2016). Lu et al., (2019) explains that the moment of truth measure shows the customers vocal behaviour which reveals the true intent of their knowledge in the service encounter. This dimension also considers the interpersonal skills of the firm's employees in dealing correctly with the customers' emotions and needs at a particular point in time (Klaus & Maklan, 2013). The peace of mind constructs of customers' experience deals with the ease at which a firm does a transaction, the expertise of the employees involved, the confidence of the customers in transacting with the firm, the positive evaluation of the customers' interaction with the firm in all the phases of the transaction (before, during and after transaction experience), and the familiarity with firm operations (Klaus & Maklan 2011; Edvardsson, 2005).

2.5 Theory Underpinning this Study

This study is anchored on the Halo effect theory postulated by Thorndike (1920), who opines that the general belief about a specific object or scenario affects the assessment of certain attributes of the object or scenario. This theory has been consistently linked with customers' behaviour by scholars (Mukherjee et al., 2018; DiDomenico et al., 2010; Lichtenstein, 2004). Different elements characterise firms, products, services and delivery, and the evaluation of such attributes affects the way it is evaluated or perceived to be of value. The halo effect is premised on the belief that customers' evaluation is based on a comprehensive impression rather than assessing a service based on only certain aspects of its performance. The halo effect is triggered by product attractiveness, positive service traits and how the customer is treated (Rouse, 2019)

In applying this theory to gamification and experience, we posit that customers' experience could be evaluated based on customers' engagement and the creation of product and services by a firm in the tourism and hospitality industry. Gamification utilisation in the hospitality and tourism industry can create a halo effect on customers' which will ultimately affect the customers' perception in encountering the firm services. This position is supported by Jin & Lin (2019). The halo effect is an intangible construct, although its measurements in this study have been premised on the customers' experience. The study is hinged on the belief that a firm's strategy which includes gamification could induce halo effect on customers' through loyalty programmes, advertising and promotions, and creating or developing new services in the tourism and hospitality industry.

2.6 Hypotheses Development

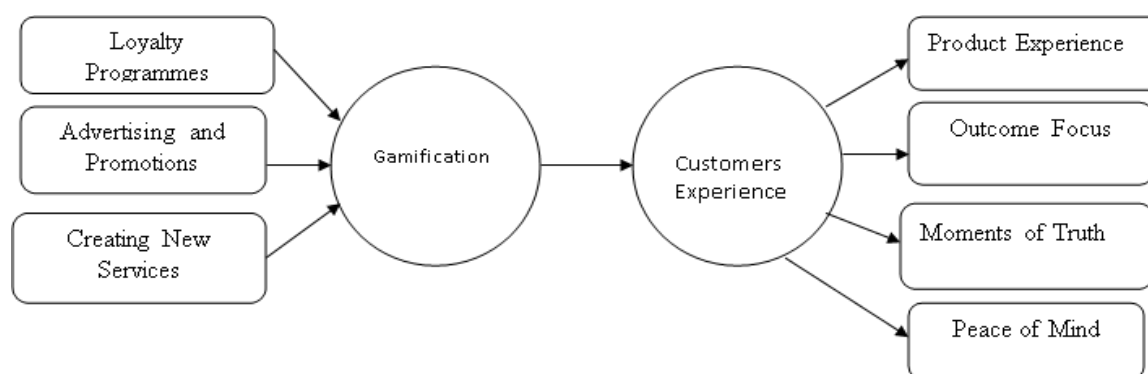
This study investigates the effect of gamification (loyalty programmes, advertising and promotions, and creating new services) on customers' experience in the tourism and hospitality industry measured with the product experience, outcome focus, moments of truth and peace of mind. These outcomes were employed based on the weight of research, suggesting their values and validity (Klaus & Maklan, 2013).

Studies have established gamification as a key driver of employees' motivation, efficiency and engagement performance (Alsawaier, 2017; Rivers, 2016; Ong, 2013) while Saatchi & Saatchi (2011) find it to be a key determinant of employees' productivity. Yussuf et al. (2019) conclude that marketing firms should employ gamification as a strategy to influence sales force performance. Vorlová (2015) reveals that there is a connection between gamification and Chinese games players in the tourist industry.

Gomanthi (2017) asserts that gamification exploits the inherent desires of customers for competition. Dexter and Yazdanifard (2014) in investigating how gamification can be applied to attract and gain customer, opine that competitive advantage and customers' loyalty can be gained through gamification. The exact nature of the influence of gamification using the loyalty programmes, advertising and promotions, and creating new services dimensions on customers' experience dimensions (product experience, outcome focus, moments of truth and peace of mind) is yet to be identified in the literature. Therefore, this study explores the influence of gamification on customers' experience in the hospitality and tourism industry. The study also seeks to establish the most significant element of gamification affecting customers' experience.

2.7 Conceptual Framework

Figure 1: The link between gamification and customers experience



Source: Authors' conceptualisation (2020)

3. Methodology

3.1 Research Design

The study employs a survey research design. Lagos State in Nigeria was chosen as the area of study. According to Nwosu (2016), the state has the highest number of hotels and restaurants in Nigeria with an annual population of 1,512,888 customers. A two-stage sampling technique was employed in the study. Using the raosoft sample calculator at 2.5% margin and a 95% confidence interval, the total number of customers arrived at, at first was 1536. Hair, Anderson, Tatham & Black (2010) recommends that a sample size ≥ 400 in order to reduce sampling error component in such a way that small differences are regarded as statistically significant, therefore, by considering the constraints of the research setting and theoretical aspect of this study, the targeted sample size was purposively set at 700 (n=700). Data were collected from 700 customers from the Hospitality industry grouped into hotels and restaurants in the Nigerian Hospitality industry. This criterion was employed to capture the Nigerian hospitality industry. The industry in focus is heterogeneous and to ensure adequate representation, respondents were taken from each category (hotels and restaurants) according to their sizes. Mugenda and Mugenda (2003) opine that in ensuring adequate representation of the sample size, the simple proportion method should be employed. The questionnaires were divided equally among the hotels and restaurant customers. Each group had a sample size of 350 respondents each. The questionnaire was adapted from the study of Klaus & Maklan, (2013) and Negrusa et al., (2015) with modification to suit the local dynamics. The primary method of data collection was employed in this study through the administration of questionnaires. The questionnaire was designed in a seven Likert scale measurement (1= least agreed,

7=strongly agreed); this is to optimise the reliability of the research instrument. The research instrument consists of two sections tagged "Gamification" and "Customers Experience". The authors administered the questionnaires with the aid of the hotels and restaurant staff members. A total of 659 questionnaires (94%) were retrieved. The sample size is sufficiently satisfying the requirement for subgroup analysis and multivariate analysis, as suggested by Hair et al. (2010). The multivariate analysis was adopted in this study in order to ascertain the interaction and relationship between the elements of gamification (loyalty programme, advertising and promotion, and creating new services) and customers experience (product experience, outcome focus, moments of truth and peace of mind). The will enhance the researchers in determining the most significant observed construct of gamification explaining the customers' experience. The analysis will also establish the most significant observed measure of customers' experience, as explained by gamification. Hence, the study utilises the partial least squares structural equation model (PLS-SEM) in explaining the interactions and strength of path and evaluates how best the models fit the data. It makes it possible for the estimation of the cause-effect relationship between the latent variables. The confirmatory factor analysis will enhance the testing of a priori model of the measured variables. The SMARTPLS 3 statistical tool is used in the analysis of data.

Based on the identified gap in the literature, the following hypotheses were formulated;

H1: Loyalty programmes have a significant effect on customers' experience dimensions

H2: Advertising and promotions have a significant effect on customers' experience dimensions

H3: Creating new services has a significant effect on customers' experience dimensions.

3.2 Model Specification

The study is anchored on the Halo effect theory, and based on this; it is expected that gamification will be a direct antecedent of customers' experience. On the above premise, the following model is formulated

$$\text{Customers Experience} = \beta_0 + \beta_1(\text{Gamification}) \quad \text{eq 1}$$

$$\text{Customers Experience} = \beta_0 + \beta_1(\text{LOYPRG}) + \beta_2(\text{ADVPRO}) + \beta_3(\text{CRESER}) + \mu \quad \text{eq 2}$$

Customers experience = (Product Experience, Outcome focus, Moments of truth and Peace of Mind)

Where

LOYPRG= Loyalty Programme

ADVPRO: Advertising and Promotions

CRESER: Creating services

β_0 is the constant

$\beta_1, \beta_2, \beta_3$, are the coefficient estimators

μ is the error term

A' Priori Expectation

From the above discussion, it is expected that all the dimensions of gamification will exhibit a positive relationship with the dimensions of customers' experience. Hence there will be directly proportionate relationship gamification and customers experience in the above model.

Table 2: Measurement of Variables

Latent Variables	Observed Measurement	Studies
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Gamification	Loyalty Programmes Advertising and Promotions Creating New Services	Negrusa et al. (2015), Yussuf et al. al (2019)
Customers Experience	Product experience Outcome Focus Moments of truth Peace of Mind	Klaus & Maklan, (2013), Klaus & Maklan, (2011)

Source: Authors Conceptualisation (2020)

3.3 Reliability and Validity

The psychometric properties of the scale were assessed employing the Confirmatory Factor Analysis (CFA). All variables were tested in the model, and items load were restricted to the criteria established by Fornell and Larcker's (1981). That is, the ability to measure the latent variables and internal consistency of the scale was > 0.5. The results show a high sign of average variance and construct reliability for all latent variables. The content and construct validity were ensured. In achieving face validity, the researchers' ensured that the instrument measure what it was intended to measure, by adopting the instrument used by previous studies. At the same time, the CFA was utilised to ensure construct validity.

The test-retest reliability method was employed by administering the research instrument twice on the same set of respondents at different times within the space of two weeks.

Table 3: Reliability and Validity Test

Measurement	Construct Reliability	Average Extracted	Variance
Gamification	0.743	0.706	
Loyalty Programmes	0.862	0.711	
Advertising and Promotions	0.821	0.808	
Creating New Services	0.747	0.733	
Customers Experience	0.897	0.614	
Product experience	0.862	0.774	
Outcome Focus	0.939	0.902	
Moments of truth	0.894	0.854	
Peace of Mind	0.789	0.765	

Goodness-of-fit indices: CMIN = 947; CFI = 0.90; IFI = 0.93; RMSEA = 0.09

Source: Analysis Using SMARTPLS 3.2.2

The test of goodness fit reveals that RMSEA=0.09 and according to Hooper Coughlan and Mullen (2008), RMSEA between 0.08 and 0.10 reveals mediocre goodness of fit. Therefore, it was necessary to conduct a second-order confirmatory test.

Table 4: Second-order Confirmatory Factor Analysis

Measurement	Construct Reliability	Average Extracted	Variance
Gamification	0.763	0.701	
Loyalty Programmes	0.835	0.695	
Advertising and Promotions	0.781	0.739	
Creating New Services	0.675	0.704	
Customers Experience	0.789	0.665	



Product experience	0.812	0.741
Outcome Focus	0.732	0.611
Moments of truth	0.815	0.785
Peace of Mind	0.754	0.719

Goodness-of-fit indices: CMIN = 2.67; CFI = 0.95; IFI = 0.96; RMSEA = 0.04

Source: Analysis Using SMARTPLS 3.2.2

The second-order CFA is retained because it exhibited better performance in the structural equation model and overall measurement. These were achieved through the deletion of observed items in the overall model, which were < 0.05 as recommended by Koufteros et al. (2009).

Table 5: Sample Profile

Demographics	Frequency (n)	%
Gender (659)		
Male	311	47.2
Female	348	52.8
Marital Status		
Singles	243	36.9
Married	220	33.4
Others (widowed and separated)	196	29.7
Education		
Secondary	85	12.9
Tertiary	574	87.3
Age of Respondents		
18-35	287	43.6
36-65	321	48.7
65 and above	50	7.7
		Mean age (μ)= 33.6
		Standard deviation (SD)= 11.2
Purpose of Visit		
Business	133	20.2
Relaxation	389	59.0
Others	137	20.8

Source: Authors' field survey (2020)

Table 5 reveals that most of the respondents are female (n= 348, 52.8%). Majority of the respondents were singles (n= 237, 36.9%), followed by the married (n= 220 33.4%) and others (widowed/separated (n= 196, 29.7%). The survey also shows that most of the respondents attended tertiary institutions (n=574, 87.3%). Majority of the respondents fall between the 36-65 years age bracket (n=321, 48.7%). The survey also indicates that most of the visits to the hospitality areas are for relaxation (n=389, 59%).

The normality test shows that the variables meet the requirements has recommended by Kline (1998). In order to ascertain for any undue influence on the results of the model, the Cook Distance was used, and the value shows that there is no presence of undue influence on the model.

Table 6: Test of Normality

		Recommended Value	Gamification Dimensions	Customers Experience Dimensions
<i>Normality</i>	<i>Skewness</i>	-3 to 3	-1.057 to .533	-1.031 to .623
	<i>Kurtosis</i>	-10 to 10	-0.462 to .335	-.844 to .057
<i>Multicollinearity</i>	<i>Tolerance</i>	>0.10	1.299 to 2.686	1.912 to 2.399
	<i>VIF</i>	< 10	1.731 to 1.82	1.643 to 2.462
<i>Collinearity Statistics</i>	<i>Correlation between variables</i>	< 0.90	.433 to .448	.386 to .519
<i>Independence Residual</i>	<i>of Cook's distance for residual</i>	< 1.0	0.412	0.310

Source: Analysis Using SMARTPLS 3.2.2

4. Results and Discussion

4.1 Hypotheses Testing

Table 7. **H1: Loyalty programmes have a significant effect on customers' experience dimensions**

Variable	Customers Experience				
	B	SE	β	T-Value	P-Value
Product Development	0.801	0.043	0.911	21.186	0.000
AdjR ²	0.83				
F-Stat	48.6				
	(p*=0.000)				

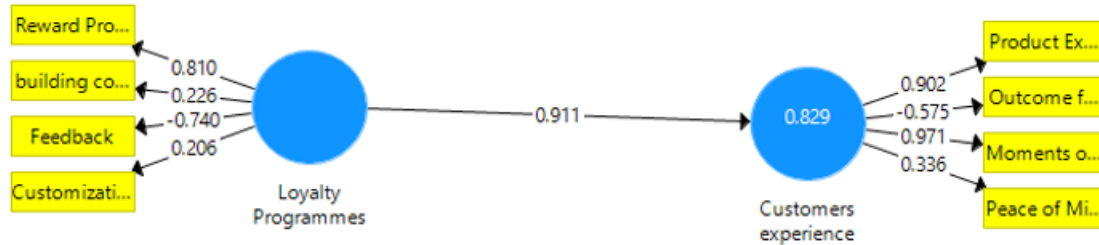
Source: Analysis Using SMARTPLS 3.2.2

The result reveals that there is a positive and significant relationship ($\beta=0.911$) between loyalty programmes and customers experience dimensions. The coefficient of determination ($R^2=0.83$) shows that 83% variation in customer's experience dimensions is accounted for by loyalty programmes. The standard error (SE= 0.043) indicates that the model is a good fit by revealing that how precisely loyalty programmes predict customers' experience since the value falls between the accepted estimates ≥ 2.5 . The unstandardised (B=0.801) indicates that for every unit increase in loyalty programmes, customers experience dimensions' increase by 0.801 units. The t- Value ($t=21.186$, $p=0.0000$) reveals that loyalty programmes are a significant predictor of customers' experience dimensions. The F-stat ($F=48.6$, $p=0.000$) establishes that loyalty programmes a significant and reliable model in explaining customers experience. This reveals that loyalty programmes significantly influences the customers' experience.

Figure 2 shows the error variance and all the freely estimated paths between loyalty programmes and customers experience. The structural equation model achieved a goodness fit (CMIN=0.983 = 0.00; GFI = 0.98, RMSEA = 0.05, IFI = 0.95, CFI = 0.96).

The path analysis reveals the interaction among the observed and explained dimensions. The results show that reward programmes ($\beta=0.81$) are the most significant measure in the dimension of loyalty programmes explaining customers experience while the moments of truth ($\beta=0.971$) is the most significant measure of customers' experience explained by loyalty programmes.

Figure 2: Effect of Loyalty Programme on Customers' Experience



Source: Analysis Using SMARTPLS 3.2.2

Table 8. H2: Advertising and promotions have a significant effect on customers' experience dimensions

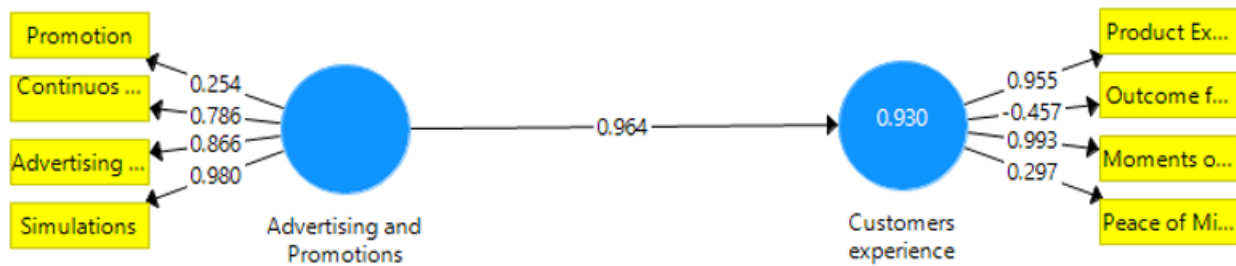
Variable	Customers Experience		β	T-Value	P-Value
	B	SE			
Advertising & Promotions	0.961	0.038	0.964	25.368	0.000
AdjR ²	0.921.				
F-Stat	132.7				
	(p*=0.000)				

Source: Analysis Using SMARTPLS 3.2.2

Table 8 reveals that there is a positive and significant relationship ($\beta=0.964$) between advertising and promotions, and customers experience dimensions. The coefficient of determination ($R^2=0.921$) shows that 92.1% variation in customer's experience dimensions is accounted for by advertising and promotions. The standard error ($SE= 0.038$) indicates that the model is a good fit by revealing that how precisely advertising and promotions predict customers' experience since the value falls between the accepted estimates ≥ 2.5 . The unstandardised ($B=0.961$) indicates that for every unit increase in advertising and promotions, customers experience dimensions' increase by 0.961 units. The t- Value ($t=25.368, p=0.0000$) reveals that advertising and promotions is a significant predictor of customers' experience dimensions. The F-stat ($F=132.7, p=0.000$) establishes that advertising and promotions is a significant and reliable model in explaining customers experience. This reveals that advertising and promotions significantly influence customers, experience.

Figure 3 shows the error variance and all the freely estimated paths between advertising and promotions and customers experience. The structural equation model achieved a goodness fit ($CMIN=2.95; GFI = 0.96, RMSEA = 0.07, IFI = 0.97, CFI = 0.98$).

Figure 3: Effect of Advertising and Promotion on Customers' Experience



Source: Analysis Using SMARTPLS 3.2.2

The path analysis reveals the interaction among the observed and explained dimensions. The results show that advertising ($\beta = 0.980, p=0.000$) is the most significant measure of the dimension of advertising and promotions explaining customers experience while moments of truth ($\beta = 0.993, p=0.000$) is the most significant measure of customers' experience explained by advertising and promotion.

Table 9. H3: **Creating new services has a significant effect on customers' experience dimensions**

Variable	Customers Experience				
	B	SE	β	T-Value	P-Value
Creating new services	0.986	0.022	0.992	45.091	0.000
AdjR ²	0.968				
F-Stat	64.78				
	(p*=0.000)				

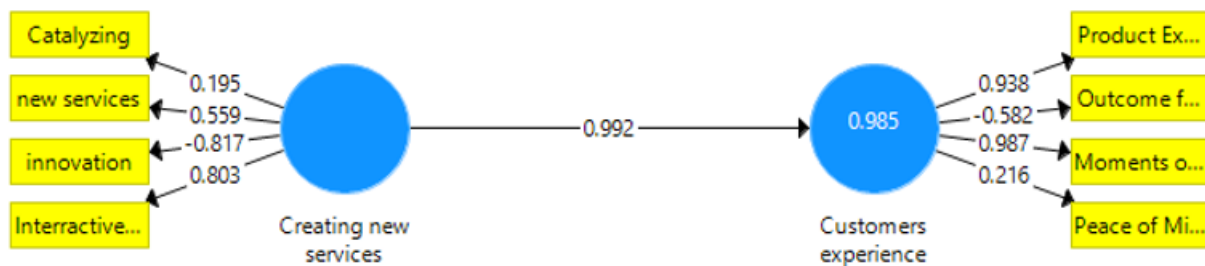
Source: Analysis Using SMARTPLS 3.2.2

Table 9 reveals that there is a positive and significant relationship ($\beta=0.992$) between creating new services and customers experience dimensions. The coefficient of determination ($R^2=0.694$) shows that 96.8% variation in customer's experience dimensions is accounted for by creating new services. The standard error (SE= 0.022) indicates that the model is a good fit by revealing that how precisely creating new services predicts customers' experience since the value falls between the accepted estimates ≥ 2.5 . The unstandardised (B=0.836) indicates that for every unit increase in advertising and promotions, customers experience dimensions' increase by 0.986 units. The t- Value (t=45.091, $p=0.0000$) reveals that creating new services is a significant predictor of customers' experience dimensions. The F-stat (F=64.78, $p=0.000$) establishes that creating new services is a significant and reliable model in explaining customers experience. This reveals that creating new services promotions significantly influences customers' experience.

Figure 4 shows the error variance and all the freely estimated paths between creating new services and customers experience. The structural equation model achieved a goodness fit (CMIN=2.37 GFI = 0.93, RMSEA = 0.05, IFI = 0.96, CFI = 0.97).

The path analysis reveals the interaction among the observed and explained dimensions. The results show that interactive products ($\beta=0.803, p=0.000$) is the most significant measure of the dimension of creating new services explaining customers experience while the moment of truth ($\beta = 0.987, p=0.000$) is the most significant measure of customers' experience explained by creating new services.

Figure 4: **Effect of Creating New Service on Customers' Experience**



Source: Analysis Using SMARTPLS 3.2.2

4.2. Discussion

This study examines the effect of gamification on customers' experience across two hospitality settings of restaurants and hotels. The study explores dimensions of gamification across multiple channels and the classification of customers' experience. According to Badgett et al. (2007), managing customers experience is a pressing and complex issue. The result of the analysis reveals that customers' loyalty programmes are a key determinant of customers' experience. Customers experience mostly influenced by building communication dimension of loyalty programmes. The implication of this is that in executing loyalty programmes, firms in the hospitality industry should pay attention mostly to building communication in order to attain a full customers' experience in terms of making services easier, responding swiftly, providing a better alternative for customers and relating to situations (outcome focus). The findings corroborate the position of Klaus & Maklan (2012), who established that a firm's marketing communication strategy influences customers' perception of their experience. It is inferred that restaurants and hotels should employ communication as a strategic tool to build customers loyalty.

Furthermore, the second hypothesis analysis explains how the dimensions of customers' experience are being influenced by gamification. The most significant measure of advertising and promotion determining gamification is promotions are fun. When the fun is utilised in promotions, it leads to peace of mind which is the most significant construct of customers' experience. This empirically supports the position of Vorlova (2015), who suggests that fun and games as a gamification strategy should be applied to firms' operations. It is important to state that including funs in promotional activities in the hospitality industry will bring about the customers having confidence in the firms' operations and make customers continuously deal with them.

The results also show that creating new services is a significant driver of customers' experience. In order to create and sustain customers experience, which is a driver of customers' satisfaction (Klaus & Maklan, 2013), the hospitality industry should create new services. These new services will bring about peace of mind for the customers. The analysis of the dimensions also shows that advertising and promotions are the most significant dimension of gamification. It is inferred that more attention should be paid to advertising and promotions as this will produce better customers' experience. The result establishes that gamification is a pivotal tool in the hospitality industry. The concept of gamification should be utilised in increasing the customers' experience. Gaming elements such as customers' engagement, developing and creating new features, advertising and promotion in a non-gaming context should be adopted in enhancing positive customers experience.

4.3 Practical Implication

Improving and enhancing customers experience should be the focus of the firm as this has the capacity to sustain firm competitiveness. Peace of mind which has been established in this study as the most significant construct of customers' experience can be achieved by the firm when gamification is employed as a strategic tool. Firms who pay attention to creating new services are strategically placed in

giving the customers a memorable experience. Promotions and fun are also important in achieving competitiveness through positive customers' experience while firms should build positive communications with their customers in order to make them stay. Firms in the service sector should pay attention more to the issue of gamification in order to create better customers experience, which could sustain competitiveness in the long-run. Firms should also create new services tailored to meet the customers need. This is because creating new services is the most significant dimension in the gamification process, which most significantly affect the customers' experience.

5. Conclusion

The study investigated the effect of gamification on customers' experience in the hospitality industry. Based on existing literature, the study established the dimensions of loyalty programmes, advertising and promotions, and creating new services as the measures of gamification. At the same time, product experience, outcome focus, the moment of truth and peace of mind were utilised as the measures of customers experience in feeling the gaps in the in research on customer experience and gamification. The study established that gamification is a significant driver of customers' experience. The study provides theoretical and empirical contribution as well as providing practical knowledge to the service sector on how gamification can be applied as a strategy in enhancing the customers' experience in the service encounter. All the dimensions of Advertising and promotion strategy is the most significant measure of gamification in the hospitality industry. The study concludes that promotion fun, building communication and creating new services should be emphasised more by firms in the hospitality industry. There is need for firms in the hospitality and tourism sector to integrate gaming elements such as customers' engagement, developing and creating new features, advertising and promotion in a non-gaming context should be adopted in enhancing positive customers experience. The study recommends that gamification strategies should be utilised in the hospitality industry, especially in hotels and restaurants. Emphases should be made in ensuring the customers have peace of mind while patronising the hospitality industry.

This study examines the effect of gamification on customers' experience in the hospitality industry, which is a sub-sector of the tourism industry. This limits the study to the tourism sector alone. The scope of the study was also limited to the use of a non-financial measure of performance. It is possible that the result may be different in other sectors and firms. In increasing the generalizability of the findings, there is a need to examine other sector sectors of the economy. It is recommended that future studies explore the impact of gamification on other measures of performance and in other sectors of the economy. Future studies can also look at other gamification dimensions as their research context. There is a need to investigate the combined effect of the gamification dimensions on performance. This will establish the depth of how gamification could be utilised as a strategic tool in enhancing better organisational goals accomplishment.

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