
EXPERIENCE ECONOMY IN A BACKPACKERS' HOSTEL: THE
RELATIONSHIP BETWEEN CUSTOMER'S EXPERIENCE AND
"WILLINGNESS TO RECOMMEND"

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Dissertation

Master in Economics and Business Administration

Supervised by

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2020

Abstract

In today's economy, products and services offerings have increasingly become "commoditized", making companies compete solely on price. In this context, the Experience Economy (a relatively new field of economics) emerged using consumers' experiences to differentiate businesses' offerings. This new field of economics is especially relevant to the tourism industry. This dissertation looks at the Pine and Gilmore's (1998) Experience Economy model within the context of hostel accommodations. The research suggests that tourists' experiences can significantly increase their "willingness to recommend" the hostel, while also contributing to the generalization of the model proposed by Pine and Gilmore.

Resumo

Na Economia moderna, as ofertas de produtos e serviços tem, cada vez mais, sido consideradas “*commodities*”, levando empresas a competir apenas em preço. A “*Experience Economy*” (uma área relativamente nova da economia) surgiu usando as experiências dos consumidores como meios para a diferenciação destas ofertas. Esta abordagem é especialmente relevante na indústria do turismo. Esta dissertação investiga o modelo de Economia de Experiência de Pine and Gilmore (1998) no contexto dos *hostels*. O estudo sugere que a experiência dos turistas pode influenciar significativamente a decisão do cliente de recomendar o *hostel*, contribuindo também para a generalização do modelo proposto por Pine e Gilmore (1998).

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1. Introduction

In today's economy, the high quantity and quality of products and services offerings have been creating difficulties for companies to differentiate themselves from others (Gilmore & Pine, 2002). Goods and services, have increasingly become commoditized making companies compete solely on price. In this context, the experience economy emerged, using experiences in order to differentiate the businesses' offerings.

The experience economy is especially relevant to the tourism industry, as the main concern of tourism suppliers is to provide their clients with memorable experiences, which can generate positive word-of-mouth and recommendations. It has been generally accepted that word-of-mouth has significant implications in the decision process to consume, especially among risk averse consumers (Arndt, 1967). Nowadays, the increasing simplicity of access to broad and comprehensive information via the internet and social networks, made the "electronic word-of-mouth" a crucial factor of success for tourism related business (Litvin, Goldsmith, & Pan, 2008). Hence, business must learn how to create a situation where customer can be engaged intellectually, emotionally, physically or even spiritually to allow or induce the production of meaningful experiences that can be propagated via web.

In an attempt to provide business with a better understanding of experiences, Pine and Gilmore (1998) proposes a conceptual model composed by four realms where experience might occur, namely: "Entertainment", "Educational", "Esthetic" and "Escapist". These realms differ from each other in terms of active/passive participation of the costumer and in the type of connection that individuals make with the experience itself that can be qualified as either "absorptive" or "immersive".

The "*four realms of experience*" model (4Es hereafter) has been used in a few empirical studies. These studies found a valid applicability of the model but had different results regarding the realms as predictors of satisfaction and overall quality. It was suggested that those possible outcomes could have been influenced by industry/location specific characteristics.

A substantial number of studies with similar results on the concepts of satisfaction, perception of value, likelihood to recommend and overall quality of backpackers' hostels are available in the literature. The main factors considered as predictors of those outcomes include: "social atmosphere", "location", "staff", "cleanliness", "security" and "facilities &

equipment”. Indeed, these items are frequently observed in hostel booking websites being used to rank hostels based on customer reviews.

In such online travel agencies, costumers are asked to rate the quality of the hostel regarding each of those factors, then, an overall quality rating is calculated from the average score given by the consumers. For simplicity, this rating will be referred as “Hostel Rating” in the later paragraphs.

As a measurement of hostels’ quality, hostel ratings are used by online booking companies to rank hostels, and it is used as a sort order criterion. Therefore, when a traveler looks for accommodation in those websites, a high-ranked hostel usually appears on top of the search results.

Despite the use of the hostel ratings to rank hostels, a question remains: can “Hostel Rating” constitute a measurement of service differentiation among hostels? The high number of high-rated hostels in tourism destinations suggests a negative answer. Perhaps, in the light of the experience economic theory, factors like “cleanliness” and “security” may not be differentiation attributes, but rather requirements of a good quality service.

In this context, this dissertation aims to verify whether travelers’ perception of the hostel quality (measured by the “Hostel Rating”), and experiences (described by the 4Es model) can have a positive impact on customers’ willingness to recommend hostels. To achieve this goal, a logistic regression model was used to test if hostel ratings and the four realms of experience can be considered predictors of intention to recommend.

With this objective, this study was able not only to fill the gap in tourism literature regarding the use of experiences as a differentiation tool among hostels, but also to produce more empirical support for the 4Es, contributing towards the generalization of the model’s applicability, as suggested by Oh, Fiore, and Jeoung (2007)

The data used in this study was collected in the form of a questionnaire shared in groups of travelers, backpackers and digital nomads in social media. The data was analyzed using a logistic regression model in order to estimate the impact of experiences on consumers’ “willingness to recommend”.

The findings in this research suggest that experiences have a significant influence in travelers’

willingness to recommend. Therefore, it can be considered a differentiation tool among the hostel industry. The esthetic dimension was found to have the most influence in the outcome, followed by educational and entertainment dimensions. The escapism construct however, was not found to be significant relevant in travelers' intention to recommend a hostel.

This introduction aims to set the tone of this study, giving an overview of the context and content to be expected in the chapters of the dissertation. The chapters are organized as follows: Chapter 1: Introduction; Chapter 2: Literature review; Chapter 3: Methodology; Chapter 4: Results and discussions and Chapter 5: Conclusions and implications.

2. Literature Review

2.1. Experience Economy

Throughout the history, the pursue of larger profits and margins made companies seek the differentiation of its products by adding economic value their offerings. In the book “The Experience Economy”, written by Pine and Gilmore (1999), the authors used coffee as a good example. If sold as a commodity with no differentiation, coffee beans will have a relatively low value in the market, but companies can increase value by roasting the coffee, grinding them and even selling them brewed in a coffee shop. This example shows how a product can be transformed from a commodity to a good and then to a service, adding economic value through this transformation and therefore raising prices, margins and profits. Furthermore, if served in a themed coffee shop or a five-star espresso bar, with a great ambience throughout the whole process of purchase, customers will be willing to pay even more for that same cup of coffee. In this case, the added value comes not from the coffee itself, but from the creation of a memorable experience for the customers (Pine & Gilmore, 1999).

Selling experiences is not a new concept. For Instance, the entertainment industry has always had experiences inside its core business. In fact, in service economy companies already make use of experience components to differentiate themselves from competitors and make better sales. Controversially, the authors defended that experiences are as different of an offering then services are from goods. To fully exploit the potential value of experiences, companies must intentionally design their offerings in order to stage an experience and engage customers in a personal, memorable way (Pine & Gilmore, 1998).

According to Gilmore and Pine (2002), the high growth in the experience sector of the economy is justified by the high quantity and quality of products and services in today's economy, creating difficulties for companies to differentiate themselves from others. The authors argued that, with many quality competitors, offerings have become commoditized, and adding value by selling experiences is the way to escape, what they call, “commoditization trap”.

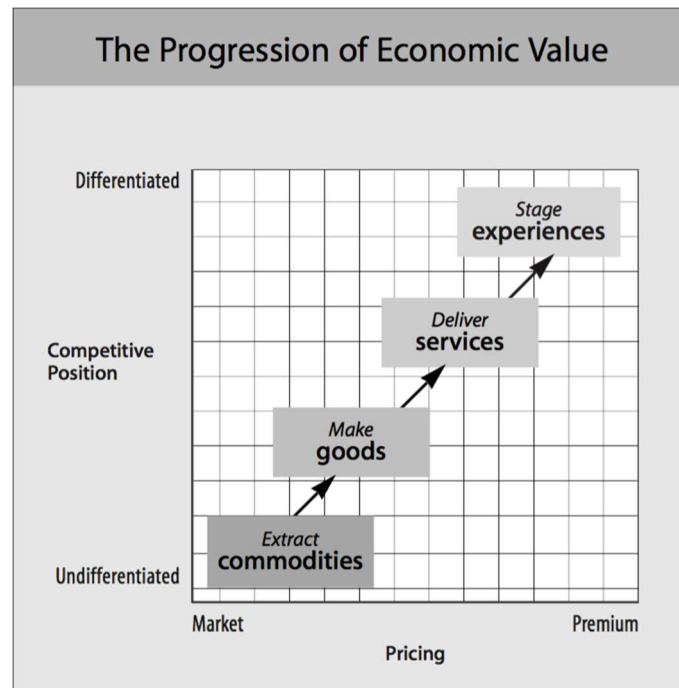


Figure 1 - The Progression of Economic Value (Pine & Gilmore, 1998, p. 98)

Products on the three economic sectors (commodities, goods and services) are created externally to the costumer, but experiences are built inherently within each person. This fourth economic sector offering exists only in the cognition of each individual “who has been engaged on an emotional, physical, intellectual, or even spiritual level” (Pine & Gilmore, 1998, p. 99). Consequently, experiences are a unique and personal phenomenon that cannot be imitated.

Although the differentiation through experience can bring great value for a business, the way to operationalize it is not well defined. Pine and Gilmore (1999) tries to conceptualize experiences, from a business perspective, as “events that engage individuals in a personal way” (p. 12). This perspective, proposes the idea that companies are able to intentionally create events that engage people’s emotions and values to create a memorable experience.

In an attempt to create a model for understanding experiences, the authors of “*The Experience Economy*” (Pine & Gilmore, 1999), suggested that there are two dimensions in which an individual/costumer can interact with the surroundings or to create an experience. The first dimension is the level of participation of the costumer in the activity/event. A person can either have an active participation, interacting with the surroundings, or a passive participation, in which case customers would act mostly as observers. The other dimension

is related to the type of connection that customers have with the experience. This relationship can be seen in one end as absorption, where participants act as recipients of the content presented in the event, such as in concert or a theater. In the other end of this dimension lays the immersion characteristic, in an immersive situation customer take part at the event, feeling, smelling and living the experience by themselves.

Confronting these two dimensions together, the authors were able to identify “the four realms of experience”. They believe that experiences can be classified as “Entertainment”; “Educational”; “Esthetic” and “Escapist”.

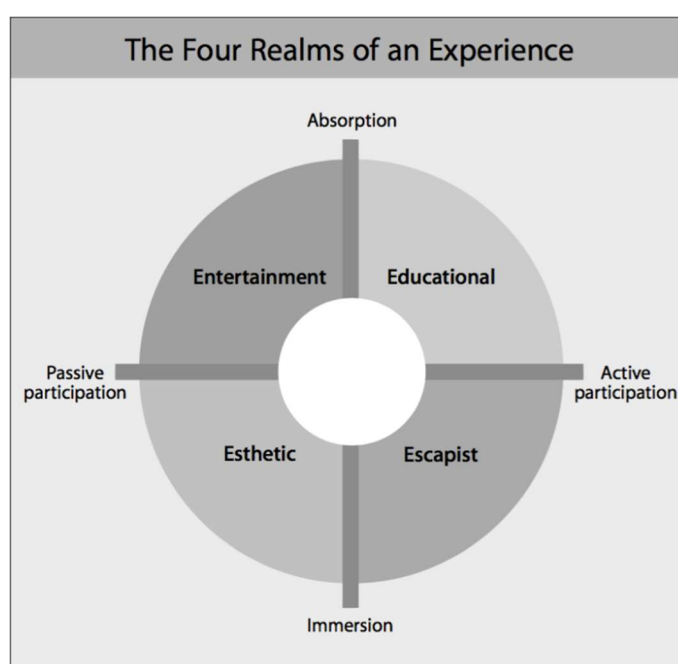


Figure 2 - The Four Realms of the Experience (Pine & Gilmore, 1998, p. 102)

In the “Absorption” end we find the realms of “Entertainment” and “Educational”. The “Entertainment” realm, relates to concerts, theaters, presentations where participation of the customer won’t affect greatly the event. In this realm, customer observe activities of others absorbing the contents presented in those activities. With a more active participation, lays the “Educational” realm. In this concept, customer act with the event to learn and develop knowledge. In activities such as cooking classes or art workshops, the desired outcome of learning can only be achieved through the engagement of participants in the activity.

In the “immersion” side of the connection dimension we find the realms “Esthetic” and “Escapist”. “Esthetic” focuses on experiences in which participants are immersed in the

surroundings but don't interact with it in a way that can transform the experience. Examples of activities within this realm are bird watching, admiring a beautiful beach or a park or even wonder around a city with interesting architecture. Meanwhile, the "Escapist" realm relates to experiences where customer actively interact with the people and the surroundings in which they are immersed, creating the sense of living a different life. In this form of experience, participants seek the feeling of being a different person than they are in their day-by-day life, forgetting about work, problems and time. Activities that fall in this category may include fishing trips, sports and camping for example.

Moreover, the model suggested that a higher value experience can be created combining aspects of the four realms, creating a "sweet spot" where the four realms meet, in which experience value is maximized. Conversely, business might benefit from focusing their effort in one or more specific realms. "Eventually, the most significant question managers can ask themselves is "What specific experience will my company offer? That experience will come to define their business." (Pine & Gilmore, 1998, p. 102)

With the experience economy, a new concept raises to attention. In the good and services economy, consumers seek quality within business offerings. Considering experiences, consumers seek an experience that is real, authentic. Authenticity plays an important role in experience offerings, staging an experience may not be as effective if customer don't really feel that the experience is real. The concept of the "authenticity paradox" (Pine & Gilmore, 2007), lays on the fact that "Individuals long for authenticity, but struggle with how to gain it. Businesses long to fulfill that need by selling authenticity, but cannot really provide it" (p. 89). Conversely, consumers may look at an inauthentic offer and yet perceive it as authentic. Therefore, Pine and Gilmore (2007) argues that in order to be successful in the experience economy, a business must learn how to render authenticity, to create the perception of a real experience.

2.2. The Experience Economy in Tourism

Although Pine and Gilmore proposed those principles to be applied to all industries and services, we believe that the experience economy approach is especially relevant to the tourism industry. The relationship between tourism and experience is inherent to the tourism industry. The primary focus of this industry has always been to provide tourists with the

opportunity to visit, see, enjoy different places living different cultures and lifestyles (Stamboulis & Skayannis, 2003).

In fact, all situations a tourist goes through while traveling can be seen as an experience. While the majority of tourists might still seek traditional touristic experiences, such as the 4S model (Sea; Sun; Sand and Sex) (Stamboulis & Skayannis, 2003), a portion of them is always seeking alternative forms of tourism (Lowry, 1993). For instance, evidence has shown a significant growth in sports related tourism in the past, either towards the practice of sports, such as the growth bicycle tourism (Ritchie, 1998), or even to watch sports events in different locations (Green & Chalip, 1998).

The search for new forms of tourism can be understood as a desire for different and authentic experiences. Such idea is illustrated by Sin (2009) in a research on volunteer tourism in South Africa. When describing travelers' motivations, the research states that:

“motivating factors for volunteer tourists were “to travel” rather than “to contribute” or volunteer. Volunteering in the local community was also but one of the many means of travelling to different destinations to “learn about local cultures” or to “go beyond superficial tour packages where you don’t see how people really live”” (Sin, 2009, p. 497)

This suggests that even volunteer tourists are motivated by the real, authentic, experience they lived rather than by the actual benefits they could provide to the host community.

Although experiences are already in the heart of tourism industry, the evolution towards the experience economy paradigm lays on the fact that business must intentionally design experiences, so they can be produced within consumers. “The novelty lies in the fact that ‘experience’ is designed, intentionally produced (staged), organized, foreseen, calculated, priced, and (often explicitly) charged for” (Stamboulis & Skayannis, 2003, p. 38). Companies must understand and designed the experience in order to promote relevant differentiation and add value to the business. “Innovative experience design will become an increasingly important component of tourism and hospitality firms core capabilities.” (Alistair, 2006, p. 493).

Hence, in order to generate competitive advantage in the experience economy, tourism

business must move past the simple offerings of products and services towards the offer of experiences, as market seems to demand (Mehmetoglu & Engen, 2011). To further understand the concept of experiences in tourism, different approaches can be found in the literature.

According to Pine and Gilmore (1999), experiences can be defined as “events that engage the individual in a personal way” (p. 12). This definition was used in the authors work, presented earlier in this chapter, where they proposed that experiences can be categorized within four realms (Escapist, Esthetic, Educational and Escapist), this model is also known as the 4Es of experience. Following the same basic concept, Aho (2001) proposed four essential cores of an experience as following: “Emotional experience”; “Informative experience”; “Practice Experience” and “Transformational experience”. While the first three cores can be easily understood, the forth, “Transformational experience”, relates to those experiences that can create “at least a rather permanent change in the state of mind or body or the way of life of the subject” (p. 34). The cited author goes further to define six resources tourists need to strengthen the experiences, the resources are: “Time”; “Money”; “Knowledge” (to evaluate and chose available experiences); “Skills” (to approach and self-contribute to experience); “Attitude” (“openness” towards new and unexpected things) and “Social network” for anticipation, delivery and sharing the experience. With this concept Aho (2001) suggested experiences as a processes with seven steps, as shown in Figure 3. Not every step in this process is necessary in an experience, but each further stage can represent a variation in the strength of the experience.

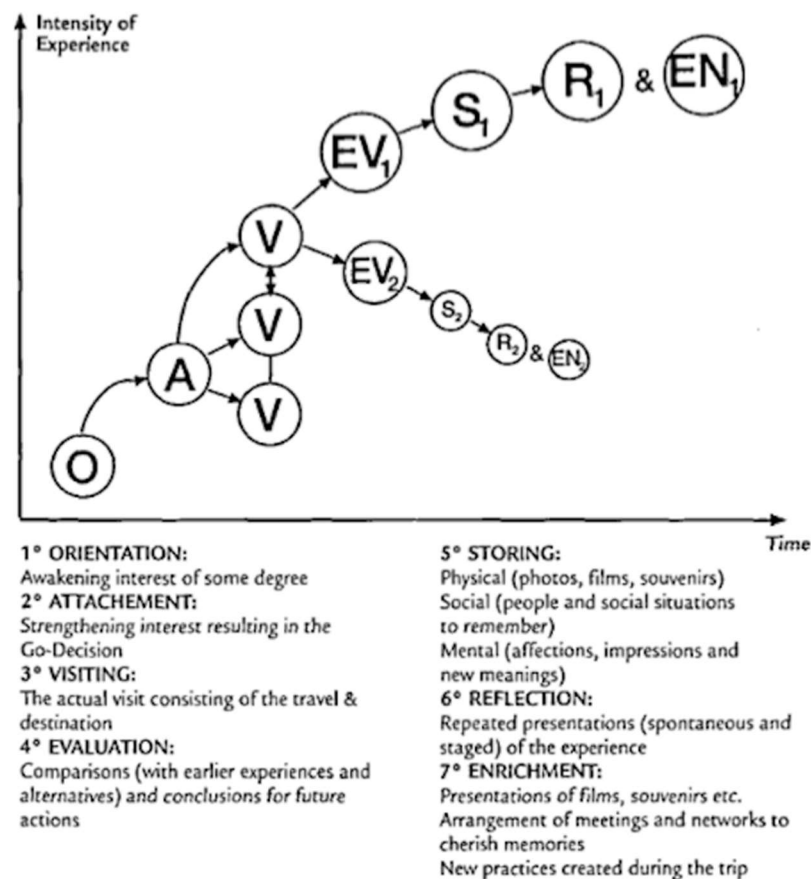


Figure 3 - The Stages of Experience (Aho, 2001, p. 36)

Mossberg (2007) (as cited in Mehmetoglu & Engen, 2011) evoked the idea that tourists seek not a regular but a meaningful experience (Pine & Gilmore, 1999), and suggested that extraordinary experiences may include six factors:

- 1) an active, dynamic process; 2) a strong social dimension, which often accompanies this process; 3) the integration of the components of meaning and a sense of joy; 4) the involvement resulting from absorption and personal control; 5) a process that is dependent on the context and an uncertainty associated with something new; and 6) an experience always interwoven with life satisfaction. (Mehmetoglu & Engen, 2011, p. 241)

Boswijk, Thijssen, and Peelen (2007) (as cited in Mehmetoglu & Engen, 2011) argues that one generates impressions from the interactions of its senses with the surroundings, and those impressions may lead to feelings such as joy or even fear. These emotional responses generated in the mind of each individual are responsible for the creation of a meaningful

experience. Therefore, the authors distinguish “experiencing” from “meaningful experiences” considering that the later “go beyond those that are merely memorable, and are related to the sum of our interactions with our environment and the lessons we learn from these during the process of experiencing”(Mehmetoglu & Engen, 2011).

Conversely, there is evidence to support that at least some tourists travel to experience what is already familiar to them. Those tourists usually engage in the same activities when on holidays that they would in their leisure time (Prentice, 2004). This suggests that there are at least a portion of tourists that would rather choose to spend their time experiencing the familiar than seeking for extraordinary experiences.

(Crick-Furman & Prentice, 2000) created a two-dimension value model to better understand the nature of tourist motivations. In this model, values can be categorized in one dimension as either Emotion-Dominant or Cognition-Dominant. The other dimension reflects whether values are Inner-Directed or Outer-Directed. As an example, the value “To learn something new” was categorized as Cognition-Dominant and Inner-Directed. Whereas “To be close to nature” represents an Emotion-Dominant, Outer-Directed value, as seen in Figure 4.

	Emotion-dominant	Cognition-dominant
Inner Directed	To relax and unwind; get back in touch with myself. Fun Excitement To indulge myself	To learn something interesting
Outer Directed	To be closer to nature To spend quality time with friends and family No hassle Freedom in wide open spaces	A safe place to holiday Somewhere well known so I can tell my friends. To learn about my own country

Figure 4 - Two Dimensional Model of Values (Crick-Furman & Prentice, 2000, p. 79)

This model of tourists motivations, may also elucidate the ideas behind what type of experience a tourist may seek, considering that “the so-called experiential dimensions are closely associated with visitors’ motives and reasons for visiting an attraction” (Mehmetoglu & Engen, 2011).

Another theory indicates that the value of an experience depends on the level of arousal of

tourist (Andersson, 2007). The author makes use of psychophysiology theories to defend the existence of an Optimum Arousal Level (OLA), that would maximize the value of an experience. Those theories indicate that there are two nervous systems working in opposite direction to adjust the arousal level. According to Andersson (2007):

The Behavioural [sic] Activation System (BAS) is reacting to potential rewards to increase the arousal level, whereas the Behavioural [sic] Inhibition System (BIS) is activated by fear and potential punishment to decrease the arousal level [...] this could mean that the prospect of daring to do the bungee-jump promises potential rewards like being proud of oneself [...]. This will activate the BAS and give a pleasant and exciting feeling all the way to the bridge. At the bridge, however [...] the BIS will get going and try to stop you from exposing you to this danger. (p. 50)

Furthermore, the study argues that the OLA is influenced by individual needs, and that human needs could be divided in three categories: “Basic needs” such as food, warmth, health, safety and sex; “Social Needs”, i.e. Belonging to a social group; and the “intellectual need for novelty, excitement and challenges”. Therefore, the value of an experience could be described as a “function of the individual need for basic, social and intellectual experiences in order to stimulate the arousal level at the time the experience takes place” (Andersson, 2007).

Schmitt (1999), proposed that experiences are composed of 5 different modules: *Sense*, *Feel*, *Think*, *Act* and *Relate*. The “*Sense*” module relates to the creation of sensory experiences, through touch, smell, taste and sound. The module “*Feel*” appeals to the emotions, while the “*Think*” component is related to a cognitive experience. “*Act*” module is linked to physical experiences, doing things in a different way, or living a different lifestyle. As for the “*Relate*” component, the author suggests that it may contain the aspects of all four other modules, while trying to reach beyond the person’s inner characteristics, appealing to the need of social perception of the individual. While looking from a different perspective, all modules but one, can be related to Pine and Gilmore’s four realms of experience. The “*Relate*” component do not appear to fit within the referred model. (Jurowski, 2009)

As can be observed, tourism experience construct can be understood through a variety of perspectives. The 4Es model has been one of the well-recognized framework to analyze the essence of experience and has been subject, in a small extent, of empirical examination. Oh

et al. (2007) proposes a measurement model for experiences within the 4Es. The research made with to bed-and-breakfast (B&B) accommodations also validated that the framework can be used to explain experience dimensions. Following the same idea, Jurowski (2009) researches the application of the framework in touristic activities in Verde Valley region in Arizona. Adapting the Oh et al. (2007) scale, Hosany and Witham (2010) investigates the 4Es in the cruise experience. Furthermore, Mehmetoglu and Engen (2011) examined how overall visitors satisfaction can be influenced by the proposed four realms of experience. The findings of these studies not only validated the 4Es frameworks, but also suggested that, as expected, the boundaries between different realms are fluid and that they are not mutually exclusive.

The structural measurement model proposed by, Oh et al. (2007) reached further beyond the measurement of the four experience dimensions, it included potential consequences of those experiences, namely: arousal; memory; overall quality and satisfaction. The data presented a moderate correlation among the experience constructs, and a moderate to high correlation between the consequence's constructs. Also, the findings in this research provides "evidence that the experience dimensions do have structural consistencies as proposed" (Oh et al., 2007, p. 127).

The correlation between the 4Es realms and the potential consequences were statistically significant, suggesting that the experience dimensions had, at least some, implications in the production of arousal, memory, satisfaction and quality perception. To further investigate this idea, a test of nomological validity was performed and revealed that "educational and esthetic experiences were significantly ($p < .05$) related to arousal" (Oh et al., 2007, pp. 126-127) while the significance of the relationship between entertainment realm and arousal was found marginal. The test has also shown a significant relationship between the esthetic dimension and all four consequences. Whereas the escapist dimension, despite what might be expected from tourism literature, did not show any significant contribution to guests' arousal, memory, satisfaction and quality. The study pointed that the relationship of experiences dimensions and plausible outcomes, such as overall quality, may be difficult to predict. The author argues that a possible reason for this is that "they may depend heavily on the salience of experience offerings of the target destination." (Oh et al., 2007) and that further research in different destinations should be done.

As suggested by Oh et al. (2007), the scale developed by them was used by Hosany and Witham (2010) as a way to operationalize the research to identify touristic experiences in a cruise ship. The data was collected while tourists waited for the onward transportation after a two-week cruise trip. The result of the analyses “indicate that cruisers’ experiences can be represented in terms of four dimensions. Data analyses indicate that the four realms of experience demonstrate adequate reliability and validity.” (Hosany & Witham, 2010, p. 359). Furthermore, the study was able to establish that Oh et al. (2007)’s measure scale can be used in different contexts.

However, related to the effect of the four dimensions in arousal, memory, satisfaction and quality, the findings of the research in cruise experiences were different than the ones in B&B. Even though the *Esthetic* dimension had still the most significant influence in the outcomes, now *Entertainment* dimension influence was the second more significant. The researchers argued that it occurred because entertainment plays a strong role in cruise vacation offerings, while is not a strong factor in B&B sector. Yet, this contributes to Oh et al. (2007)’s suggestion that the relationship between experience dimensions and the proposed outcomes are heavily influenced by offerings in different destinations.

Contributing to this idea, a similar empirical research in two different contexts in southern Norway, found that escapism and esthetics where the only two experience realms that affected satisfaction in the Ice Music Event, a winter-based event. While the satisfaction of Maihaugen Museum visitors, a year-round museum, were only affected by the dimensions of education and esthetics (Mehmetoglu & Engen, 2011).

Still relating to the research in cruise holidays, the introduction of a new variable as outcome should be mentioned. The “*Intention to recommend*” is a very important concept to promote word-of-mouth in tourism. The research tested overall satisfaction as a mediator between experiences and intention to recommend. The findings however showed that satisfaction can only partially mediate this relationship. The reason for that, may be related to the way satisfaction was measured. “Satisfaction was operationalized as a holistic and overall evaluation using a single item and as a result contains higher error variance. Future research should attempt to capture satisfaction using multi-item measures” (Hosany & Witham, 2010, p. 360).

With a different approach, Jurowski (2009) examined the 4Es based on a research of tourist

activities in Verde Valley region in Arizona. The “four realms of experience” model is built over two dimensions, and the realms share characteristics with each other, for example *Esthetic* and *Escapist* are both immersive experiences. Thus, the greatest differences between realms can be found in the pairs: *Entertainment/Escapist* and *Educational/Esthetic*, because those pairs do not share any common element within the framework. The research created a null hypothesis based on the “distance” between the different realms, two more hypotheses were created to test the mutually exclusiveness of the realms:

“H₁: Activities in a tourist destination cannot be classified in the four realms of experience (education, escapism, entertainment, esthetics). (...) H₂: Individuals that participate in escapism activities are not likely to participate in entertainment activities. (...) H₃: Individuals who participate in educational activities are not likely to participate in esthetic activities.” (Jurowski, 2009, p. 3)

Interviews were conducted with visitor of the Vale Verde area, where they were questioned about their participation and/or interest in different activities available in the region, each activity was categorized following the 4Es framework. After several steps executed to test the hypotheses, the research concluded that none of them were supported by the data.

Based on a factor analysis of the data, the results suggested that “tourist activities do have underlying commonalities that can be classified as escapism, education, esthetic and entertainment” (Jurowski, 2009). The findings also supported the expected concept that the realms of experience are not mutually exclusive.

2.3. Satisfaction in Backpackers Hostel

Hostels are usually understood as low cost accommodations options for budget travelers. The affordable prices are typically achieved through a different business model than mainstream hotels, such as the use of shared dormitories and different housekeeping strategies. However, the difference between a hostel and a hotel, involves more comprehensive factors. Hostels provide a more informal atmosphere, with more focus in the social factor, promoting interaction among guests and staff. The environment in a hostel, be it a the dormitory or common areas, offer a better opportunity for guests to meet other travelers, share travel information, places to visit, recommendations and also learn from

different cultures and experiences. (Brochado, Rita, & Gameiro, 2015)

This style of accommodation attracts a particular type of tourists that seek this special kind of experience, those tourists are commonly known as backpackers. Backpackers, are often referred as budget-travelers. However, this group is not easily defined economically or demographically. In the literature, they are often associated with a set of characteristics, such as having a preference for budget accommodation; a flexible travel schedule; aged between 20 to 24; a preference for informal and more participatory activities and usually travel for longer periods of time (Nash, Thyne, & Davies, 2006).

Nevertheless, backpacker tourists can present great differences among them. In the past years, different typologies of backpackers emerged. They differ essentially in age, wealth, time spent on travels, interests and occupation, creating an ever-growing number of subgroups. For instance, Traditional backpackers are usually “students on summer vacation or having a year’s gap” (Musa & Thirumoorthi, 2011, p. 104). For those travelers, the backpacking experience often represent a rite of passage, “a reversal of the everyday, a liminal state that marks the passage of young travelers into adulthood. On their return, they are expected to grow up, settle down and become respectable members of society” (Richards, 2015, p. 349). Wealthier professionals, more mature, constitutes another two subgroups, “backpackers plus” with preference for more comfortable hostels, and “flashpackers” that seek more luxurious accommodations (Musa & Thirumoorthi, 2011). The former is also known to make high use of technology and “maintain a constant connection to backpacker culture both on the road and virtually, often blurring the cyclical dichotomy between home and the road” (Paris, 2012, p. 1110).

Furthermore, the new forms of tourists in “backpacking travel” indicates that the low price is not the only reason backpacker chose this form of accommodation, in fact, the industry has seen the development of more upscale hostels, with private rooms, en suite bathrooms, and fancy designed common areas (Brochado et al., 2015), in an attempt to satisfy the needs of this emerging form of backpacking.

Based on backpackers’ characteristics, it is understandable that the decision process of booking a hostel, is very influenced by word-of-mouth, hostel reviews and recommendations. Moreover, it is expected that the perception of quality may influence the likelihood of a costumer to recommend or review a hostel.

In this sense, Chitty, Ward, and Chua (2007) tested whether the European Customer Satisfaction Index (ECSI) can be used to identify predictors of backpackers' perceived value of hostel services. Furthermore, the research evaluated perceived value's impact in customer satisfaction and loyalty. The predictors of perceived value tested were "Image", "Technical dimension", "Functional dimension" and "Price". "Image" relates to hostel image developed prior to the travel, in this case, the image was developed based on the Youth Hostel Association (YHA) standards expected in associated hostels. "Technical dimension", accounts for all tangibles in the service encounter, such as parking spaces, TV, laundry facilities, cleanliness and comfortable beds. "Functional dimension" is an intangible dimension which is related to way service is provided, such as friendliness of the staff, helpful staff, easy check-in and check-out. Lastly, "Price" can impact the perceived value because it influences consumer's expectations of image, quality and value.

In that research, 281 backpackers were questioned. The findings suggested that the functional dimension was the only item that did not show significant impact in perceived value. Conversely, the results show that functional dimension is significant to determine satisfaction. Additionally, perceived value was also found to influence backpackers' satisfaction, and the later was a predictor of loyalty. Interestingly, the data has also shown image as a predictor of satisfaction. The author argues that in an "experience-based" service such as hostel accommodations, few pre-purchase information is available, thus raising the risk in the decision-making process. Image influences expectation, therefore creating a significant impact in perceived value and satisfaction. (Chitty et al., 2007)

A good examination of hostel service quality can be provided by the analysis of service in well evaluated hostels. Accordingly, Musa and Thirumoorthi (2011) studied service quality perception of the Red Palm Hostel, located in Kuala Lumpur, Malaysia. In 2006, the Red Palm was recognized by Hostelworld (www.hostelworld.com) as "The Number One in Asia". Hostelworld is one of the leaders in hostel booking organization across the globe, having over 15,000 hostels in their portfolio (Musa & Thirumoorthi, 2011).

The authors performed a qualitative and quantitative research based on 192 costumer reviews in website and in-depth interviews with 18 hostel's guests. Both datasets resulted in similar results, having tangibles as the most frequently mentioned dimension, where "Facilities and Equipment", "Friendly and Welcoming Atmosphere", "Cleanliness" and

“Feel Like Home” where, in this order, the most important factors. In the online reviews, “Assurance” appeared as the second most important dimension, while the in-depth interviews found “Empathy” dimension as the second ranked. Although, they are two separate categories, both dimensions rely on staff characteristics to succeed. Most comments about “Assurance” related to hosts courtesy and knowledge. The staff is recognized as friendly, knowledgeable, polite, honest and willing to help. These factors are substantial to the ability of the hostel to help and satisfy customers’ needs. Regarding “Empathy”, customer perceived the staff as being sensitive to their needs and willing to put a lot of effort to help guests even with issues not related to the service itself. Another relevant factor was the personalized way guests were treated. Staff addresses the customer by name and presented a genuine interest about them, their culture and history. The other important dimension was “Responsiveness”, also related to staff attitude (Musa & Thirumoorthi, 2011).

Brochado et al. (2015) performed a qualitative research to identify key factors that influence backpackers' perception of service quality in a hostel. This was achieved analyzing hostel reviews in popular websites (Hostelworld.com, Hostelbookers.com, Hostels.com and Booking.com), and also with the interview of two heterogeneous groups in terms of age, gender and nationality.

The results of the qualitative research were then used as basis for the creation of a questionnaire to quantitative measure hostel quality perception and willingness to recommend. Then 220 guests were interviewed in hostels in Lisbon. The research demonstrated that service quality is a multidimensional concept. As such, six dimensions were found to significantly influence quality perception: “social atmosphere”, “location”, “staff”, “cleanliness”, “security” and “facilities”. Furthermore, the results suggested that social atmosphere had the most influence in quality perception. The strong social characteristic of backpackers indicates that “social experiences and the communal areas could enhance a unique social atmosphere” (Brochado et al., 2015, p. 1851).

Another interesting finding of this research is the impact of staff evaluation in the “willingness to recommend” and “overall quality”. The researchers found that a staff that is polite, provide individualized attention and put effort in helping guests, may play a significant role in hostel quality perception and word-of-mouth, which are key factors for hostel business. These results are similar to the one found by Musa and Thirumoorthi (2011) and

contribute to the understanding of the “importance of the staff to enhance the overall hostel experience seems to be a robust result for hostels, independently of their geographical location” (Brochado et al., 2015, p. 1852).

3. Methodology, Data and Models

In the light of the 4Es model (Pine & Gilmore, 1998), the objective of this study was to verify whether meaningful experiences and perceived quality can increase the odds of customers issuing positive recommendations about hostel accommodations.

In order to achieve this objective, a quantitative study was performed using computational tools to collect, clean and analyze the data, namely: Google Forms; AzureML Studio and SPSS respectively.

3.1. Sampling and Data Collection

In this study, data was collected using a web-based survey, where a questionnaire (Attachment 1) was shared among social media (Facebook) groups on 2018. In order to gather more data, the survey was shared one more time on 2020. A convenience sampling procedure was used. The groups were conveniently selected based on their discussion topics, targeting, but not limited to, groups of travelers, backpackers, digital nomads and exchange students.

In this method of web-based survey, the decision to take part in the survey relies solely in each individual, and it can be particularly useful to “facilitate access to individuals who are difficult to reach” (Fricker, 2008, p. 205). The web survey method was chosen for its design simplicity, accessibility and population reach (Orr, 2005).

3.2. Questionnaire design

The questions were designed to gather relevant information regarding hostels’ overall quality and the experience that respondents had during the consumption of the services. Participants were instructed to consider the last hostel they used as accommodation. The questionnaire also included questions related to their travel motivations and demographics information.

To collect data about hostels overall quality, this research used the same scale used by Hostelworld.com to rank the properties. It measures 7 aspects of hostel quality, evaluated in a five-point rating scale. The items measured were “Atmosphere”; “Security”; “Location”; “Staff”; “Cleanliness”; “Facilities” and “Value for Money”. Similar scales are used by several other hostel booking websites. Hostelworld.com is the leading online travel agency focused

on hostels, with operations on more than 179 countries and over 13 million costumer reviews (Hostelworld.com, 2019).

In order to measure Pine and Gilmore experiential dimensions, this survey used the experience economy measurement scale proposed by Oh et al. (2007). Respondents were asked to indicate their level of agreement with 24 statements, using a seven-point Likert scale, ranging from 1 (strongly disagree) to 7 (strongly agree). Each statement was designed to be closely related to one of the four realms of experience. Hence, each experience dimension (Entertainment, Educational, Esthetic and Escapism) was measured by 6 of those statements, as seen on Figure 5.

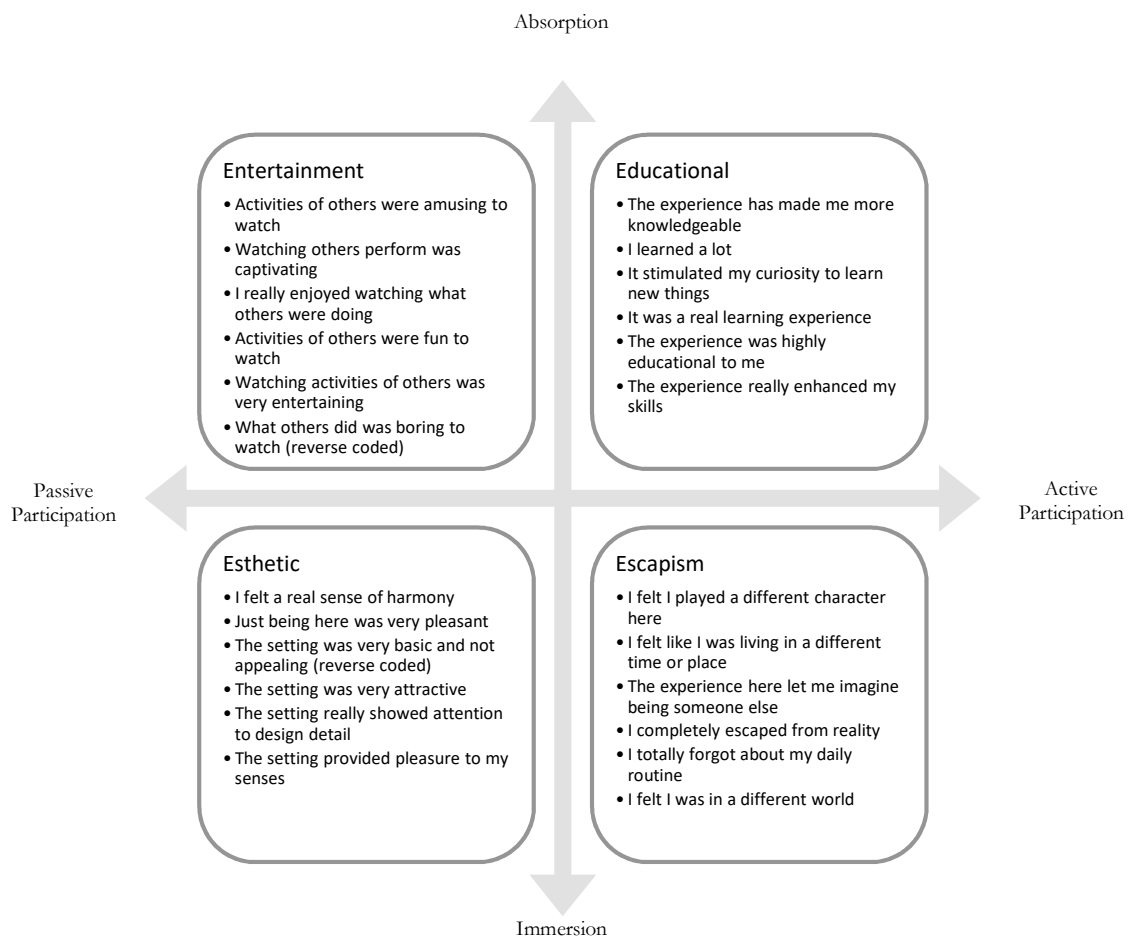


Figure 5 – Experience Economy Measurement Items

Finally, the participants answered whether they intended to recommend or have recommended the hostel over the internet. This item is the binary response variable of the logistic regression model in this study.

3.3. Models for Data Analysis and Hypotheses

In this study, Azure ML (2015) was used to clean and prepare the data. Cases with missing values in the hostel rating and experience measurements, and duplicates were excluded. The data was then imported to IBM SPSS Statistics (2019) to be analyzed.

According to what is used by the online travel agencies, a new variable, 'HR' (Hostel Rating), was computed. The value of this new variable corresponds to the mean score of the seven items used to measure hostels' quality, namely: "Atmosphere"; "Security"; "Location"; "Staff"; "Cleanliness"; "Facilities" and "Value for Money".

A principal component analysis (PCA) was performed, using a varimax rotation, to reduce the number of variables from 24 to a smaller number of factors. The PCA aimed to group correlated variables, into meaningful underlying constructs that should represent the four experience dimensions suggested by the literature: Educational; Entertainment; Escapism and Esthetic.

Subsequently, one new variable was created for each dimension. The scores of the dimensions were computed by IBM SPSS Statistics. The software calculates regression like coefficients to weight the original variables and generate the components score. This method provides a high correlation between factors and factor scores (Tabachnick & Fidell, 2013).

Using a reliability analysis, the Cronbach's alpha and the item-total correlation of the items within each of the factors were assessed to test for internal consistency.

The literature review shows that attributes like 'cleanliness', 'atmosphere' and 'staff' can be significantly important to promote satisfaction and perceived quality in hostel accommodations (Brochado et al., 2015; Musa & Thirumoorthi, 2011). In this sense, the hostel rating variable (HR), which is essentially a combination of those attributes, can be considered a strong candidate to predict willingness to recommend. In this case, considering the binary nature of the response variable, a sequential logistic regression model is considered a good choice, as it lets the researcher choose the order in which each variable will entry the model (Tabachnick & Fidell, 2013). To verify whether the experiential dimensions can further improve the probability of recommendations, a sequential logistic regression was done in two steps. First, only the hostel rating variable was considered as predictor. Second,

all four experience dimensions variables were added to test for model improvement.

The full logistic regression model can be described as follows:

$$\ln\left(\frac{P(WR = 1)}{P(WR = 0)}\right) = \beta_0 + \beta_1 HR + \beta_2 Edu + \beta_3 Ent + \beta_4 Esc + \beta_5 Aest$$

Equation 3.1 – Logistic regression model

Where WR is a binary response variable, assuming 1 if costumers intend to recommend the hostel and 0 otherwise; ' HR ' is the overall hostel rating and ' Edu ', ' Ent ', ' Esc ', ' $Aest$ ' are the experience constructs extracted by the PCA, Educational, Entertainment, Escapism and Esthetic, respectively.

As mentioned before, the purpose of this study is to answer whether Hostel Rating and the four realms of experience can be used to predict consumers' willingness to recommend. This, leads to the creation of two main hypotheses to be tested.

The first Hypothesis (H_1) to be tested by this model, states that Hostel Rating has a positive impact in willingness to recommend. Therefore, it considers that the coefficient (β_1) associated with ' HR ' is significantly higher than zero.

The second hypothesis (H_2) considers that at least one of the experience variables are able to positively influence the response variable. Hence, at least one of the coefficients associated with the four experience variables is significantly higher than zero.

The hypotheses can be written as following:

H_1 : "Hostel rating" do positively influence willingness to recommend;

H_2 : "consumer experiences" do positively influence willingness to recommend.

With this procedure, this study was able to verify whether consumers' perception of quality and experiences, as described by Pine and Gilmore (1998), can improve willingness to recommend, hence, be used by hostel businesses as means of differentiation.

4. Descriptive Statistics and Results

4.1. Demographics

The data used in this study was collected between 2018 and 2020. The survey method was able to reach a fair amount of nationalities, with a total of 222 respondents from over 40 different countries. The sample demographics are shown on Table 1. As expected, the respondents were predominantly young, with 50.2% aged between 21 to 26 years old, and a few over 36 (6,4%).

Table 1 – Demographics

Variable	Category	Frequency	Valid Percent	Distribution
Age	Under 20	21	9,5	Mean = 26,41 Median = 26 Std. Dev. = 5,176
	21-23	55	24,9	
	24-26	56	25,3	
	27-29	29	13,1	
	30-32	33	14,9	
	Over 32	27	12,3	
Gender	Female	122	55	
	Male	97	43,7	
	Other / Prefer not to say	3	1,4	
Nationality	Brazil	42	18,9	
	Italy	16	7,2	
	Germany	15	6,8	
	Turkey	15	6,8	
	France	11	5,0	
	United States	10	4,5	
	Belgium	6	2,7	
	Greece	6	2,7	
	Other	101	46,2	
Marital Status	Single	143	64,4	
	Boyfriend/Girlfriend	48	21,6	
	Living with another	14	6,3	
	Married	13	5,9	
	Other	4	1,9	
Highest Level of Education	Less than High School	3	1,4	
	High School	19	8,6	
	College incomplete	26	11,7	
	Bachelor's Degree	120	54,1	
	Master's Degree	50	22,5	
	Doctorate Degree	1	0,5	
Occupation	Other	3	1,4	
	Student	96	43,2	
	Employed for wages	59	26,6	
	Out of work	21	9,5	
	Self-employed	19	8,6	
	Gap Year	15	6,8	
	Other	12	5,4	
Monthly income in U.S. dollars?	Under \$1.000	104	46,8	
	\$1.000 - \$1.999	54	24,3	
	\$2.000 or more	40	18,2	
	Would rather not say	24	10,9	

Regarding their educational level, a large proportion have a bachelor's degree or higher (77.1%) and 43.2% are still students. In terms of monthly income, 71.1% earns less the two thousand dollars per month. The majority of the participants where females (55%), and 64.4% were single.

4.2. Travel characteristics

The characteristics of the travels during the experience at the hostels can be seen on Table 2. Regarding the travel party size, 40.5% of the respondents were travelling alone, and 28.8% were travelling with only one more person. The average number of days spent on the trip was 13.6 (std. 10.7), in which an average of 6.3 days (std. 7.4) were spent at the hostel that was evaluated. The most frequent motivations for traveling were ‘to learn about a different culture’ (66.2%); ‘to relax’ (49.5%) and ‘to escape from life back home’ (47.3%). The travelers also presented a preference for using hostels as accommodation during their travels (with a median of 4 in a 1-5 scale).

Table 2 – Travel Characteristics

Variable	Category	Frequency	Valid Percent	Distribution
What are the main motivations for the trip?	To learn about a different culture	147	66,2	
	To relax	110	49,5	
	To escape from life back home	105	47,3	
	To enjoy nice beaches and weather	75	33,8	
	To Party	65	29,3	
	To take pictures in picturesque scenery	55	24,8	
	To visit friends and family	39	17,6	
	Others Motivations	27	12,2	
Travel party Size	I'm traveling alone	90	40,5	Mean = 2,24 Median = 2 Std. Dev. = 1,46
	2	64	28,8	
	3	29	13,1	
	More than 3	39	17,6	
How often do you choose hostels as accommodation? (1-5 Scale)	Mean =	3,7	Std. = 1,1	
	Median =	4		
Number of vacation days in this trip	Mean =	13,6	Std. = 10,7	
	Median =	10		
Number of days staying at the hostel	Mean =	6,3	Std. = 7,4	
	Median =	4		

4.3. Measurement Items and Underlying Dimensions

The dataset used in the logistic regression was composed by 32 items divided in three main categories: 7 hostel quality items; 24 Likert items related to experience dimensions and finally one binary response variable, willingness to recommend. In order to reduce the number of variables in the data set, two steps were performed.

First, all hostel quality items were grouped into one new variable (HR - Hostel Rating). The new value was calculated using the mean of the seven variables. The descriptive statistics of the hostel quality items can be seen on Table 3.

Table 3 – Hostel Rating Descriptive Statistics

Dimensions	Hostel Quality Items	Mean (Std. Dev.)	Corrected Item-Total Correlation	Cronbach's Alpha
Hostel Rating	Atmosphere	3,59 (1,06)	0,664	0,887
	Security	3,39 (1,12)	0,636	
	Location	3,89 (0,95)	0,600	
	Staff	3,61 (1,13)	0,713	
	Cleanliness	3,39 (1,15)	0,696	
	Facilities	3,37 (1,05)	0,782	
	Value for Money	3,78 (1,02)	0,662	

The test for internal consistency of the new variable was successful, with Cronbach's alpha of 0.887. The hostels rating variable had a mean score of 3.58 (std. 0.83), ranging from 1.29 to 5.

In the second step on reducing the number of variables, a principal component analysis (PCA) was performed on 24 Likert items related to the experience dimensions. Five factors were extracted using eigenvalue equal or greater than one, explaining 81.25% of the variance. In the light of Oh et al. (2007) research, a reliability analysis for each expected dimension was also conducted. Two items were found to have a very low item-total correlation (<0.105) within their respective expected scale. Inspecting the factor loading, these two items did not present a meaningful interpretation and were dropped to improve the model. The PCA Results can be seen on Appendix B.

With the remaining Likert items, the PCA presented a KMO (Kaiser-Meyer-Olkin Measure of Sampling Adequacy) of 0.939 and a less than 0.005 significance in the Bartlett's test of sphericity, indicating that the factor analysis may be useful for this dataset. Four underlying dimensions were identified, explaining 81.26% of the variance. Descriptive statistics are shown on Table 4.

As expected, the components were clearly identified as the four experience dimensions, using a cutoff value of 0.45. The literature suggests that factor loadings above 0.32 are interpreted, but can be considered poor. Comrey and Lee (1992) suggests that loadings above 0.63 are considered very good, and are excellent above 0.71. The factor loadings for each dimension, ranged between 0.631 to 0.881.

The test for internal consistency of the dimensions was also successful, with Cronbach's alpha ranging between 0.901 to 0.968.

Table 4 – Experience Dimensions Descriptive Statistics

Dimensions	Items	Mean (Std. Dev.)	Factor Loadings	Corrected Item-Total Correlation	Cronbach's Alpha
Educational	The experience has made me more knowledgeable	4,84 (1,71)	0,838	0,885	0,968
	I learned a lot	4,66 (1,73)	0,881	0,935	
	It stimulated my curiosity to learn new things	5,00 (1,74)	0,836	0,878	
	It was a real learning experience	4,59 (1,86)	0,869	0,916	
	The experience was highly educational to me	4,20 (1,78)	0,878	0,914	
	The experience really enhanced my skills	4,14 (1,73)	0,788	0,845	
Esthetic	I felt a real sense of harmony	4,59 (1,68)	0,631	0,778	0,938
	Just being here was very pleasant	4,97 (1,70)	0,747	0,836	
	*The setting was very basic and not appealing (reverse coded)	-	-	-	
	The setting was very attractive	4,57 (1,58)	0,813	0,867	
	The setting really showed attention to design detail	4,30 (1,60)	0,812	0,828	
	The setting provided pleasure to my senses	4,36 (1,63)	0,781	0,858	
Entertainment	Activities of others were amusing to watch	4,28 (1,71)	0,757	0,85	0,968
	Watching others perform was captivating	4,05 (1,66)	0,770	0,904	
	I really enjoyed watching what others were doing	4,12 (1,66)	0,839	0,925	
	Activities of others were fun to watch	4,20 (1,70)	0,818	0,932	
	Watching activities of others was very entertaining	4,10 (1,70)	0,838	0,932	
	*What others did was boring to watch (reverse coded)	-	-	-	
Escapism	I felt I played a different character here	3,29 (1,70)	0,684	0,592	0,901
	I felt like I was living in a different time or place	3,92 (1,75)	0,817	0,799	
	The experience here let me imagine being someone else	3,68 (1,76)	0,794	0,734	
	I completely escaped from reality	3,81 (1,77)	0,865	0,817	
	I totally forgot about my daily routine	4,45 (1,81)	0,700	0,672	
	I felt I was in a different world	4,13 (1,75)	0,774	0,777	

*Item was dropped to improve the model, and excluded from all calculations and descriptive statistics

Finally, factor scores were calculated by the software using a regression method creating a new variable for each one of the four factors (*'Edu'*, *'Ent'*, *'Esc'* and *'Est'*), Each of them representing one of the four experience dimensions.

Regarding the Willingness to Recommend, out of the 222 travelers, 144 (64.5%) were willing to recommend the hostel.

Table 5 – Willingness to Recommend

Response Variable		Frequency (Percent)	
Willingness to Recommend	No	78	(35,1)
	Yes	144	(64,9)

4.4. Logistic Regression

To test the proposed hypotheses, a sequential logistic regression analysis was performed using ‘Hostel Rating’ and the four experience variables (‘Entertainment’, ‘Educational’, ‘Esthetic’ and ‘Escapism’) as predictors of ‘willingness to recommend’, where ‘Hostel Rating’ is the average score of the hostel quality items, and the four experience variables were calculated using the factor scores (regression method) from the PCA. The results of the model are shown in Table 6.

Table 6 – Model Results and Statistics

Model fit statistics								
	-2 Log likelihood	Nagelkerke R ²	Hosmer and Lemeshow Test					
			χ^2	df	Sig.			
Partial model	266.276	0.127	7.395	8	0.495			
Full Model	241.242	0.261	7.998	8	0.434			
Likelihood-ratio χ^2 - test (Omnibus Tests of Model Coefficients)								
	Variables Included	χ^2	df	Sig.				
Block 1	Hostel Rating	21,560	1	0.000				
Block 2	Educational	25,034	4	0.000				
	Entertainment							
	Educational							
	Esthetic							
Model	All Variables	46,594	5	0.000				
Logistic Regression Results								
	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
Hostel Rating (<i>HR</i>)	0,455	0,218	4,362	1	0,037	1,576	1,028	2,414
Educational (<i>Edu</i>)	0,43	0,161	7,178	1	0,007	1,537	1,122	2,106
Entertainment (<i>Ent</i>)	0,455	0,16	8,097	1	0,004	1,577	1,152	2,158
Escapism (<i>Esc</i>)	0,218	0,163	1,794	1	0,180	1,244	0,904	1,713
Esthetic (<i>Est</i>)	0,532	0,172	9,551	1	0,002	1,702	1,215	2,386
Constant	-0,886	0,78	1,291	1	0,256	0,412		
Model if Item Removed								
	Model Log Likelihood	Change in -2 Log Likelihood	df	Sig. of the Change				
Hostel Rating (<i>HR</i>)	-122,822	4,403	1	0,036				
Educational (<i>Edu</i>)	-124,249	7,256	1	0,007				
Entertainment (<i>Ent</i>)	-124,827	8,412	1	0,004				
Escapism (<i>Esc</i>)	-121,519	1,795	1	0,180				
Esthetic (<i>Est</i>)	-125,657	10,073	1	0,002				

There was no multicollinearity among the predictors, and no issues with the linearity of the

logits were found using the Box-Tidwell approach (see Appendix B) (Tabachnick & Fidell, 2013).

Classification rates of the full model are presented in Table 7. Correct classification rates were 72.8% for no intention to recommend, and 74,3% for a positive intention. 73.4% of the respondents were correctly classified regarding their willingness to recommend the hostel.

Table 7 – Classification of the Logistic Regression

Classification of the full model				
	Observed	Predicted		Percentage Correct
		No	Yes	
Willingness to Recommend	No	56	22	72.8%
	Yes	37	107	74.3%
		Overall Percentage		73.4%

Considering the coefficients of the predictors, the logistic regression can be written as follows:

$$\ln\left(\frac{P(WR = 1)}{P(WR = 0)}\right) = -.886 + .455 \times HR + .43 \times Edu + .455 \times Ent + .218 \times Esc + .532 \times Aest$$

Equation 4.1 – Resulting Logistic Regression Equation

The coefficients in this equation can be interpreted as the natural log of the odds ratio associated to each predictor (odds ratio = e^{β}), meaning that for each unitary change in the variable, the odds of a positive outcome will be multiplied by e^{β} , given all other variables remains unchanged (Tabachnick & Fidell, 2013). For an easier interpretation, the values of the odds ratios (e^{β_i}) are given on Table 6 as EXP(B). In this sense, the logistic regression shows that for each unitary change in the hostel rating, the odds of a traveler recommending the hostel are multiplied by 1.576, in other words, the odds are increased by 57.6%. Regarding the experience dimensions, Escapism odds-ratio was 1.244 and had a p-value of 0.180, it was the only independent variable found not significant at significance level of 0.05. All other experiential factors were statistically significant for $\alpha=0.05$. The predictor with the highest odds ratio was Esthetic, with an EXP(B) value of 1.702, followed by the Entertainment dimension (1.577), Educational (1.537).

4.5. Findings and Discussion

As one can observe on the results of the logistic regression, the coefficients of the predicting variables are fairly similar to each other, implying that those variables have a similar influence in predicting willingness to recommend.

As expected, “Hostel Rating” presented an EXP(B) value of 1.576, and the 95% confidence interval did not include the unitary value, indicating that, for a significance level of 0.05, this construct has a positive influence in predicting traveler’s intention to recommend the hostel. Hence, the first hypothesis (H₁) was not rejected.

Three of the experience variables also presented an EXP(B) larger than one, and the 95% confidence interval did not include the unitary value. Indicating that the Educational, Entertainment and Esthetic constructs do positively influence willingness to recommend for $\alpha=0.05$. Consequently, the second hypothesis (H₂) cannot be rejected, although it is important to point out that the Escapism dimension was not found significant at a 0.05 significance level.

The Esthetic dimension, was found to be the most significant one, and had the highest influence in the odds of recommendations, followed by the entertainment and educational dimensions. Nevertheless, the importance of the educational and entertainment aspects of an experience should not be neglected. Indeed, learning about a different culture was the most frequent reason for travelling found in this research.

It is important to point out that ‘To escape from life back home’ was also one of the main travel motivations found in this research, controversially, the escapism dimension, was not found to be significant in predicting travelers’ willingness to recommend.

These results are similar to what was found in previous studies. Hosany and Witham (2010) on cruise ship vacations, found the esthetic dimension as the strongest predictor of satisfaction and willingness to recommend, followed by entertainment, educational and escapism, where the last two were not found statistically significant. Furthermore, Oh et al. (2007) research on satisfaction in Bed & Breakfast business, also found the Esthetic dimension as the strongest predictor of satisfaction, however, the educational dimension was the second strongest. The entertainment, and escapism dimensions were not significant.

Another relevant finding from this research, is that the comparison of likelihood-ratio between the full and partial models was found significant ($\chi^2 = 25.034$; $df = 4$; $p\text{-value} = 0.000$), meaning that the full model, with the addition of the experiential variables, was significantly better in predicting travelers' intention to recommend. This shows that experience dimensions have a positive impact on willingness to recommend while hostel rating is kept constant. This finding may be seen as evidence that consumers' experiences in hostel business can further improve the intention to recommend, among hostels with the same ratings. Consequently, suggesting that the experiences do constitute means of differentiation among similarly ranked hostels.

5. Conclusions and implications

At this point, a set of relevant studies in the field of experience economics within the tourism industry, tourist satisfaction in hostel sector and backpackers profiling have been published.

Multiple perspectives about the touristic experience construct were presented. Although they provide different approaches of consumer experiences in tourism, the constructs can be seen as complimentary towards a better understanding of how experiences are produced, and used as means of differentiation in a highly competitive market. Yet, it is agreed that experiences are personal, and produced within each individual. In this sense, businesses can only create the means for an experience to occur. Customers are co-producers of their own experiences using their own resources and the influence of their personal motivations, characteristics and situational factors.

The literature suggests that the consumers' experience have a significant impact in their satisfaction and perceived quality of a business, increasing the customer's willingness to recommend that business to others. Also, the experiences within the tourism industry and can be successfully described using the 4Es model. However, the literature lacks evidence of the applicability of the 4Es model towards hostel accommodations.

Within the hostel sector, the high number well ranked hostels around the globe suggests that hosteling services became commoditized. Meaning that businesses may not be able to differentiate themselves by the quality of their services. The findings in this research can be seen as new evidence to support that experiences can also be used by hostel businesses as a differentiation tool, as suggested by Pine and Gilmore (1998). Furthermore, the creation of experiences, can be considered a good mechanism in promoting online word-of-mouth and recommendations.

From a practical point of view, this research suggests that hostels' managers, could rely on the creation of an environment or events, that engage travelers in a personal way, in order to generate meaningful experiences. Therefore, differentiating themselves from others and generating positive recommendations. The four realms of experience model, can be used by businesses as a conceptual tool to help businesses' in the creation of those experiences. Further, the measurement scale proposed by Oh et al. (2007) can be used to evaluate the experiences, helping in managers' decisions.

Although the sample in this research had a global reach, with respondents from various countries, the results presented in this study should be taken with caution. A convenience sampling method was used targeting social media active travelers, and therefore its generalizability may be limited.

The growth in backpackers' population, presents an opportunity for hostels and services providers in tourism destinations. Also, the emerging sub-groups in this segment indicates that business should continuously adapt their offering to match market demands. Perhaps, this may present an opportunity for future research regarding the experience economy in this segment, further investigating what kind of experiences are more meaningful to those sub-groups.

Appendix A – Multicollinearity and linearity of the logits

To test for multicollinearity between the independent variables in the model, an indicator called Variance Inflation Factors (VIF) was used. VIF is used to quantify how much of the variance of predictor's coefficients are inflated, due to correlation among those predictors. A VIF higher than five is considered an indication of a high correlation, and can represent that multicollinearity is an issue (Daoud, 2017). The results of a collinearity test showed that VIF values for all predictors were close to one, indicating absence of multicollinearity. The values were: HR (1.313); Edu (1.040); Ent (1.054); Esc (1.001) e Est (1.218).

In order to evaluate the linearity between the predictors and the logit transformation of the dependent variable (an assumption of the logistic regression method), a Box-Tidwell test was used. In this approach, a new variable is computed for each predictor by calculating the natural logarithm of the predictor plus a constant (to ensure the values are larger than zero). Interactions between each predictor and their respective natural log were added to the logistic regression. As none of the interactions had a significant value in the model, the assumption of linearity was not violated (Tabachnick & Fidell, 2013). The results of this model are shown at the table below.

Box-Tidwell Test							95% C.I. for EXP(B)	
	B	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Hostel Rating	-.4,613	,5,326	,750	1	,386	,010	,000	338,873
Educational	-,001	,472	,000	1	,999	,999	,396	2,519
Entertainment	,499	,463	1,162	1	,281	1,647	,665	4,082
Escapism	-,801	,695	1,328	1	,249	,449	,115	1,753
Esthetic	1,024	,503	4,146	1	,042	2,785	1,039	7,462
Hostel Rating by HR_LN	2,071	2,175	,907	1	,341	7,936	,112	563,379
ENT_LN by Entertainment	-,077	,382	,040	1	,841	,926	,439	1,956
EDU_LN by Educational	,346	,390	,787	1	,375	1,414	,658	3,036
ESC_LN by Escapism	,833	,539	2,394	1	,122	2,301	,801	6,612
EST_LN by Esthetic	-,417	,396	1,112	1	,292	,659	,303	1,431
Constant	1,943	3,292	,348	1	,555	6,982		

Appendix B – Principal Component Analysis

A principal component analysis (PCA) was performed on 24 Likert items related to the experience dimensions.

KMO and Bartlett's Test

Kaiser–Meyer–Olkin Measure of Sampling Adequacy.		,933
Bartlett's Test of Sphericity	Approx. Chi-Square	5817,117
	df	276
	Sig.	,000

Total Variance Explained

Component	Total	Initial Eigenvalues		Rotation Sums of Squared Loadings		
		% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	12,036	50,150	50,150	5,532	23,049	23,049
2	2,831	11,794	61,945	4,453	18,555	41,604
3	2,116	8,816	70,761	4,111	17,128	58,732
4	1,320	5,502	76,262	3,776	15,733	74,465
5	1,197	4,986	81,249	1,628	6,784	81,249
6	,761	3,171	84,420			
7	,541	2,252	86,672			
8	,414	1,726	88,398			
9	,370	1,540	89,938			
10	,342	1,427	91,365			
11	,287	1,196	92,560			
12	,232	,966	93,526			
13	,210	,877	94,403			
14	,199	,828	95,231			
15	,185	,769	96,000			
16	,167	,697	96,696			
17	,156	,649	97,345			
18	,130	,541	97,887			
19	,123	,511	98,398			
20	,107	,446	98,844			
21	,081	,336	99,180			
22	,076	,318	99,497			
23	,067	,278	99,776			
24	,054	,224	100,000			

Extraction Method: Principal Component Analysis.

Five factors were extracted using eigenvalue equal or greater than one, explaining 81.25% of the variance. In the light of Oh et al. (2007) research, a reliability analysis for each expected dimension was also conducted.

Escapism:

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
I felt I played a different character here	20,00	56,525	,592	,469	,904
I felt like I was living in a different time or place	19,37	51,420	,799	,679	,874
The experience here let me imagine being someone else	19,61	52,682	,734	,594	,883
I completely escaped from reality	19,48	50,821	,817	,706	,871
I totally forgot about my daily routine	18,84	53,476	,672	,599	,893
I felt I was in a different world	19,16	51,874	,777	,684	,877

Entertainment:

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Activities of others were amusing to watch	21,05	46,414	,815	,743	,876
Watching others perform was captivating	21,27	45,929	,870	,822	,867
I really enjoyed watching what others were doing	21,21	45,317	,903	,874	,862
Activities of others were fun to watch	21,13	44,563	,918	,890	,859
Watching activities of others was very entertaining	21,23	44,612	,913	,902	,860
What others did was boring to watch (reverse coded)	20,76	63,198	,099	,036	,968

Esthetic:

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
I felt a real sense of harmony	22,23	40,506	,726	,668	,840
Just being here was very pleasant	21,86	38,776	,815	,742	,823
The setting was very basic and not appealing (reverse coded)	22,80	53,698	,103	,061	,938
The setting was very attractive	22,26	39,395	,856	,769	,818
The setting really showed attention to design detail	22,53	40,106	,799	,775	,827
The setting provided pleasure to my senses	22,47	39,146	,839	,789	,820

Educational:

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
The experience has made me more knowledgeable	22,59	67,836	,885	,849	,963
I learned a lot	22,77	66,341	,935	,897	,957
It stimulated my curiosity to learn new things	22,42	67,675	,878	,785	,963
It was a real learning experience	22,83	64,909	,916	,855	,959
The experience was highly educational to me	23,23	66,187	,914	,862	,960
The experience really enhanced my skills	23,29	68,579	,845	,753	,967

Rotated Component Matrix^a

	Component				
	1	2	3	4	5
The experience has made me more knowledgeable	,844				
I learned a lot	,887				
It stimulated my curiosity to learn new things	,845				
It was a real learning experience	,874				
The experience was highly educational to me	,883				
The experience really enhanced my skills	,793	,309			
I felt a real sense of harmony	,385	,411		,575	
Just being here was very pleasant	,428	,305		,696	
The setting was very basic and not appealing (reverse coded)				,304	,677
The setting was very attractive	,334			,807	
The setting really showed attention to design detail				,828	
The setting provided pleasure to my senses		,411		,794	
Activities of others were amusing to watch		,744		,388	
Watching others perform was captivating		,770		,379	
I really enjoyed watching what others were doing		,849			
Activities of others were fun to watch		,828			
Watching activities of others was very entertaining		,843			
What others did was boring to watch (reverse coded)					,844
I felt I played a different character here			,559		-,525
I felt like I was living in a different time or place			,780		
The experience here let me imagine being someone else			,734		
I completely escaped from reality			,877		
I totally forgot about my daily routine			,758		
I felt I was in a different world			,813		

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization. ^a

a. Rotation converged in 7 iterations.

Two items were found to have a very low item-total correlation (<0.105) within their respective expected scale. Inspecting the factor loading, these two items did not present a meaningful interpretation and were dropped to improve the model.

With the remaining Likert items, the PCA presented a KMO (Kaiser-Meyer-Olkin Measure of Sampling Adequacy) of 0.939 and a less than 0.005 significance in the Bartlett's test of sphericity, indicating that the factor analysis may be useful for this dataset. Four underlying dimensions were identified, explaining 81.26% of the variance.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,939
Bartlett's Test of Sphericity	Approx. Chi-Square	5681,575
	df	231
	Sig.	,000

Total Variance Explained

Component	Total	Initial Eigenvalues		Rotation Sums of Squared Loadings		
		% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	12,031	54,685	54,685	5,359	24,360	24,360
2	2,548	11,581	66,266	4,294	19,517	43,877
3	2,110	9,593	75,859	4,227	19,212	63,088
4	1,189	5,405	81,264	3,999	18,175	81,264
5	,811	3,684	84,948			
6	,447	2,031	86,979			
7	,383	1,740	88,719			
8	,346	1,571	90,290			
9	,314	1,427	91,717			
10	,237	1,079	92,797			
11	,216	,980	93,776			
12	,203	,924	94,700			
13	,196	,889	95,589			
14	,167	,761	96,350			
15	,159	,721	97,071			
16	,131	,597	97,668			
17	,124	,564	98,232			
18	,108	,491	98,723			
19	,081	,368	99,091			
20	,079	,357	99,448			
21	,067	,306	99,754			
22	,054	,246	100,000			

Extraction Method: Principal Component Analysis.

Rotated Component Matrix^a

	Component			
	1	2	3	4
The experience has made me more knowledgeable	,838			
I learned a lot	,881			
It stimulated my curiosity to learn new things	,836			
It was a real learning experience	,869			
The experience was highly educational to me	,878			
The experience really enhanced my skills	,788			
I felt a real sense of harmony				,631
Just being here was very pleasant				,747
The setting was very attractive				,813
The setting really showed attention to design detail				,812
The setting provided pleasure to my senses				,781
Activities of others were amusing to watch		,757		
Watching others perform was captivating		,770		
I really enjoyed watching what others were doing		,839		
Activities of others were fun to watch		,818		
Watching activities of others was very entertaining		,838		
I felt I played a different character here			,684	
I felt like I was living in a different time or place			,817	
The experience here let me imagine being someone else			,794	
I completely escaped from reality			,865	
I totally forgot about my daily routine			,700	
I felt I was in a different world			,774	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization. ^a

a. Rotation converged in 6 iterations.

As expected, the components were clearly identified as the four experience dimensions, using a cutoff value of 0,45. The factor loadings for each dimension, ranged between 0.631 to 0.881.

Appendix C

The nature of this work is monographic.

The reference style is APA 6th, following the FEP guidelines approved in 22/09/2017

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Attachment 1 – Questionnaire

Hostel Experience Survey

Thank you for agreeing in take part in this survey!

The answers may be given considering the last experience you had as a guest in any given hostel. It doesn't have to be a good or a bad experience, just answer the questions considering the last one hostel you stayed on.

There is no right answer, and if you are not sure about the answer, use your best guess.

The answers provided will be used for a master thesis regarding the Experience Economy in Hostels, for a master in business and economics of University of Porto - Faculty of Economics (FEP/UPORTO).

This survey should take only 4-5 minutes to complete, and be assured that your answers will not be used for any other purpose.

***Obrigatório**

Age *

Escolher ▼

Gender *

- ☐ Male
- ☐ Female
- ☐ Prefer not to say
- ☐ Other

Nationality *

Escolher ▼

Marital Status *

- ☐ Single
- ☐ Boyfriend/Girlfriend
- ☐ Living with another
- ☐ Married
- ☐ Divorced / Separated
- ☐ Widowed
- ☐ Other

Highest Level of Education *

- ☐ Less than high school
- ☐ High school graduate, diploma or the equivalent (for example: GED)
- ☐ Some college credit, no degree
- ☐ Bachelor's degree
- ☐ Master's degree
- ☐ Doctorate degree
- ☐ Other

Occupation *

- ☐ Student
- ☐ Gap Year
- ☐ Employed for wages
- ☐ Self-employed
- ☐ Out of work
- ☐ Other

Monthly income in U.S. dollars? *

Escolher

What are the main motivation for the trip? *

- ☐ To relax
- ☐ To Party
- ☐ To enjoy nice beaches and weather
- ☐ To escape from life back home
- ☐ To learn about a different culture
- ☐ To take pictures in picturesque scenery
- ☐ To visit friends and family
- ☐ Business
- ☐ Outro:

How many people are you traveling with *

- ☐ Im traveling alone
- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4
- ☐ 5 or more

How often do you choose hostels as accommodation? *

- | | 1 | 2 | 3 | 4 | 5 | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| Never stay in hostels | ☐ | ☐ | ☐ | ☐ | ☐ | Always stay in hostels |

Number of vacation days in this trip *

Escolher ▼

Number of days staying at the hostel *

Escolher ▼

How would you rate the hostel regarding: *

	1 (lowest rating)	2	3	4	5 (highest rating)
Atmosphere	☐	☐	☐	☐	☐
Security	☐	☐	☐	☐	☐
Location	☐	☐	☐	☐	☐
Staff	☐	☐	☐	☐	☐
Cleanliness	☐	☐	☐	☐	☐
Facilities	☐	☐	☐	☐	☐
Value for Money	☐	☐	☐	☐	☐

What's your opinion regarding the following sentences *

	Strongly Disagree	Disagree	Slightly Disagree	Neither agree nor disagree	Slightly Agree	Agree	Strongly Agree
The experience has made me more knowledgeable	☐	☐	☐	☐	☐	☐	☐
I learned a lot	☐	☐	☐	☐	☐	☐	☐
It stimulated my curiosity to learn new things	☐	☐	☐	☐	☐	☐	☐
It was a real learning experience	☐	☐	☐	☐	☐	☐	☐
The experience was highly educational to me	☐	☐	☐	☐	☐	☐	☐
The experience really enhanced my skills	☐	☐	☐	☐	☐	☐	☐
I felt a real sense of harmony	☐	☐	☐	☐	☐	☐	☐
Just being here was very pleasant	☐	☐	☐	☐	☐	☐	☐
The setting was very basic and not appealing	☐	☐	☐	☐	☐	☐	☐
The setting was very attractive	☐	☐	☐	☐	☐	☐	☐
The setting	☐	☐	☐	☐	☐	☐	☐



really showed
attention to
design detail

The setting
provided
pleasure to my
senses

☐☐☐☐☐☐☐

Activities of
others were
amusing to
watch

☐☐☐☐☐☐☐

Watching
others perform
was
captivating

☐☐☐☐☐☐☐

I really enjoyed
watching what
others were
doing

☐☐☐☐☐☐☐

Activities of
others were
fun to watch

☐☐☐☐☐☐☐

Watching
activities of
others was
very
entertaining

☐☐☐☐☐☐☐

What others
did was boring
to watch

☐☐☐☐☐☐☐

I felt I played a
different
character here

☐☐☐☐☐☐☐

I felt like I was
living in a
different time
or place

☐☐☐☐☐☐☐

The experience
here let me
imagine being
someone else

☐☐☐☐☐☐☐

I completely
escaped from
reality

☐☐☐☐☐☐☐☐

I totally forgot
about my daily
routine

☐☐☐☐☐☐☐☐

I felt I was in a
different world

☐☐☐☐☐☐☐☐

Would you recommend / have you recommended this hostel in booking and
travel websites over the internet? *

☐ Yes

☐ No