

THE EFFECTS OF JAPANESE RYOKAN ATTRIBUTES ON
PERCEIVED VALUES AND PURCHASE INTENTION

by

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ABSTRACT

The increasing demand of spa and hot spring resorts, particularly within the luxury markets, provides an opportunity for new types of accommodations. This study focused on Ryokan which is described as traditional Japanese hotels with hot springs. Despite the recent trend of expanding Japanese Ryokans in the global market, most extant research had only focused on perceptions of customers who have experienced Ryokans. Therefore, this study explored what attributes of Japanese Ryokans are important to potential customers and to what extent these attributes could enhance perceived values toward Japanese Ryokans. A total of 983 usable responses were collected through an online self-administrative survey on Qualtrics.

The results of this study identified four major dimensions of Japanese Ryokan's attributes (i.e., hotel attributes, hot springs and spas, Japanese servicescape, and Japanese culture) and two major dimensions of perceived value (i.e., functional & hedonic value and symbolic & financial value). Overall, Japanese servicescape, Japanese culture, and hot springs and spas had a significant positive effect on both value dimensions, while hotel attribute positively related to functional & hedonic value. In addition, the two dimensions of perceived value significantly mediated the relationship between Ryokan attribute dimensions and purchase intention.

This study contributes to the theoretical foundation in the lodging literature by identifying dimensions of Japanese Ryokan attributes which reflect the unique characteristics of Japanese Ryokans within the luxury hot spring hotel/ resort context. Furthermore, the results of this study revealed potential consumers' value perceptions toward luxury Japanese Ryokans and their effects on purchase intention. Overall, this study provided useful guidelines for Japanese Ryokans to create value-based marketing strategies.

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CHAPTER ONE: INTRODUCTION

1.1. Background

The spa industry has shown robust growth over recent years and is considered one of the fastest-growing sectors in the tourism industry (Csirmaz & Pető, 2015). In particular, the demands for spa experiences have been growing among travelers (Tabacchi, 2010). Overall, the number of resort and hotel spas increased from 1,150 in 2002 to 1,830 in 2016 in the U.S. (ISPA, 2017). Among the spa industry, the thermal/mineral springs industry increased revenue from \$50 billion in 2013 to \$51 billion in 2015 and is gaining consumer interests in springs-based relaxing activities (Global Wellness Institute, 2017). One of the reasons for this growth is the changing social trends that include enhancement of individualization and appreciation of healthy lifestyles (Haden, 2007).

Furthermore, the luxury segment of the lodging industry has experienced noticeable growth in the past decade due to the increasing number of high net worth individuals globally (Market Publisher, 2013). The Smith Travel Research report (2018) shows that, among all class segments, the luxury hotel segment achieved the greatest profit increase (+3.1%) in the U.S. in 2017. This increasing demand of spa and hot spring resorts, particularly within the luxury markets, provides an opportunity for new types of products to enter this affluent market. In view of this trend, this study focuses on Japanese Ryokans. Ryokans are traditional Japanese hotels with spa and hot spring facilities that have a history of over 1,000 years (Japan Ryokan & Hotel Association, n.d.).

Recently, several Japanese lodging companies have been expanding their Ryokans to the global market, in particular in the luxury hotel category. For example, Kagaya Group, a Japanese Ryokan management company which was founded in 1906, opened their first Japanese Ryokan in Taiwan in 2010 (The Taipei Times, 2010); Nobu, which operates Japanese restaurants in 22 locations across the world, opened their first Japanese-style resort in California in 2017 (Condé Nast, 2018); Hoshino Resorts Group also established their first Japanese-style resort in Bali, Indonesia in 2017 and is planning to expand their Japanese Ryokans in Asia, Europe and U.S. markets. Yoshiharu Hoshino, CEO of Hoshino Resorts Group, explained in an interview with a travel media company that, as sushi has already become one of the most popular food categories in the world, Japanese Ryokans can also develop to become one of the most luxurious hotel categories in the global market and one of the top accommodation selections for international guests around the world (Skift, 2017).

Even though Japanese Ryokans are an extension of general hotels (Chen, Hsu, & Tzeng, 2011), they go beyond typical facilities and services of general hotels. For instance, customers are expected to take off their shoes at the entrance and walked barefoot on tatami mats, traditional mats made of rice straws (Japan Ryokan & Hotel Association, n.d.). Customers relax in the hot springs, which are common bathing areas both indoors and outdoors surrounded by rocks and plants (Yen, Kyutoku, & Dan, 2017). Guests enjoy authentic Japanese cuisine, often made with local and seasonal ingredients (Yen et al., 2017). These unique services contribute to the creation of exotic accommodation experiences for their guests.

1.2. Problem Statement

Notwithstanding the recent trend of the luxury Japanese Ryokan expansion in the global market accelerated by increasing demands of spa and hot spring resorts, few studies have been conducted on Japanese Ryokans. Furthermore, most extant research has only focused on perceptions of Asian customers who have experienced Ryokans (Yen et al., 2017). It is necessary to explore how other groups of customers evaluate Ryokans, especially from potential western customers' perspectives. As Smith and Colgate (2007) state that consumer value varies greatly in different contexts and cultures, it is essential to examine how customers with inter-individual differences with various cognitive and affective knowledge bases evaluate Japanese Ryokans.

Several hospitality researchers investigated Japanese Ryokan consumers' behaviors. Kang, Okamoto and Donovan (2004) examined the effect of service quality on customer satisfaction and behavioral intentions. Choi, Meng and Lee (2017) used hotel choice attributes to segment Korean customers traveling to Japanese Ryokans. However, since these studies focused only on Asian consumers who experienced Japanese Ryokans, potential customers' perceptions toward Japanese Ryokans have not been explored. As consumer value varies greatly in different contexts and cultures (Shukla & Purani, 2012; Smith & Colgate, 2007), the findings of extant research wouldn't be consistent with potential western customers' perceptions.

The only research related to the topic of exploring potential customers' perceptions toward Japanese Ryokans is the study by Yen et al. (2018). They investigated how potential tourists from the U.S. evaluate traditional and contemporary Japanese Ryokans differently, by utilizing the concept of brand personality. In their research, American tourists evaluated traditional Ryokans as better than contemporary ones based on the brand personality dimensions,

especially in ruggedness, excitement and sincerity. However, since this study focused on customers' evaluations of brand personality dimensions between traditional and contemporary Japanese Ryokans, key attributes and predictive variables (i.e. perceived values) of consumer behaviors were not comprehensively examined. Therefore, this study focuses on potential customers' perceptions toward Japanese Ryokans as a new concept of accommodations in the U.S. within the luxury hot spring hotel context. It would be worthwhile to investigate which attributes of Japanese Ryokans are important for potential western customers and to what extent these attributes could enhance perceived value perceptions as well as purchase intentions.

1.3. Purpose of the Study

Since consumers differentiate the relative importance of each product or service attribute when making their purchase decisions, main attributes of products and services are critical in understanding consumer behaviors (Jaksa, Robert, & John, 1999). Extant hospitality research demonstrates that main attributes of products or services have a positive effect on behavioral intentions. In addition, existing literature persists that perceived value is a key predictor of customer behaviors (Woodruff, 1997; Zeithaml, 1988). Zeithaml (1988) suggests that perceived value is a higher level of abstraction, playing the key link between cognitive elements (e.g., perceived quality and perceived sacrifice) and purchase intentions. In addition to a cognitive aspect, extant research suggests that perceived value has an affective aspect, comprising hedonic and social dimensions, which also influence customers' consumption decisions (Petrick, 2002; Sheth, Newman, & Gross, 1991; Sweeney & Soutar, 2001).

By incorporating the concept of perceived values as a multidimensional construct, the study evaluates antecedents and consequences of perceived values of luxury Japanese Ryokans from potential customers' perspectives. The main objective of this study is to explore how potential U.S. customers evaluate luxury Japanese Ryokans. Specifically, the study investigates (a) which attributes of luxury Japanese Ryokans are important to potential customers, (b) to what extent those attributes could enhance perceived values (i.e., functional, hedonic, symbolic, and financial value), and (c) the effects of perceived values on purchase intentions toward luxury Japanese Ryokans.

This study focuses on potential customers who live in the Northeastern region in the U.S. The Northeastern region is the nation's most economically developed and culturally diverse region (Hobbs, 2009). The Northeastern region also has a sizeable affluent group of spa consumers and the presence of several popular hot springs (e.g., Berkeley springs and Saratoga springs) (Tabacchi, 2010). In addition, there is a large number of luxury hotels in the Northeastern region; approximately 25% of five diamond hotels (the most prestigious hotels) in the U.S. are listed (AAA, 2018).

1.4. Significance of the Study

This study is intended to contribute to the theoretical foundation in the lodging literature. This study identifies dimensions of Japanese Ryokan attributes within the luxury hot spring hotel context. Even though the factors of service quality, physical environment, and food and beverage have already been recognized as valid dimensions of general hotels by many hospitality researchers, hot springs and cultural aspects that would reflect the unique characteristics of

Japanese Ryokans are rarely found in general hotels. If these attributes were verified with an acceptable level of reliability and validity, they would be more thoroughly utilized to investigate perceptions of potential customers for Japanese Ryokans.

In addition, this study extends the luxury hospitality value framework study. Yang and Mattila (2016) were the first to attempt to construct a luxury hospitality value framework within the luxury restaurant context. Wu and Yang (2018) modified this value framework and empirically tested it in the luxury hotel context. As Smith and Colgate (2007) insist that customer value perceptions are conditional and value frameworks vary in different contexts, there is a need to expand hospitality value frameworks in different hospitality contexts as well as in other consumer segments with different cultural and social backgrounds (Yang & Mattila, 2016). Following this suggestion, this study is the first to attempt to investigate U.S. potential consumers' value perceptions toward luxury Japanese Ryokans and examines the effects of perceived values on purchase intentions.

Besides the theoretical contribution, this study is intended to provide useful guidelines for Japanese Ryokans to create value-based marketing strategies. The results of this study reveal predictive perceived values of purchase intentions in luxury Japanese Ryokans, such that their marketers are able to clearly define product concepts and implement effective communication strategies to attract potential customers. Furthermore, this study identifies main attributes that positively influence consumer values as well as purchase intentions. As it is always difficult for organizations to be superior at creating more than one type of values, since they require a variety of resource investments and organization structural transformation (Treacy & Wiersama, 1993),

identifying determinant attributes can provide valuable insights for Japanese Ryokans to effectively allocate their resources.

CHAPTER TWO: LITERATURE REVIEW

This chapter begins with an introduction of the spa and hot spring industry trends, explaining the background of why luxury Japanese Ryokans have been exported recently. Then, a review of the literature on Japanese Ryokans and their attributes is discussed. In order to comprehensively capture the uniqueness of Japanese Ryokan attributes, this study investigates related literature not only on general hotels and luxury hotels, but also hot springs and Japanese Ryokans. Following Japanese Ryokans and their attributes, the definition and framework of perceived values used in this study are discussed. Finally, based on Smith and Colgate's value framework, the study proposes a research model and develops the hypotheses for the relationship between the main attributes of Japanese Ryokans and perceived values and, consequently, purchase intentions.

2.1. The Spa and Hot Spring Industry

Wellness tourism has achieved staggering growth over recent years, growing faster than global tourism (Global Wellness Institute, 2017). Wellness tourism refers to “travel associated with the pursuit of maintaining or enhancing one’s personal wellbeing (Global Wellness Institute, 2017, p.17)”. From 2013 to 2015, the total expenditures of wellness tourism grew by 6.8% annually, much higher than the 3.4% annual increase in overall tourism (Global Wellness Institute, 2017). The global trends, which include the emerging middle class as well as growing consumer interest in health, travel and new experiences, have been fueling a strong demand,

boosting wellness tourism to a \$563.2 billion global market in 2015 (Global Wellness Institute, 2017).

The spa industry, at the center of this growth, is considered one of the fastest-growing sectors in the tourism industry (Csirmaz & Pető, 2015). Since 2013, the industry has added 16,000 spas and \$3.5 billion in revenue (Global Wellness Institute, 2017). In 2015, there were 121,595 spas operating in the world, earning \$77.6 billion in revenue (Global Wellness Institute, 2017). Within the spa industry, the thermal/mineral springs industry gained rapid consumer interests in springs-based relaxing activities, increasing its revenue from \$50 billion in 2013 to \$51 billion in 2015 (Global Wellness Institute, 2017).

According to the industry report from Horwath HTL (2016), further growth of the hot spring market is anticipated due to the rising middle-class income, an increase in consumer consciousness in health and wellbeing, especially from baby boomer and generation X consumers, and continuous improvements of hot spring facilities from suppliers. Overall, the investments in hot springs resorts increased by 10% from 2010 to 2013 (Horwath HTL, 2016). In the U.S., many hot spring destinations have been undergoing major renovations, such that the industry could soon expect better facilities with new concepts matching modern health and wellness trends (Horwath HTL, 2016).

In addition to this growing trend of spa and hot spring resorts, the luxury travel market has experienced substantial growth in the past decade and is expected to continue over the next several years (Market Publishers, 2013). The luxury hotel segment achieved the greatest profit increase (+3.1%) in the U.S. in 2017 and is expected to demonstrate the largest increase in the following marketing metrics in 2018: occupancy rate (+0.9%), ADR (+2.9%) and RevPAR

(+3.8%) (Smith Travel Research, 2018). The key drivers for luxury hotels' strong performance include the increasing number of high net worth individuals globally (Market Publishers, 2013). This increasing demand of spa and hot spring resorts, particularly within the luxury markets, provides an opportunity for new types of products. Among different types of hot springs resorts, this study focuses on Japanese Ryokans, which several Japanese lodging companies have been exporting to the global market in recent years.

2.2. Japanese Ryokans and their Attributes

As Japanese Ryokans can be viewed as an extension of general hotels (Chen et al, 2011), they include the main attributes of general hotel facilities and services (Choi et al., 2017). They also include attributes of hot springs and provide authentic experiences of Japanese culture (Choi et al., 2017). Therefore, this study comprehensively investigates related literature on general and luxury hotels, hot springs and Japanese Ryokans. In this section, firstly, general hotel and luxury hotel attributes are discussed. Then, aspects of hot springs and Japanese Ryokan attributes are investigated, respectively.

2.2.1. General Hotel & Luxury Hotel Attributes

There have been numerous studies that examined key attributes of customers' hotel choice selections. Hotels offer specific services that lead customers to choose a certain hotel over others (Lewis, 1983). Atkinson (1988) found that, out of 59 attributes, cleanliness, safety and security are the top attributes in hotel choice selections. By incorporating SERVQUAL (Parasuraman, Zeithaml, & Berry, 1988), Knutson and her colleagues (1990) developed

LODGSERV, which was designed to measure service quality in the hotel context. In their study, they discovered that reliability and assurance were the most important dimensions, emphasizing how important it is for hotels to create reliable and trustworthy relationships with guests through their employees' services.

In addition to employees' service qualities, Wilensky and Buttle (1988) state that physical attractiveness and opportunities for relaxation are also highly valued by hotel customers. In a similar vein, Taylan Dortyol, Varinli and Kitapci (2014) revealed that staff service quality had the most positive effect on perceived value, and physical environment and cultural experience were key attributes influencing on behavioral intentions (i.e., customers' intention to recommend and revisit a hotel). Kim and Perdue (2013) found that customers consider not only cognitive attributes (including price, service and food quality and national brand), but also affective attributes (including comfort and security) and sensory attributes (including room quality and overall atmosphere).

Several researchers have investigated which hotel attributes differentiate luxury hotels from other hotels in customers' perspectives. Griffin, Shea, and Weaver (1997) discovered that bellman and concierge services as well as the presence of gourmet restaurants were the strongest discriminating attributes between luxury hotels and mid-priced hotels. In a similar vein, Zhang, Ye and Law (2011) investigated how a variety of hotel attributes affect room rates by incorporating the hedonic pricing method. The results showed that service quality had the most positive effects on room rates for the luxury hotel segment. These findings, which suggest that customers expect a high level of customer service from luxury hotels, are consistent with other luxury hotel research (Ekiz, Khoo-Lattimore, & Memarzadeh, 2012; Mohsin & Lockyer, 2010).

As such, strong recruitment and human resource training, as well as continuous improvement on the hotel employee' services, are considered critical for luxury hotels. In addition to employee service quality, Ekiz et al. (2012) found that room quality is considered a determinant attribute for luxury hotels because their study indicated that room incidents, such as poor quality of room facilities, received the highest number of complaints from luxury hotel guests, followed by complaints of arrogant and clueless staff and their failure to respond to requests.

Based on literature reviews on general hotels, service quality, security, food and beverage quality, cleanliness and physical attractiveness (e.g. interior and exterior design) have been widely considered as important attributes. In the luxury hotel context, a high quality of customer service and additional service offerings (e.g. concierge services and gourmet restaurants) have been highly evaluated by luxury hotel customers. A summary of previous literature on attributes of general hotels and luxury hotels is listed in Table 1 and Table 2.

Table 1: Summary of previous studies on attributes of general hotels

Author	Context	Key Attributes	Findings
Atkinson (1988)	Hotel guests in the U.S.	Cleanliness Safety and security Room quality Value for money Helpfulness of staff	Out of the 59 attributes, cleanliness, safety and security, room quality, value for price and helpfulness of staff were considered as the most important attributes in hotel choice selection
Knutson et al (1990)	Hotel guests	Reliability Assurance Responsiveness Tangibles Empathy	By incorporating SERVQUAL, this study developed LODGSERV, which was designed to measure service quality in the hotel context. It was found that reliability and assurance were the most important dimensions in hotel experiences for guests, emphasizing employee service quality as a critical factor
Wilensky & Buttle (1988)	Hotel guests at the Holiday Inn in London Heathrow.	Relaxation Personal service Physical attractiveness Value for money Appealing image Standard of services Suitability for business	Among the seven factors, relaxation, personal service and physical attractiveness were highly evaluated by hotel customers when they selected hotels
Kim & Perdue (2013)	Hotel guests	Cognitive attributes Affective attributes Sensory attributes	Not only cognitive attributes (e.g., price, service and food quality, and national brand), but also affective (e.g., comfortable feeling and entertainment) and sensory (e.g., room quality, overall atmosphere) attributes were evaluated by hotel customers in their hotel choice selections
Taylan Dortyol et al (2014)	International hotel guests in Turkey	Helpfulness of employee Room amenities Food quality Interaction with culture Entertainment Tangibles Levels of prices Transportation Climate and hygiene Security	Staff service quality had the most positive effect on perceived value and tangibles (i.e., physical environment), while interaction with culture were key attribute influencing behavioral intentions (i.e., customers' intention to recommend and revisit a hotel)

Table 2: Summary of previous studies on luxury hotels

Author	Context	Key Attributes	Summary
Griffin et al (1997)	Business travelers of mid-priced and luxury hotels.	Bellman service Concierge service Gourmet restaurant Pre-arranged check-in Room amenities	The strongest discriminating attributes between luxury hotels and mid-priced hotels were the presence of bellman, concierge services and gourmet restaurants
Wilkins et al (2009)	Luxury hotel guests in Queensland, Australia.	Stylish comfort Quality of staff Personalization Room quality Speedy service Added extras Quality of FB	Service quality directly influences customer satisfaction, brand trust and brand attitude, and indirectly affects loyalty
Mohsin & Lockyer (2010)	Luxury hotel guests in New Delhi, India.	Hotel ambience and staff courtesy Quality of FB Staff presentation and knowledge Reservation services Overall value for money	The service quality perceived by luxury hotel customers was divided into five factors. In addition, the results show that there were significant differences between importance and actual performance ratings in the following attributes: front office, room service and in-house restaurants/cafes
Zhang et al (2011)	Economy, mid-priced and luxury hotels in New York.	Room Location Cleanliness Service	Room quality and location were evaluated as important determinants of room price for all classes of hotels. Furthermore, service quality and location were the key attributes that had positive effects on room rates for luxury hotel customers
Ekiz et al (2012)	Luxury hotel guests in Malaysia.	Room quality Staff professionalism Helpfulness of staff	54 themes were identified from 1,453 different incidents through a frequency analysis. Room incidents, such as poor quality of room facilities, received the highest number of complaints from luxury hotel guests, followed by arrogant and/or clueless staff and failure to respond
Yang & Lau (2015)	Luxury hotel guests in Macao.	Room and service Food and Beverage Facilities Security Convenience	High quality of room and service were the most important attribute for both X and Y generations. Generation Y prioritized on security, while generation X placed more weight on convenience and cuisine

2.2.2. Hot Spring Attributes

Hot spring hotels/resorts are accommodations that typically offer various health treatments and where mineral-rich spring water is used to give medicinal baths. They are typically located in destinations in which attractive landscapes, desirable climates and suitable natural resources, including mineral springs, are available (Hall, 2003). Lee and King (2009) insisted that hot spring tourism destination management is complex due to its uniqueness and irreplaceability; “a range of natural and man-made tourism attractions and resources has always been a necessary complement to the hot springs themselves” (Lee & King, 2009, p.244). Previous studies found that customer experiences at hot spring hotels were influenced by several internal factors (e.g., relaxation, social bonding and enhancement of health) as well as external factors (e.g., facility, food and beverage, service quality, quality and size of hot springs).

Lee, Ou and Huang (2009) investigated key hot spring tourism factors that contribute to the attractiveness of the tourism destination. Seven key factors were identified; safety and security, natural resources, accommodation, transportation infrastructure, food, leisure and recreation and cultural assets. They suggested that hot spring destinations prioritizing customers’ safety and security as an essential condition. Accordingly, unique curative and therapeutic properties of hot springs are to be promoted to enrich customers’ experiences. In a similar vein, Lee and King (2009) identified the major factors that strengthen the competitiveness of the hot spring tourism sector, including natural resources, cultural assets, special attractions, accommodation, cuisine, transportation and safety and security. In the accommodation context, authentic experiences and comfortability with a natural setting were recognized as key attributes.

Within the hot spring hotel context, Wu, Ai, Yang and Li (2015) explored the dimensions of service quality at hot spring hotels and examined their relative importance. They found that physical environment quality (i.e., facility, environment, design, cleanliness and atmosphere) was the most important dimension for overall service quality assessed by hot spring customers, followed by outcome quality (i.e., socialization, valence and waiting time), interaction quality (i.e., staff attitude, behavior, expertise and problem solving) and access quality (i.e., information and convenience). By incorporating the concept of the balanced scorecard model, Chen et al. (2011) identified six key factors that enhance the financial performance of hot spring hotels where service quality that had the highest effect. In order to enhance service quality, they suggested that hot spring hotels need to consider improving physical facilities, including interior styling, the privacy of accommodation, bathing areas, and safety of the overall environment. Furthermore, they suggested that employees' service quality, such as promptness of service and timely problem solving, is trained and managed with high standards.

In addition to cognitive attributes (i.e., service quality, cuisine as well as quality and size of hot springs), wellness service factors have also been explored by hospitality researchers since hot spring hotels provide various health treatment services utilizing mineral-rich spring water. Chen, Liu and Chang (2013) identified the following seven key wellness service factors, which were extracted based on the perspectives of operators and hot spring customers aged over 50 years: health promotion, treatments, mental learning, unique experience, tourism resources, complementary therapies, relaxation, healthy diet and social activities. A summary of previous studies on attributes of hot spring hotels is listed in Table 3.

Table 3: Summary of previous studies on attributes of hot springs

Author	Context	Key attributes	Findings
Hsieh et al (2008)	Hot spring hotel guests in Taiwan	Tangible Reliability Responsiveness Assurance Empathy	The service quality measurements of hot spring hotels were developed by incorporating the SERVQUAL model. Hot spring customers highly perceived assurance and reliability dimensions, which include both tangible and intangible attributes of the hot springs hotel and facility
Lee & King (2009)	Hot spring tourists in Taiwan	Natural resources Cultural assets Special attractions Accommodation Cuisine Transportation Safety and security	Seven main factors that determine the competitiveness of hot spring tourism development were revealed. In addition, as for the hot spring hotel, the results indicate that authentic experiences and comfort in a natural setting are key components
Lee et al (2009)	Hot spring tourists in Taiwan	Safety and security Transportation Infrastructure Leisure and recreation Accommodation Food Cultural assets Natural resources	Personal safety and security associated with hot springs-related activities were found as the most important factor for hot spring tourism development. Furthermore, the highest concentration and greatest variety of natural hot springs were deemed one of the most important attributes of hot spring customer experiences
Chen et al (2011)	Hot spring hotel guests in Taiwan	Physical facilities Interior styling Privacy Safety Promptness of service Timely problem solving Convenience of Reservation	Six key factors that enhance the financial performance of hot spring hotels were revealed, including service quality, which had the highest impact on financial performance. In order to enhance service quality, improving physical facilities, such as interior styling, convenience of parking, privacy of accommodation and bathing areas, hygiene and safety of the overall environment, was suggested
Chen et al (2013)	Hot spring hotel guests in Taiwan	Health treatments Mental learning Experience of unique Tourism resources Therapies Relaxation Healthy diet Social activities	Seven wellness service factors were extracted based on the perspectives of operators and hot spring tourists aged over 50. Furthermore, it was found that older travelers can be clustered into the following three groups: Holistic, Physiotherapy and Leisure and Recreation

Author	Context	Key attributes	Findings
Wu et al (2015)	Hot spring hotel guests in China	Physical environment Outcome Interaction Access	It was found that interaction, physical environment, outcome, and access influence overall service quality of hot springs. Among these four dimensions, physical environment was evaluated as the most important dimension assessed by hot spring customers for overall quality, followed by outcome, interaction and access quality

2.2.3. Japanese Ryokan Attributes

Several sources found that Japanese Ryokans include a variety of unique cultural elements. First, the traditional architectural design of the facilities demonstrates the essence of Japanese aesthetics (Hoshino Resorts, n.d.). Customers at Japanese Ryokans are asked to remove their shoes in order to walk on the traditional tatami mats that cover the floors (Choi et al., 2017). Rooms feature traditional Japanese displays, such as *ikebana* (Japanese flower arrangements) and *shodo* (Japanese calligraphy) (Guichard-Anguis, 2007). Japanese Ryokan gardens are carefully arranged, featuring seasonal trees and flowers with natural stones and sands in order to demonstrate scenic expressions (Japan Ryokan & Hotel Association, n.d.). Kang et al. (2004) found that physical aspects had the most significant influence on guests who had stayed in both hotels and Japanese Ryokans, followed by contact performance, encounter performance and creativeness. Japanese Ryokan's architecture, gardens, furniture and works of art provide customers with a sense of Japanese traditional culture (Guichard-Anguis, 2007).

Second, bathing in natural mineral springs, shared by other customers, is also considered to be a main feature of Japanese Ryokans (Guichard-Anguis, 2007). There are typically two baths in Japanese Ryokans; the inside bath has a large window with a beautiful view of nature,

while the outside bath, called *rotenburo*, is located outside, among rocks and greenery (Guichard-Anguis, 2007). Kamata, Misui, and Yamauchi (2010) found that spa tourists value hot spring quality (i.e. size, mineral quality and surrounding scenery), and atmosphere as the two most important elements.

Third, a variety of authentic Japanese foods and beverages adds a traditional element. For instance, *kaiseki* is a traditional Japanese multiple-course dinner, offering an appetizer, sashimi, a simmered dish, a grilled dish and a steamed dish, in addition to other courses at the chef's discretion (Choi et al., 2017). In addition, customers wear a Japanese-style loungewear and are served by staff members who also wear kimonos (Japanese traditional wear) (Choi et al, 2017). Finally, cultural activities, such as experiencing tea ceremonies and watching traditional performances, are unique aspects of staying at Japanese Ryokans. A summary of previous literature on Japanese Ryokan attributes is listed in Table 4.

Table 4: Summary of key attributes of Japanese Ryokans

Author (s)	Key attributes of Japanese Ryokan
Japan Ryokan & Hotel Association (n.d.)	Hot springs Spa treatment Japanese-style interior design (e.g., <i>tatami</i> mats, <i>futon</i> beds) Japanese-style garden Japanese customs (e.g., wearing <i>yukata</i> , bathing together in hot springs) One-on-one full service (<i>Nakai</i>) Traditional Japanese cuisine (e.g., <i>kaiseki</i>)
Guichard-Anguis (2007)	Hot springs Japanese-style food Japanese-style interior design Japanese customs (e.g., wearing <i>yukata</i>) Japanese cultural activities (e.g. <i>ikebana</i> , tea ceremony, calligraphy, <i>geisha</i> performance)
Guichard-Anguis (2008)	Japanese-style interior design Privacy Staff appearance (i.e., staffs wear <i>kimono</i>) Japanese cultural activities (e.g., tea ceremony) Seasonality Presence of nature
Ohe & Peypoch (2016)	Courtesy and helpfulness of staff (<i>Omotenashi</i>) Japanese style interior design (e.g., <i>tatami</i> mats, <i>futon</i> beds) Japanese customs (e.g., wearing <i>kimono</i> , bathing together in hot springs) Hot springs
Choi & Lee (2017)	One-on-one full service Spa and hot springs Dishes made by local food Japanese traditional dishes
Yen et al (2018)	Hot springs Japanese cuisine Natural surrounding and scenery Japanese style interior design (e.g., <i>tatami</i> mats, <i>futon</i> beds)

2.3. Perceived Value

Perceived value has been identified as one of the key constructs in understanding consumer behaviors. Since consumers merely purchase products or services they value, perceived value is critical in order for companies to obtain competitive advantage (Doyle & Wong, 1998). Using means-end theory, Zeithaml (1988, p.13) defined perceived value as “the overall assessment of the utility of a product based on the perceptions of what is received and what is given”. Based on this definition that focuses on consumers’ perceptions of the trade-off between what they get and what they sacrifice, previous researchers investigated the effects of perceived values on consumer behaviors (Ashton, Scott, Solnet, & Breakey, 2010; Cronin, Brady, & Hult, 2000; Sweeney, Soutar, & Johnson, 1999).

However, perceived value does not only occur after consumptions, but also at different stages of the purchase, including the pre-purchase stage (Sanchez, Callarisa, Rodriguez, & Moliner, 2006). Woodruff (1997, p.142) defined customer value as “a customer's perceived preference for and evaluation of product attributes, attribute performances, and consequences arising from use that facilitate achieving the customer’s goals and purpose in use situations”. This definition emphasizes that value stems from consumers’ perceptions and evaluations of attributes and their consequences, incorporating an idea that customer value steams even at the pre-purchase stage.

The aim of this research is to explore customers’ pre-purchase stage perceptions and evaluations toward Japanese Ryokans as an alternative accommodation choice. As such, this study adopts Woodruff’s approaches in defining perceived value and, therefore, considers the

perceived value of Japanese Ryokans to be customers' perceived preferences and evaluations of luxury Japanese Ryokan attributes and expected attribute performances and consequences.

Both uni-dimensional and multi-dimensional approaches have been used to measure perceived value in the marketing literature (Boksberger & Melsen, 2011). However, measuring perceived value by a single scale, "value for money" scale, has always been criticized for its lack of validity (Woodruff & Gardial, 1996). Many researchers insisted that consumption experiences involve more than one type of value, emphasizing the relevance of affective dimensions in addition to a cognitive dimension (Sheth et al., 1991; Sweeney & Soutar, 2001). Through their comprehensive literature reviews, Boksberger and Melsen (2011) found that a multi-dimensional scale provides better measurement, both statistically and qualitatively, than a uni-dimensional scale since perceived value is not a simple trade-off between quality and price, nor is it an outcome of any single factor. As such, a multiple-item scale has mainly been operationalized to measure perceived value (Boksberger & Melsen, 2011).

By introducing the theory of consumption values, Sheth et al. (1991) proposed five types of value that affect consumer decision making: 1) functional, 2) social, 3) emotional, 4) epistemic and 5) conditional value. They argued that these five values are being independent of each other and consumer decision making is a result of a combination of them (Sheth et al., 1991). Based on this, Sweeney and Soutar (2001) proposed the PERVAL instrument, a multiple-item scale that can be utilized to assess consumers' perceptions of value of tangible products. After that, Petrick (2002) developed SERV-PERVAL, a multiple-item instrument that can be used to measure the perceived value of services rather than that of products. Sanchez et al. (2006) insisted that, since consumers' perceived value assessments occur at different stages of the consumption process,

measuring perceived value holistically is necessary. As such, Sanchez et al. (2006) developed GLOVAL, which covers the three dimensions of perceived value: functional, emotive and social value, which remained constant throughout their research. Some of the most recent research concludes that, even though a variety of approaches have been taken and measurement instruments have been developed by different researchers, functional, emotional and social values are now recognized as dominant dimensions of perceived value for the service industry (Boksberger & Melsen, 2011). Table 5 summarizes the evolution of perceived value dimensions.

However, there is still little agreement on the number and the types of dimensions of perceived value. In order to resolve the inconsistency in prior customer perceived value studies, Smith and Colgate (2007) conducted a seminal meta-analysis and proposed a comprehensive value model, built on the strengths of existing customer value frameworks, consisting of four-factor facets: functional value, hedonic value, symbolic/expressive value and financial value. Yang and Mattila (2016) used the theoretical value framework developed by Smith and Colgate (2007) to identify four value dimensions in the luxury hospitality service setting for the first time. This study adopts the customer perceived value framework by Smith and Colgate (2007) and incorporates the luxury hospitality value measurement items as proposed by Yang and Mattila (2016) in order to identify value dimensions of luxury Japanese Ryokans from the potential customers' perspective.

Table 5: An overview of selected empirical studies of perceived value

Author(s)	Construct (s) and item(s)	Context/Data source (Sample)	Study Design
Zeithaml (1988)	Perceived quality: n.a. Perceived price: n.a. Perceived value: n.a.	Beverages/ (30)	Interviews
Sheth et al (1991)	Social value: 2 items Emotional value: 7 items Functional value: 6 items Epistemic value: 3 items Conditional value: 4 items	Cigarette smoking/ Smokers (65) and nonsmoker (80)	Survey
Sweeney et al (1999)	Functional service quality: 5 items Technical service quality: 2 items Product quality: 4 items Relative price: 2 items Performance/financial risk: 2 items	Electrical appliance/ Customers (1068)	Survey
Sweeney & Soutar (2001)	Functional (quality) value: 6 items Emotional value: 5 items Functional (price) value: 4 items Social value: 4 items	durable goods (Furniture, car stereo)/ Third year and postgraduate students (630)	Survey
Petrick (2002)	Quality: 4 items Emotional response: 5 items Monetary price: 6 items Behavioral price: 5 items Reputation: 5 items	Cruising/ Guests (792)	Survey
Sanchez et al (2006)	Functional value establishment: 4 items Functional value person: 4 items Functional value product: 4 items Functional value price: 3 items Emotional value: 5 items Social value: 4 items	Tourism Package/ Tourists (402)	Interviews
Rintamäki et al (2006)	Utilitarian value: 6 items Social value: 6 items Hedonic value: 6 items	Shopping/ Customers (364)	Survey
Smith & Colgate (2007)	Functional/Instrumental value: 5 items Experiential/Hedonic value: 5 items Symbolic /Expressive value: 6 items Cost/Sacrifice value: 5 items		Meta-analysis

2.4. Research Framework and Hypotheses Development

Based on a review of the relevant literature, this study adopts Smith and Colgate's value framework. This study attempts to evaluate antecedents and consequence of perceived values. The conceptual framework (See Figure 1) is based on major domains of Ryokan's attributes (i.e. service quality, physical environment, spas and hot springs, food and beverage, and cultural aspects) which are postulated to have a positive effect on the four dimensions of perceived values (i.e., functional value, hedonic value, symbolic value, and financial value) and, consequently, on purchase intention. The following section provides details regarding this study's proposed framework and hypotheses.

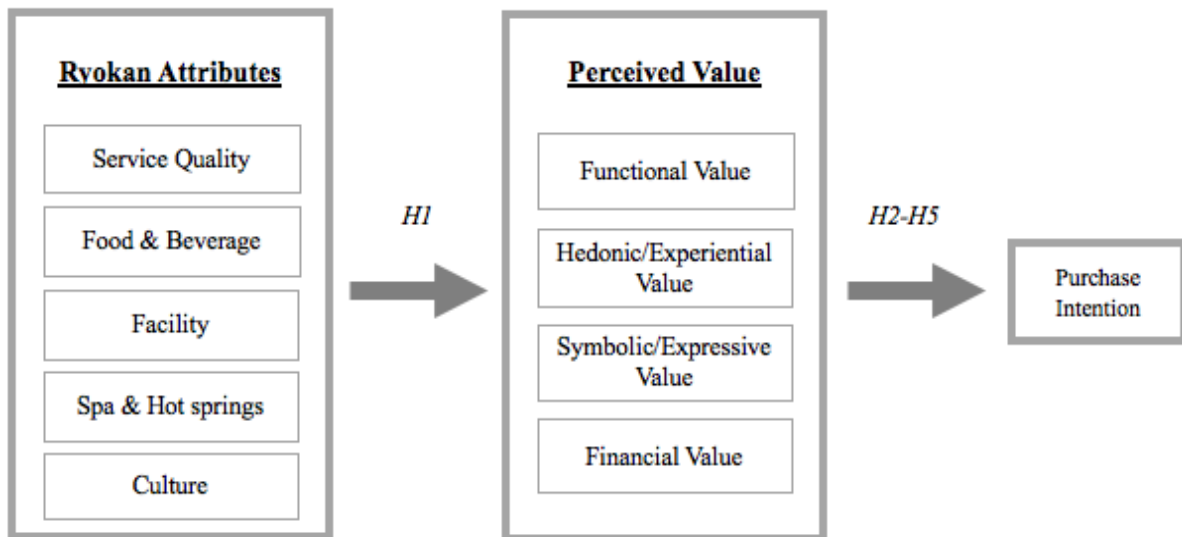


Figure 1: Conceptual Framework

2.4.1. Effects of Japanese Ryokan Attributes on Perceived Values

Product attributes refer to descriptive features that symbolize a product or service (Keller, 1999). Extant marketing literature has typically employed the concept of attribute importance in the study of consumer behavior. A major assumption of utilizing the concept of attributes is that consumers isolate the relative importance of each attribute when making purchase decisions (Chen & Hu, 2010; Kotler, 1988). As such, important attributes are critical in understanding consumer behavior (Jaksa et al., 1999).

Previous studies demonstrate that attributes of products or services have a positive effect on consumer behaviors in the hospitality context; attributes influence satisfaction (Choi et al., 2001; Wilkins et al., 2009; Yang & Lau, 2015), price (Zhang et al., 2011), brand trust (Wilkins et al., 2009), brand attitude (Wilkins et al., 2009), loyalty (Yang & Lau, 2015) and perceived value (Chen & Hu, 2010; Walls, 2013). Chen and Hu (2010) confirmed that coffee shops' main attributes positively influence consumers' functional and symbolic value perceptions. Similarly, within the hotel context, Walls (2013) also verified the significant relationship between hotel attributes and consumers' multi-dimensional value perceptions (i.e., emotive, social and cognitive values). The results of his study showed that physical environment had the strongest impact on social value, while human interaction had the strongest impact on emotive value. Hence, the present study proposes that major dimensions of Japanese Ryokan attributes will be positively related to customers' perceived value perceptions (H1).

H1. Japanese Ryokan attributes are positively related to consumers' perceived values.

2.4.2. Effect of Functional Value on Purchase Intention

Functional value generally measures the rational and economic evaluations perceived by consumers. Functional value refers to “the extent to which a product (good or service) has desired characteristics, is useful, or performs a desired function” (Smith & Colgate, 2007, p.10). Woodruff (1997) suggested the following three key factors of functional value: 1) correct and accurate attributes, 2) appropriate performance and 3) appropriate outcomes. While the other values in this study focus on affective elements (i.e., social and emotional values), functional value reflects core functions and utilities (Yang & Mattila, 2016). Based on these definitions, functional value in this study measures the extent to which luxury Japanese Ryokans’ products and services will be desirable, in terms of quality and performance.

In marketing literature, functional or utilitarian value have consistently been confirmed to have a positive significant effect on consumer behaviors, including purchase intentions (Li, Li, & Kambele, 2012; Roig, Garcia, Tena, & Monzonis, 2006; Shukla & Purani, 2012). Functional value is traditionally assumed to be the main driver of consumption choice (Sheth et al., 1991). In the context of luxury goods, consumers expect higher quality and superior performance from luxury products (Vigneron & Johnson, 2004). However, the uniqueness of the hospitality industry is that it provides customers not only tangible products but also intangible services (Chen & Hu, 2010; Mohsin & Lockyer, 2010). Extant studies on luxury hotel attributes show that both tangible qualities (e.g., room qualities, amenities, food quality and facilities) and intangible qualities (e.g., helpful and friendly staff, atmosphere, quietness and security) are essential factors for luxury hotel customers (Ekiz et al., 2012; Griffin et al., 1997; Mohsin & Lockyer, 2010; Wilkins et al., 2009; Yang & Lau, 2015; Zhang et al., 2011). Similarly, in the

Japanese Ryokan context, Choi et al. (2017) found that both the tangible Ryokan attributes (e.g., hot spring facilities, room quality and Japanese style food quality) and intangible Ryokan services (e.g., personal and systematic service and atmosphere) are important factors for Japanese Ryokan selection attributes of international tourists. As such, measurements of the functional value for this study reflect both the tangible and intangible elements of Japanese Ryokan service.

Previous hospitality research empirically revealed that functional value perceptions are important predictors of purchase intentions (Chen & Peng, 2014; Chen & Peng, 2018; Wu & Yang, 2018; Yang & Mattila, 2016). Wu and Yang (2018) demonstrated a significant relationship between functional value perceptions of luxury hotels and purchase intentions. Based on these related research, the present study proposes that consumers will have more interest in staying in luxury Japanese Ryokans when they perceive Japanese Ryokans to have functional values (H2). Therefore,

H2. Functional value is positively related to consumers' purchase intentions.

2.4.3. Effect of Hedonic/Experiential Value on Purchase Intention

Products and services consist of emotional value and offer intrinsic positive feelings in addition to their functional utility (Holbrook & Hirschman, 1982; Sheth et al., 1991). Experiential and hedonic value differs from functional (utilitarian) value, which refers to making purchase decisions by rationally evaluating product information in terms of performance and functionality (Fiore & Kim, 2007). Smith and Colgate (2007, p10) defined hedonic/experiential value as “the extent to which a product [or service] creates appropriate experiences, feelings and

emotions for the customers”. In addition to these emotional aspects (e.g., fun, excitement and pleasure), hedonic/experiential value encompasses epistemic aspects, such as curiosity, novelty and knowledge (Sheth et al., 1991; Smith & Colgate, 2007). Therefore, hedonic/experiential value in this study measures Japanese Ryokans’ ability to arouse consumers’ emotions of indulgence, pleasure and curiosity (Sheth et al., 1991; Yang & Mattila, 2016).

The effect of hedonic value on consumer behaviors has been assessed and confirmed in a number of different industry contexts, including internet retailers, fashion brands, banking services and adventure tours (Li et al., 2012; Overby & Lee, 2006; Roig et al., 2006; Williams & Soutar, 2009). In addition, many authors have come to agree that consumers buy luxury products or service that extend beyond fulfilling basic needs; rather, they cater to emotions such as pleasure, enjoyment, fun and excitement (Smith & Colgate, 2007; Vigneron & Johnson, 2004; Wiedmann et al., 2009).

The majority of organizations in the hospitality industry put effort into creating emotional value, such as pleasure, enjoyment, fun, excitement, adventure and humor (Smith & Colgate, 2007). For instance, Aman Group. (n.d.), a luxury resort brand, communicates the emotional and hedonic benefits of their brand: “Spirited away to a private world of dramatic landscapes, one-of-a-kind cultural experiences and secret paths to the beach, couples, friends and families alike have the freedom to focus on what matters”. Furthermore, some hospitality firms, such as the Walt Disney World company, focus on creating epistemic value in order to arouse their customers’ curiosity and to satisfy their desire for knowledge (Smith & Colgate, 2007). Similar to other successful hospitality products and services, luxury Japanese Ryokans provides experiences of enjoyments, indulgences and curiosity; for instance, Japanese tea ceremonies, a Japanese cultural

experience that is often held in luxury Japanese Ryokans, offers their guests an opportunity to indulge in a deeper appreciation of Japanese culture.

Many researchers in the hospitality context have insisted the positive relationship between hedonic value and consumer behaviors, including purchase intentions (e.g., Chen, & Peng, 2014; Ha & Jang, 2010; Ryu, Han & Jang, 2010; Wu & Yang, 2018; Yang & Mattila, 2016). Yang and Mattila (2016) found that hedonic value has the most influential effect on consumers' purchase intentions for luxury restaurants, followed by functional and financial values. In a similar vein, Wu and Yang (2018) identified hedonic value as the most important predictor of purchase intentions for a luxury hotel. Based on the previously described literature, the present study hypothesizes that consumers' intentions to stay in luxury Japanese Ryokans in the near future will be enhanced when they expect it will stimulate their sense of indulgence, pleasure and curiosity (H3).

H3. Hedonic value is positively related to consumers' purchase intentions.

2.4.4. Effect of Symbolic/Expressive Value on Purchase Intention

Many researchers have investigated symbolic/expressive value within the luxury product context. Veblen (1899) proposed the conspicuous consumption theory, which posits that a major motivation of luxury consumption is gaining social status, as consumers tend to purchase luxury products to demonstrate their economic power and high status. By utilizing Veblen's theory, Bearden and Etzel (1982) revealed that luxurious products consumed in public were more conspicuous than those consumed in private. In addition to a conspicuous nature, certain products or services allow consumers to express their personalities, lifestyles and beliefs (Smith

& Colgate, 2007). Grubb and Grathwohl (1967) state that products serve as social symbols, such that they can communicate a consumer's self-concept to the rest of society. Many researchers argue that consuming a luxury product can enhance a consumer's own self-concept (Wiedmann et al., 2007). Based on related previous literature, Smith and Colgate (2007, p.10) defined symbolic/expressive value as "the extent to which customers attach or associate psychological meaning to a product [or service]". This study view symbolic/expressive value of Japanese Ryokans as consumers' perceptions related to their self-concepts, social image, status and wealth.

In the luxury commodity context, many researchers verified the influence of symbolic/expressive value on consumer behaviors (Ajitha & Sivakumar, 2017; Choo, Moon, Kim, & Yoon, 2012; Hennings, Wiedmann, Klarmann, & Behrens, 2015; Li et al., 2012; Shukla & Purani, 2012). Shukla and Purani (2012) revealed that other-directed symbolic/expressive value perception was the most important predictor for the overall perception of luxury value for both British and Indian affluent consumers. Berthon, Parent, and Berthon (2009) suggested that symbolic value is a main factor for the consumption of luxury goods for customers.

Similar to luxury commodities, hospitality products and services, particularly in luxury hotels, can meet their consumers' symbolic/expressive value in multiple means. For instance, luxury hotels can manipulate their interior environments, which give consumers feelings of luxuriousness and exclusiveness; luxury hotels provide unique and rare experiences, which also give consumers opportunities to express their self-concepts. Chen and Peng (2014) revealed that guests show a more positive attitude toward luxury hotels if they believe that their service can show off their self-concept and status to other individuals and themselves. Based on the related

studies, the present study proposes that consumers' intentions to stay in Japanese Ryokans will be enhanced when consumers perceive Japanese Ryokans as helping to relay their self-concepts, self-image, status and wealth (H4).

H4. Symbolic/expressive value is positively related to consumers' purchase intentions.

2.4.5. Effect of Financial Value on Purchase Intention

Smith and Colgate (2007) state that, in addition to maximizing value benefits (e.g., functional, hedonic and symbolic value benefits), financial value is also an important value dimension since consumers try to minimize all sacrifices that may be involved in the purchasing process. Sacrifices include all perceived customer costs, both monetary and non-monetary (i.e., time, effort and energy) (Zeithaml, 1988), and consumers expect to derive sufficient value in return (Shukla & Purani, 2012). Similarly, Wiedmann et al. (2007; 2009) proposed that financial value demonstrates consumers' perceptions of the sacrifice they make in order to obtain luxury products. They suggested that consumers expect higher values from luxury products and services in order to compensate for the higher prices (Wiedmann et al., 2007; 2009). As such, an appropriate balance of benefits and sacrifices is an important value dimension (Wu & Yang, 2018). Financial value in this study measures the extent to which luxury Japanese Ryokans would be worth the high price for potential customers.

With other value dimensions (i.e., functional, hedonic and symbolic values), financial value's significant effect on consumer behaviors has been confirmed in a number of different consumption scenarios (Choo et al., 2012; Hennings et al., 2015; Li et al., 2012; Roig et al., 2006; Shukla & Purani, 2012). In a similar vein, hospitality researchers have demonstrated that

financial value is a significant predictor of consumers' behaviors, including purchase intentions (Ashton et al, 2010; Williams & Soutar, 2009; Wu & Yang, 2018; Yang & Mattila, 2016). Since luxury Japanese Ryokans are more expensive than general hotels, consumers' perceptions of perceived financial value are essential for their product evaluations. Therefore, this study hypothesizes that consumers' intentions to stay in luxury Japanese Ryokans will increase when they perceive luxury Japanese Ryokans as worth the price (H5).

H5. Financial value is positively related to consumers' purchase intentions.

CHAPTER THREE: METHODOLOGY

3.1. Data Collection

The target population of the study was potential customers for luxury Japanese Ryokans, particularly those who live in the Northeastern region in the U.S. The Northeastern region is selected because of the relatively large hot spring market where several popular hot springs are located (Tabacchi, 2010). Furthermore, it is the nation's most economically developed and culturally diverse region that includes several of the nation's major cities (e.g., New York, Washington DC and Boston) (Hobbs, 2009). Therefore, those U.S. adults who had stayed in luxury class hotels at least once within the past 12 months as well as who currently live in the Northeastern region in the U.S. were screened and invited to participate in the self-administrated online survey. Several faculty members with expertise on the topic checked the online survey in order to improve the overall quality and clarify the wording of survey questions before distribution. Prior to data collection for the study, the approval of the Institutional Review Board (IRB) procedure at the University of Central Florida were obtained. The IRB approval letter for the study was enclosed as APPENDIX: UCF IRB APPROVAL LETTER.

The final version of the online questionnaire was distributed through the web (i.e., Qualtrics) for collecting data. Recent studies insisted that the data collected from online surveys tend to have fewer biases compared to the data collected from other traditional methods (Gosling, Vazire, Srivastava, & John, 2004). Furthermore, since online surveys can incorporate multimedia techniques (e.g., photos and introductions), they work well for specific types of marketing research, such as concept tests for new product ideas (Evans & Mathur, 2005). The

online survey was the ideal data collection method for this study since the aim of the study was to explore potential customers' perceptions toward luxury Japanese Ryokans which was a new concept of luxury accommodations and hot spring facility for many participants. Thus, the online questionnaire included photos and descriptions of luxury Japanese Ryokans for those who had low familiarity and cognitive knowledge.

3.2. Survey Instrument

The online survey instrument included a cover page that explains the background and purpose of the study. After reading the explanation of the study, the participants confirmed their willingness to take part in the study. There were five major sections in the survey. In the first section, a screening question asking participants' previous experiences on staying at luxury hotels was provided in order to reach the proper target samples. Only those respondents who had stayed at luxury class hotels within the past 12 months could continue the survey, while others were directed to the end of the survey. Second, socio-demographic information (e.g., age, education, ethnicity, household income, etc.) and participants' luxury consumption behaviors (e.g., status consumption, conspicuous consumption and brand consciousness) were evaluated. The third section consisted of questions regarding participants' knowledge and experience in Japan and Japanese Ryokan. Participants viewed a brief introduction of Japanese Ryokans and were asked about their previous trip to Japan, country image toward Japan, experience and familiarity on Japanese Ryokan.

The fourth section was designed to measure participants' perceptions toward luxury Japanese Ryokans. Photographic images with brief captions of luxury Japanese Ryokans were

provided to participants. Those photos included luxury Japanese Ryokans' exterior and interior appearance, a guest room, Japanese cuisine, a hot spring area and an example of cultural activity. After participants viewed the photos, they were asked to rate their expectations and perceived values toward luxury Japanese Ryokans. For instance, participants were given a survey question that says, "I would stay at this luxury Japanese Ryokan purely for enjoyment" (a sample question of hedonic value measurement items) and asked to indicate their level of agreement regarding perceived values toward luxury Japanese Ryokans. In addition, participants were asked to rate their purchase intentions toward luxury Japanese Ryokans. Lastly, participants were asked to rate the level of importance regarding several attributes of luxury Japanese Ryokans.

3.3. Measures

All measurement items were adapted from relevant literature with minor wording modifications. The items of importance attributes of luxury Japanese Ryokans were assessed with 7-point Likert scales ranging from extremely unimportant (1) to extremely important (7); the items of perceived values and purchase intentions were measured ranging from strongly disagree (1) to strongly agree (7). The measurement items of importance attributes were formulated based on a comprehensive review of related literature on general and luxury hotels, hot springs and Japanese Ryokans. As a result, a total of 24 attributes were identified which can be characterized into five major domains; service quality, food and beverage, physical environment, spa and hot springs, and cultural activities (see Table 6). Four items were adapted to measure *service quality* (i.e., pleasant staff and quality service, courtesy and helpfulness of staff, staff appearance and personal and customized services) and *food and beverage* (i.e., quality

of food and beverage, a variety of foods and beverages, Japanese-style food and health-oriented menu) respectively.

Table 6: Measurement Items of Japanese Ryokan attributes

Major Domains	Attributes
Service Quality	Pleasant staff and quality service Courtesy and helpfulness of staff Staff appearance Personal and customized services
Food and Beverage	Quality of food and beverage Variety of foods and beverages Japanese-style food Health-oriented menu
Physical Environment	Cleanliness Quietness Comfortability Attractiveness of interior and exterior design Security and safety Japanese-style interior and exterior design Japanese-style landscape design Japanese-style social spaces
Spas and Hot springs	Quality of hot springs Size of hot springs Beauty of hot spring surroundings Quality of spa treatments Variety of spa treatments
Cultural Activities	Japanese cultural activities and festivals Japanese customs Japanese seasonal recreation

While eight items were adapted to measure respondents' expectations on *physical environment* of the hotel (i.e., cleanliness, quietness, comfortability, attractiveness of interior and

exterior design, security and safety, Japanese-style interior design, Japanese-style landscape design and Japanese-style social spaces), five items were used to evaluate *spa and hot springs* related attributes (i.e., quality of hot springs, size of hot springs, beauty of hot spring surroundings, quality of spa treatments and variety of spa treatments). Finally, since this is a Japanese style of luxury hot spring hotel, three items were adapted to measure importance of Japanese *cultural activities* (i.e., Japanese cultural activities and festivals, Japanese customs and Japanese seasonal recreation). Since these attributes are evaluated in the pre-purchase stage, participants were asked to rate the importance of these Japanese Ryokan attributes (see Table 6).

The multi-dimensions of the perceived value concept consist of four major dimensions: functional value, hedonic/experiential value, symbolic/expressive value, and financial value. This study adapted measurement items from extant hospitality studies (Yang & Mattila, 2016; Wu & Yang, 2018) and modified the wording to fit the luxury Japanese Ryokans context. Functional value (5 items) measured the extent to which luxury Japanese Ryokans' products and services are desirable in terms of quality and performance. Hedonic/ experiential value (5 items) measured the extent to which luxury Japanese Ryokans arouse participants' emotions of indulgence, pleasure and curiosity. Symbolic/expressive value (4 items) measured the extent to which participants relate their self-concepts, social image, status and wealth with luxury Japanese Ryokans. Financial value (4 items) measured the extent to which luxury Japanese Ryokans would be worth the high price for participants. Finally, purchase intention measured the extent to which participants desire to stay at luxury Japanese Ryokans. Three measurement items were adapted from Ashton et al (2010). Table 7 summarizes the measurement items of major variables.

Table 7: Measurement Items of Perceived Values and Purchase Intention

Major Dimensions	Measurement Items
<p>Functional Value (FV)</p>	<p>FV1. This Japanese Ryokan would be able to provide personalized services FV2. The service in this Japanese Ryokan would be attentive FV3. Staying at this Japanese Ryokan would be comfortable FV4. This Japanese Ryokan would be high quality FV5. This Japanese Ryokan’s physical facilities would be aesthetically appealing</p>
<p>Hedonic/ Experiential Value (HV)</p>	<p>HV1. I would stay at this Japanese Ryokan purely for enjoyment HV2. Staying at this Japanese Ryokan would be very pleasant HV3. I would stay at this Japanese Ryokan to self-indulge HV4. I would choose this Japanese Ryokan based on my esthetic taste HV5. Staying at this Japanese Ryokan would satisfy my curiosity</p>
<p>Symbolic/ Expressive Value (SV)</p>	<p>SV1. Staying at this Japanese Ryokan would be a symbol of social status SV2. Staying at this Japanese Ryokan would allow me to express myself SV3. Staying at this Japanese Ryokan would help me communicate my self-identity SV4. Staying at this Japanese Ryokan would improve my social image</p>
<p>Financial Value (FIV)</p>	<p>FIV1. It would be worth the economic investment to stay at this Japanese Ryokan FIV2. Staying at this Japanese Ryokan would be worth its price FIV3. This Japanese Ryokan would offer an equal or higher value than the money spent FIV4. This Japanese Ryokan is fairly-priced</p>
<p>Purchase Intention (PI)</p>	<p>PI1. I might stay in this Japanese Ryokan at sometimes in the future PI2. I would certainly stay in this Japanese Ryokan PI3. I would consider staying in this Japanese Ryokan</p>

In addition to the main variables for this study, several additional variables were measured in order to understand the inter-individual differences among study participants (e.g., familiarity, country image, authenticity, social status, etc.). Table 8 summarizes the measurement items of additional variables.

Table 8: Measurement Items of the Additional Variables

Additional Variables	Measurement Items
Status Consumption (SC)	SC1. I would pay more for a hotel if it had status SC2. I would stay a hotel just because it has status SC3. I am interested in new hotels with status SC4. A hotel is more valuable to me if it has some snob appeal
Conspicuous Consumption (CC)	CC1. It says something to people around me when stay a luxury hotel CC2. I stay luxury hotels to match my financial status CC3. I choose luxury hotels to create my own style that everybody admires CC4. Staying luxury hotels shows to others that I am sophisticated
Brand Consciousness (BC)	BC1. I think that the well-known hotel brands are best for me BC2. I pay attention to brand names of most hotels I stay BC3. The more recognized brands are usually my hotel choice
Cognitive Country Image (CCI)	CCI1. Japan has high living standards CCI2. Japan is an affluent country CCI3. Japan has an advanced technology CCI4. Japan has high education levels
Affective Country Image (ACI)	ACI1. I would stay at this Japanese Ryokan purely for enjoyment ACI2. Japanese are friendly ACI3. Japan is safe ACI4. Japanese are reliable
Familiarity (FA)	FA1. I am familiar with Japanese Ryokans FA2. I recognize Japanese Ryokans FA3. I've heard of Japanese Ryokans
Perceived Authenticity (PA)	PA1. This Japanese Ryokan makes me feel connected to Japanese culture PA2. The appeal of this Ryokan matches my impression of Japanese culture PA3. This Japanese Ryokan looks very Japanese to me
Consumer Attitude (CA)	CA1. Unappealing/Appealing CA2. Unpleasant/Pleasant CA3. Favorable/Unfavorable CA4. Unlikable/Likable

3.4. Data Analysis

First, descriptive statistics were carried out as a preliminary analysis to offer a general description of the research population to simplify the data collected. Second, an exploratory factor analysis (EFA) using principal component analysis and the varimax rotation was conducted in order to determine the underlying dimensions of the attributes of luxury Japanese Ryokans. EFA has been widely used in hospitality marketing research (Choi & Chu, 2001; Chu & Choi, 2000; Sohrabi, Vanani, Tahmasebipur, & Fazli, 2012). Factor analysis can reduce the amount of data into usable composites by removing redundancy from related variables, such that a new composite variable can be used for further analysis (Lewis, 1984). Factor loadings, eigenvalues and the percentage of variance explained determined the inclusion of an attribute (a variable) in a factor (Hair, Black, Babin, Anderson, & Tatham, 2010). In addition, Cronbach's Alpha was calculated in order to assess the reliability of the measures.

Finally, a series of multiple regression models was used to test proposed research relationships. The study used the procedure of a series of regression models proposed by Baron and Kenny (1986) in order to test the mediating role of perceived value dimensions on the relationship between Ryokan attributes and purchase intention. The procedure of the series of regression analysis was threefold: 1) regress the mediator (perceived value dimensions) on the independent variables (Japanese Ryokan attributes), 2) regress the dependent variable (purchase intention) on the independent variables (Japanese Ryokan attributes) and 3) regress the dependent variables (purchase intention) on both the independent variables (Japanese Ryokan attributes) and the mediator (perceived value dimensions).

CHAPTER FOUR: RESULTS

4.1. Demographic Description of Sample

First, study participants were screened based on the three inclusion criteria; above 18 years old, currently live in the Northeastern region of the U.S., and had stayed at luxury hotels/resorts within 12 months. With these screening questions, 1,154 responses were initially collected and a total of 983 operational responses were used for data analysis after excluding outliers. As indicated in Table 9, the respondents consisted of 57.9 % females and 42.0% males with the largest age group being between 36 and 45 years old (30.4%) followed by 26 and 35 years old (29.1%) and 46 and 55 years old (16.0%). The majority of respondents had a bachelor's degree (39.2%) or a Master's degree (21.0%), followed by college graduates (15.8%) and associate degree graduates (10.1%).

As for an ethnic background, Caucasians (80.2%) accounted for the majority of participants. Out of all the participants, 30.0% had an annual income between \$100,001 and \$150,000 followed by the group with an annual income between \$75,001 and \$100,000 (25.0%) as well as between \$50,001 and \$75,000 (22.2%). Among the respondents, 28.2% lived in New York, followed by Pennsylvania (20.4%) and New Jersey (13.9%). Nearly half of the respondents were married with children (47.8%), followed by singles (23.4%) and then married without children (13.2%). Approximately half of the participants (47.8%) had five or more children followed by those with no children (24.4 %) and then those with one child (19.7%).

Table 9: Descriptive Statistics for Demographics (n = 983)

Demographic Variables	Frequency	Valid Percentage
Gender		
Male	413	42,0
Female	569	57.9
Other	1	0.1
Age		
18-25	79	8.0
26-35	286	29.1
36-45	299	30.4
46-55	157	16.0
56-65	108	11.0
66-75	54	5.5
76 or older	0	0.0
Education		
High school or less	73	7.4
Some college but no degree	155	15.8
Associate degree in college (2-year)	99	10.1
Bachelor's degree (4-year)	385	39.2
Master's degree	206	21.0
Doctoral degree or other Professional degree	65	6.6
Ethnicity		
African American	56	5.7
Asian	47	4.8
Caucasian	788	80.2
Hispanic	65	6.6
Pacific Islander	1	0.1
Other	26	2.6
Income		
\$50,001 to \$75,000	218	22.2
\$75,001 to \$100,000	246	25.0
\$100,001 to \$150,000	295	30.0
\$150,001 to \$200,000	120	12.2
\$200,001 to \$250,000	50	5.1
More than \$250,001	54	5.5

Demographic Variables	Frequency	Valid Percentage
Residing State		
Connecticut	53	5.4
Delaware	18	1.8
District of Columbia	9	0.9
Maine	17	1.7
Maryland	6	0.6
Massachusetts	98	10.0
New Hampshire	21	2.1
New Jersey	137	13.9
New York	277	28.2
Pennsylvania	201	20.4
Rhode Island	14	1.4
Vermont	4	0.4
Virginia	114	11.6
West Virginia	14	1.4
Marital Status		
Single, never married	230	23.4
Married without children	130	13.2
Married with children	470	47.8
Divorced	39	4.0
Separated	10	1.0
Widowed	10	1.0
Living with partner	94	9.6
Number of Children		
0	240	24.4
1	194	19.7
2	57	5.8
3	12	1.2
4	10	1.0
5 or more	470	47.8

4.2. Additional Information

Other pertinent demographic information (See Table 10) and additional variables (See Table 11) were measured in order to further understand respondents' background. The majority of participants had stayed at luxury hotels during the 12 months prior to the survey 1–2 times (68.6%), followed by 3-4 times (19.4%). The price range for respondents' luxury hotel rooms was between \$350 and \$400 (48.4%), followed by \$401-\$450 (20.0%) and \$451-\$500 (12.6%). More than half of the respondents had never stayed at hot spring hotels before (53.6%), while 27.3% had once or twice. Meanwhile, the majority of the participants had experienced spa treatments (e.g., massage, facials, body treatments) once or twice (40.3 %) or 3-4 times (20.9%) during the past 12 months. Furthermore, most participants had never traveled to Japan (73.7%), while 19.4% of the respondents had traveled to Japan once or twice. In a similar vein, the majority of the respondents (83.2%) had never stayed at Japanese Ryokans; only 16.8% of all participants answered that they had stayed at Japanese Ryokans at least once.

Table 10: Descriptive Statistics for Additional Information

Additional Variables	Frequency	Valid Percentage
The Number of Luxury Hotel Stay		
1-2 times	753	68.6
3-4 times	213	19.4
5-6 times	62	5.6
7-8 times	32	2.9
9 times or more	38	3.5

Additional Variables	Frequency	Valid Percentage
The Room Price of the Luxury Hotel		
\$350 - \$400	531	48.4
\$401 - \$450	220	20.0
\$451 - \$500	138	12.6
\$501 - \$550	88	8.0
\$551 - \$600	45	4.1
\$601 or more	76	6.9
The Number of Hot Spring Hotel Stay		
Never	589	53.6
1-2 times	300	27.3
3-4 times	116	10.6
5-6 times	48	4.4
7-8 times	19	1.7
9 times or more	26	2.4
The Number of Spa Treatment		
Never	228	20.8
1-2 times	443	40.3
3-4 times	229	20.9
5-6 times	93	8.5
7-8 times	43	3.9
9 times or more	62	5.6
The Number of Travel Experience to Japan		
Never	809	73.7
1-2 times	213	19.4
3-4 times	39	3.6
5-6 times	15	1.4
7-8 times	7	0.6
9 times or more	15	1.4
The Number of Japanese Ryokan Stay		
Never	914	83.2
1-2 times	124	11.3
3-4 times	30	2.7
5-6 times	10	0.9
7-8 times	4	0.4
9 times or more	16	1.5

Among additionally measured variables (See Table 11), the mean score of *brand consciousness* (M=5.49, SD=1.13) were higher than those of *status consumption* (M=4.74, SD=1.46) and *conspicuous consumption* (M=4.50, SD=1.47). Overall, *country image* toward Japan was relatively high; the mean value of *cognitive country image* (M=5.78, SD=0.87) was slightly higher than that of *affective country image* (M=5.52, SD=1.01). While participants' *familiarity* toward Japanese Ryokans was somewhat low (M=3.60, SD=1.96), the mean values of *consumer attitude* (M=6.61, SD=0.68) and *perceived authenticity* (M=6.02, SD=0.86) toward the Japanese Ryokan presented in the survey was comparatively high. All variables were measured with three or more measurement items and the Cronbach's alpha scores ranged from 0.83 to 0.94, indicating internal consistency among related a set of measurement items (Nunnally, 1978).

Table 11: Additional Variables

	# Items	Mean	Std. Deviation	α
Status Consumption (general)	4 items	4.74	1.46	0.92
Conspicuous Consumption (general)	4 items	4.50	1.47	0.90
Brand Consciousness (general)	3 items	5.49	1.13	0.87
Cognitive Country Image toward Japan	4 items	5.78	0.87	0.84
Affective Country Image toward Japan	4 items	5.52	1.01	0.88
Familiarity of Japanese Ryokan	3 items	3.60	1.96	0.94
Perceived Authenticity of Japanese Ryokan	3 items	6.02	0.86	0.83
Consumer Attitude of Japanese Ryokan	4 items	6.61	0.68	0.91

4.3. Exploratory Factor Analyses (EFA)

Exploratory Factor Analysis (EFA) with a varimax rotation was utilized to explore the underlying dimensions of Japanese Ryokan attributes. The initial EFA results showed a five-factor solution with four cross-loaded items (i.e., personal and customized service, Japanese style cuisine, a health-oriented menu, and quietness). After eliminating those four cross-loaded items, a four-factor solution was derived explaining 59.85% of the total variance (See Table 12). The KMO measure of sampling adequacy was 0.90 and Bartlett's test of sphericity was significant ($p < 0.001$) with 8653.04 (χ^2), indicating that the data suitability for the factor analysis was above the sufficient level (Pett, Lackey, & Sullivan, 2003). The Cronbach's alpha scores ranged from 0.81 to 0.85. These scores were higher than the suggested cut-off point of 0.7, providing evidence of internal consistency among related items and that the four extracted factors appropriately summarized the data and were statistically robust (Nunnally, 1978).

The first dimension, labeled '*Hotel Attributes*' ($M=6.57$, $SD=0.48$), included seven items (i.e., cleanliness, quality of food and beverage, comfortability, courtesy and helpfulness of staff, security and safety, pleasant staff and quality service, and variety of foods and beverages) which encompassed basic attributes of general hotels and luxury hotels. This factor captured 17.06% of the total variance. The second dimension (explained 16.37% of the total variance), labeled as '*Japanese Servicescape*' ($M=5.78$, $SD=0.98$), which reflected ambiance and atmosphere of Japanese Ryokans, involved five items (i.e., Japanese-style interior and exterior design, Japanese-style landscape design, Japanese-style social spaces, Japanese-style staff appearance, and attractiveness of interior and exterior design).

Table 12: Factor Analysis Results of Japanese Ryokan Attributes

Factors	Descriptive Statistics	Factor Loadings
Factor 1. Hotel Attributes (Eigen Value=7.00 / Variance Explained=17.06% / α =0.81)		
Cleanliness	Mean = 6.57 SD = 0.48	0.727
Security and safety		0.705
Comfortability		0.700
Quality of food and beverage		0.681
Courtesy and helpfulness of staff		0.638
Pleasant staff and quality service		0.582
Variety of foods and beverages		0.552
Factor 2. Japanese Servicescape (Eigen Value=2.39 / Variance Explained=16.37% / α =0.82)		
Japanese-style interior and exterior design	Mean = 5.78 SD = 0.98	0.770
Japanese-style landscape design		0.710
Japanese-style social spaces		0.674
Japanese-style staff appearance		0.672
Attractiveness of interior and exterior design		0.603
Factor 3. Hot Springs & Spas (Eigen Value=1.52 / Variance Explained=15.50% / α =0.85)		
Size of hot springs	Mean = 6.03 SD = 0.79	0.769
Quality of hot springs		0.756
Quality of spa treatments		0.748
Japanese style hot spring surroundings		0.698
Variety of spa treatments		0.679
Factor 4. Japanese Culture (Eigen Value =1.05 / Variance Explained=10.91% / α =0.82)		
Japanese cultural activities and festivals	Mean = 5.59 SD = 0.98	0.790
Japanese customs		0.706
Japanese seasonal recreation		0.696

Note: All items are measured with seven-points scale.
 Extraction Method: Principal Component Analysis
 Rotation Method: Varimax

The third dimension, labeled ‘Hot Springs & Spas’ (M=6.03, SD=0.79), consisted of five items which reflected quality, variety and physical environment of hot springs and spas (i.e., quality of spa treatments, size of hot springs, quality of hot springs, variety of spa treatments, and Japanese style hot spring surroundings) and explained 15.50% of the total variance. Finally, the

fourth dimension, '*Japanese Culture*' (M=5.59, SD=0.98), addressed the aspect of Japanese cultural experiences and activities. This factor included three items (i.e., Japanese cultural activities and festivals, Japanese customs, and Japanese seasonal recreation) and explained 10.91% of the total variance.

In addition to Japanese Ryokan attributes, multi-dimensions of perceived value were subject to EFA in order to reduce measurement items into common dimensions. The initial EFA results demonstrated a two-factor solution with one cross-loaded item (i.e., HV4: "I would choose this Japanese Ryokan based on my esthetic taste"). After eliminating this cross-loaded item, the EFA results captured 59.83% of the total variance with two factors (See Table 13). The two factors were the combination of (1) functional value and hedonic value and (2) symbolic value and financial value (See Table 13). The KMO measure of sampling adequacy was 0.94 and Bartlett's test of sphericity was significant ($p < 0.001$) with 10107.28 (χ^2), indicating that the data suitability for the factor analysis was appropriate (Pett et al., 2003). Furthermore, the Cronbach's alpha value of these factors demonstrated high internal consistency with $\alpha = 0.89$ and $\alpha = 0.91$. The '*functional & hedonic value*' consisted of 9 items originally derived from two types of perceived values (i.e., functional value and hedonic value). This dimension explained 30.89% of the total variance and had a much higher mean value (M=6.26, SD=0.61) than symbolic & financial value (M=5.36, SD=1.02). The '*symbolic & financial value*' included eight items originally derived from two types of perceived values (i.e., symbolic value and financial value) and explained 28.94% of the total variance.

Table 13: Factor Analysis Results of Perceived Value

Factors	Descriptive Statistics	Factor Loadings
<i>Factor 1. FV & HV</i> (Eigen Value=7.99 / Variance Explained=30.89% / $\alpha=0.89$)		
FV4	Mean = 6.26 SD = 0.61	0.810
FV2		0.768
FV1		0.753
HV2		0.749
FV3		0.736
FV5		0.690
HV3		0.623
HV1		0.611
HV5		0.575
<i>Factor 2. SV & FIV</i> (Eigen Value=2.18 / Variance Explained=28.94% / $\alpha=0.91$)		
SV3	Mean = 5.36 SD = 1.02	0.843
SV4		0.843
SV2		0.795
SV1		0.778
FIV1		0.693
FIV2		0.666
FIV4		0.662
FIV3		0.648

Note: All items are measured with seven-points scale.
Extraction Method: Principal Component Analysis
Rotation Method: Varimax

The results of correlations among constructs (See Table 14) showed that there were positive correlations among the four dimensions of Japanese Ryokan attributes (i.e., hotel attributes, hot springs & spas, Japanese servicescape, and Japanese culture), the two dimensions of perceived value (i.e., functional & hedonic value and symbolic & financial value) and purchase intention. Hotel attributes showed a strong correlation with functional & hedonic value ($r=0.468$, $p=0.01$); however, it also demonstrated a weaker correlation with symbolic & financial

value ($r=0.198$, $p=0.01$) as well as a reasonable amount of correlation with purchase intention ($r=0.319$, $p=0.01$). Similarly, hot springs & spas indicated a stronger correlation with functional & hedonic value ($r=0.439$, $p=0.01$) than symbolic & financial value ($r=0.397$, $p=0.01$); however, it also showed a relatively stronger correlation with purchase intention ($r=0.403$, $p=0.01$). In contrast, both Japanese servicescape and Japanese culture demonstrated stronger correlations with symbolic & financial value, $r=0.549$ ($p=0.01$) and $r=0.524$ ($p=0.01$), respectively, than with functional & hedonic value, $r=0.486$ ($p=0.01$) and $r=0.445$ ($p=0.01$), respectively. In addition, both dimensions had strong correlations with purchase intention (Japanese servicescape: $r=0.445$, $p=0.01$, and Japanese culture: $r=0.458$, $p=0.01$). Finally, a greater correlation with purchase intention was demonstrated by functional & hedonic value ($r=0.752$, $p=0.01$) than symbolic & financial value ($r=0.632$, $p=0.01$).

Table 14: Construct Correlations

	1	2	3	4	5	6	7
Hotel Attributes	---						
Hot Springs & Spas	.469**						
Japanese Servicescape	.390**	.506**					
Japanese Culture	.280**	.496**	.615**				
Functional & Hedonic Value	.468**	.439**	.486**	.445**			
Symbolic & Financial Value	.198**	.397**	.549**	.524**	.587**		
Purchase Intention	.319**	.403**	.445**	.458**	.752**	.632**	---

Note: ** $p<0.01$
* $p<0.05$

4.4. Independent Sample T-test

An independent sample T-test was utilized to compare the mean scores of the four dimensions of Japanese Ryokan attributes, the two dimensions of perceived value and purchase intention, based on respondents' experiences and familiarity with Japanese Ryokans, and affective country image (See Table 15 and Table 16). In order to compare differences of participants' perceptions based on their experiences, the total sample was divided into two groups based on whether or not respondents had experienced these activities (i.e., hot spring hotel stays, spa treatments, and travel to Japan). Additionally, the total sample was divided into two groups based on mean-split values for familiarity and country image constructs, (i.e., low familiarity/high familiarity and low country image/high country image).

The T-test results indicated that there were several significant differences based on participants' experiences, familiarity and country image pertaining to importance levels of each Ryokan attribute dimension (See Table 15). Those who had prior experience of staying at hot spring hotels (i.e., hot spring group) had a significantly lower mean value of hotel attributes (M=6.51) than that of the non-hot spring group (M=6.62), who had never stayed at hot spring hotels. Likewise, participants who had traveled to Japan showed a significantly lower mean score of hotel attributes (M=6.46) than those who had never been to Japan (M=6.61). Meanwhile, the spa group, who had had a spa treatment experience at least once within the 12 months prior to the survey, had a significantly greater mean score of hot springs & spas (M=6.13) than that of the non-spa group (M=5.62), those who hadn't had spa treatments. It was also noteworthy that the mean values of all four of the dimensions of Japanese Ryokan attributes were significantly different between the different levels of familiarity (i.e., the low familiarity group/the high

familiarity group); the high familiarity group demonstrated greater mean values of hot springs & spas, Japanese servicescape, and Japanese culture, while the low familiarity group indicated a higher mean value of hotel attributes. In a similar vein, the higher country image group showed higher mean values of hot springs & spas and Japanese culture.

Table 15: Independent Sample T-test on Japanese Ryokan Attribute

		Hotel Attributes			Hot Springs & Spas			Japanese Servicescape			Japanese Culture		
		Mean	SD	Sig.	Mean	SD	Sig.	Mean	SD	Sig.	Mean	SD	Sig.
Hot Spring Hotel Stay	No	6.62	0.41	0.00**	5.95	0.82	0.15	5.66	0.76	0.27	5.41	0.97	0.70
	Yes	6.51	0.53		6.11	0.75		5.90	0.81		5.79	0.95	
Spa Treatment	No	6.55	0.46	0.47	5.62	0.94	0.00**	5.57	0.75	0.48	5.32	1.04	0.06
	Yes	6.57	0.48		6.13	0.71		5.83	0.80		5.66	0.95	
Travel to Japan	No	6.61	0.43	0.00**	6.01	0.79	0.93	5.69	0.78	0.87	5.51	0.97	0.74
	Yes	6.46	0.56		6.05	0.79		6.00	0.78		5.82	0.97	
Familiarity	Low	6.62	0.42	0.00**	5.93	0.84	0.02*	5.62	0.80	0.05*	5.37	1.00	0.02*
	High	6.51	0.52		6.12	0.73		5.93	0.76		5.81	0.91	
Country Image	Low	6.54	0.51	0.03*	5.87	0.84	0.00**	5.51	0.76	0.32	5.26	0.98	0.02*
	High	6.60	0.44		6.17	0.71		6.03	0.74		5.90	0.87	

Note: **p<0.01
*p<0.05

In addition, the results of the T-test found significant differences regarding the two dimensions of perceived value and purchase intention (See Table 16). The hot spring group showed a greater level of functional & hedonic value (M=6.34) as well as purchase intention (M=6.28) than those of non-hot spring group (M=6.20 and M=5.91, respectively). Travel experiences to Japan demonstrated similar results; the experienced group had a greater value of purchase intention (M=6.28) than that of the novice group (M=5.91). The levels of familiarity also generated mean value differences; the high familiarity group had greater functional &

hedonic value (M=6.32) and purchase intention (M=6.27) than those of the low familiarity group (M=6.20 and M=5.90, respectively). Furthermore, it was noticeable that the high-country image group demonstrated greater functional & hedonic value (M=6.45) and purchase intention (M=6.36) than those of the low-country image group (M=6.06 and M=5.80, respectively).

Table 16: Independent Sample T-test on Perceived Value and Purchase Intention

		Functional & Hedonic Value			Symbolic & Financial Value			Purchase Intention		
		Mean	SD	Sig.	Mean	SD	Sig.	Mean	SD	Sig.
Hot Spring Hotel Stay	No	6.20	0.63	0.04*	5.01	1.00	0.12	5.91	0.82	0.00**
	Yes	6.34	0.59		5.73	0.90		6.28	0.71	
Spa Treatment	No	6.19	0.62	0.71	4.93	1.03	0.56	5.86	0.82	0.22
	Yes	6.28	0.61		5.46	0.99		6.14	0.77	
Travel to Japan	No	6.25	0.62	0.24	5.21	0.99	0.99	6.01	0.80	0.01*
	Yes	6.31	0.60		5.74	1.00		6.28	0.72	
Familiarity	Low	6.20	0.64	0.00**	5.05	1.01	0.12	5.90	0.82	0.00**
	High	6.32	0.58		5.66	0.93		6.27	0.71	
Country Image	Low	6.06	0.67	0.00**	4.92	0.94	0.82	5.80	0.83	0.00**
	High	6.45	0.48		5.77	0.92		6.36	0.64	

Note: **p<0.01
*p<0.05

4.5. Multiple Regression Analyses

Based on the Research Framework in Figure 2, a series of multiple regression analyses was conducted to examine the effects of the four dimensions of Japanese Ryokan attributes (i.e., hotel attributes, Japanese servicescape, hot springs & spas, and Japanese culture) on the two dimensions of perceived value (i.e., functional & hedonic value and symbolic & financial value) and, subsequently, on purchase intention. The study used the procedure of a series of regression models proposed by Baron and Kenny (1986) in order to test the mediating role of the

dimensions of perceived value on the relationship between the four dimensions of Ryokan attributes and purchase intention. Their results are summarized in Table 17 through Table 20.

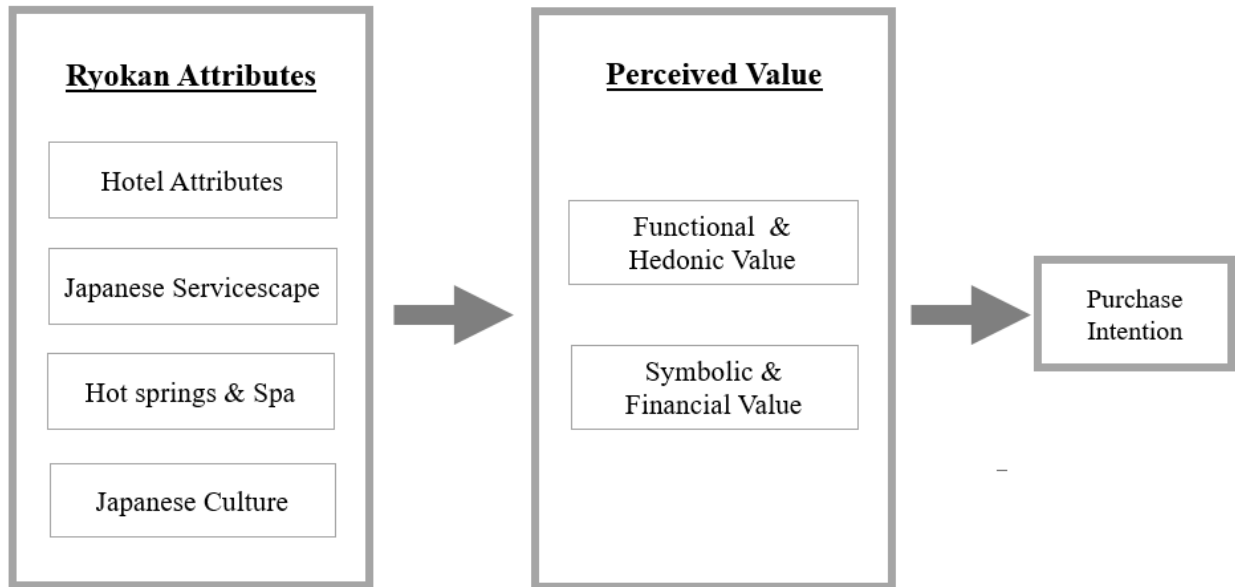


Figure 2: Research Framework

Regression assumptions were examined and there was no violation of the assumptions (i.e., normality, linearity, homoscedasticity, independence, and multicollinearity) in any regression models. In order to check the normality assumption, the histogram of residuals was examined, and the results showed a desirable bell curve. Furthermore, correlations were examined to assess the linearity assumption. The results indicated that all Japanese Ryokan attribute dimensions demonstrated significant positive correlations with main variables. The homoscedasticity assumption was confirmed by the fact that the results showed equally scattered errors found in the residual plot. Besides that, the independence assumption was satisfied with

the results of Durbin-Watson. Finally, the Variance Inflation Factors (VIF) in all regression models were less than 3, indicating that there was no sign of multicollinearity (Hair et al., 2010).

First, the relationship between the four dimensions of Japanese Ryokan attributes and the two dimensions of perceived value (i.e., functional & hedonic value, and symbolic & financial value) was examined (See Table 17 and Table 18). All four of the dimensions of Ryokan attributes positively and significantly related to functional & hedonic value ($R^2=0.36$). Specifically, hotel attributes ($\beta=0.285, p<0.001$) and Japanese servicescape ($\beta=0.207, p<0.001$) had stronger effects on functional & hedonic value than Japanese culture ($\beta=0.183, p<0.001$) and hot springs & spas ($\beta=0.110, p<0.005$) (See Table 17).

Table 17: Regression Analysis of Japanese Ryokan Factors on Functional and Hedonic Value

	<i>Functional & Hedonic Value</i>			
	Std. Coefficient	t-Value	Sig.	VIF
<i>Japanese Ryokan Factors</i>				
Hotel Attributes	0.29	9.64	0.00**	1.34
Japanese Servicescape	0.21	5.98	0.00**	1.34
Hot Springs & Spas	0.11	3.37	0.01*	1.64
Japanese Culture	0.18	5.44	0.00**	1.74
<i>F</i>	139.45			
<i>R</i> ²	0.36			
<i>Adj.R</i> ²	0.36			

Note: ** p<0.01
* p<0.05

For symbolic & financial value ($R^2=0.37$), Japanese servicescape, Japanese culture, and hot springs & spas had significant positive effects (See Table 18). While hotel attributes negatively related to the value, Japanese servicescape demonstrated the strongest impact on

symbolic & financial value ($\beta=0.352$, $p<0.001$), followed by Japanese culture ($\beta=0.267$, $p<0.001$) and hot springs & spas ($\beta=0.120$, $p<0.001$).

Table 18: Regression Analysis of Japanese Ryokan Factors on Symbolic and Financial Value

	<i>Symbolic & Financial Value</i>			
	Std. Coefficient	t-Value	Sig.	VIF
<i>Japanese Ryokan Factors</i>				
Hotel Attributes	-0.07	-2.37	0.00**	1.34
Japanese Servicescape	0.35	10.22	0.00**	1.83
Hot Springs & Spas	0.12	3.67	0.00**	1.64
Japanese Culture	0.27	7.96	0.00**	1.74
<i>F</i>	141.71			
<i>R</i> ²	0.37			
<i>Adj.R</i> ²	0.36			

Note: ** $p<0.01$
* $p<0.05$

Second, the relationship between the dimensions of Japanese Ryokan attributes and purchase intention was analyzed (See Table 19). An examination of the regression coefficients indicated that all four dimensions of Japanese Ryokan attributes had a positive influence on purchase intention ($R^2=0.29$). The results further indicated that Japanese culture ($\beta=0.249$, $p<0.001$) was the strongest predictor of potential customers' purchase intentions, followed by Japanese servicescape ($\beta=0.178$, $p<0.001$) and hot springs & spas ($\beta=0.135$, $p<0.001$).

Table 19: Regression Analysis of Japanese Ryokan Factors on Purchase Intention

	<i>Purchase Intention</i>			
	Std. Coefficient	t-Value	Sig.	VIF
<i>Japanese Ryokan Factors</i>				
Hotel Attributes	0.12	3.73	0.00**	1.34
Japanese Servicescape	0.18	4.87	0.00**	1.83
Hot Springs & Spas	0.14	3.90	0.00**	1.64
Japanese Culture	0.25	6.98	0.00**	1.74
<i>F</i>	97.49			
<i>R</i> ²	0.29			
<i>Adj.R</i> ²	0.28			

Note: ** p<0.01
* p<0.05

Table 20: Regression Analysis of Japanese Ryokan Factors and Perceived Values on Purchase Intention

	<i>Purchase Intention</i>			
	Std. Coefficient	t-Value	Sig.	VIF
<i>Japanese Ryokan Factors</i>				
Hotel Attributes	-0.03	-1.22	0.23	1.54
Japanese Servicescape	-0.03	-1.21	0.23	2.03
Hot Springs & Spas	0.04	1.58	0.11	1.67
Japanese Culture	0.07	2.73	0.00**	1.86
<i>Perceived Values</i>				
Functional & Hedonic Value	0.57	21.19	0.00**	1.95
Symbolic & Financial Value	0.26	9.58	0.00**	1.95
<i>F</i>	271.98			
<i>R</i> ²	0.63			
<i>Adj.R</i> ²	0.62			

Note: ** p<0.01
* p<0.05

Table 20 shows the result of the regression analysis that examines the effects of the four factors of Japanese Ryokan attributes and the two dimensions of perceived value on purchase intention. This is the final step to examine the mediating roles of two dimensions of perceived

value in the relationship between Ryokan attributes and purchase intention. The regression model ($R^2=0.63$) indicated that Japanese culture ($\beta=0.073$, $p<0.001$), functional & hedonic value ($\beta=0.578$, $p<0.001$), and symbolic & financial value ($\beta=0.262$, $p<0.001$) demonstrated significant positive impacts on purchase intention.

Meanwhile, hotel attributes, Japanese servicescape, and hot springs & spas did not show significant effects on purchase intention in the final model. Considering that these three dimensions significantly related to purchase intention in the previous model (See Table 19), the three dimensions were completely mediated by functional & hedonic value ($\beta=0.578$) and symbolic & financial value ($\beta=0.262$). In addition, standardized estimates suggested that the effect of Japanese culture became much smaller in the final model ($\beta=0.249 \rightarrow \beta=0.073$) from the previous model in Table 19, indicating that the effect of Japanese culture on purchase intention was partially mediated by the two dimensions of perceived value. Furthermore, among the two dimensions of perceived value, functional & hedonic value indicated a much greater effect on purchase intention ($\beta=0.578$, $p<0.001$) than symbolic & financial value ($\beta=0.262$, $p<0.001$).

4.6. Additional Multiple Regression Analyses

Considering those interesting results from independent sample T-test in Table 15 and Table 16, additional multiple regression analyses were conducted as post-hoc analysis to further analyze some patterns that were not the primary objectives of the study. Specifically, those additional multiple regression analyses were to compare the effects of the four dimensions of Japanese Ryokan attributes on the two dimensions of perceived value based on participants'

experiences of hot spring hotel stays, travels to Japan, as well as their familiarity with Japanese Ryokans (See Table 21 through Table 23).

Table 21: Regression Analyses between Non-Hot Spring Group vs. Hot Spring Group

	<i>Functional & Hedonic Value</i>		<i>Symbolic & Financial Value</i>		<i>Purchase Intention</i>		<i>Purchase Intention</i>	
	Std. Coef.	t-Value	Std. Coef.	t-Value	Std. Coef.	t-Value	Std. Coef.	t-Value
<i>Non-Hot Spring</i>								
Hotel Attributes	0.24	5.52**	0.03	0.80	0.13	2.91**	-0.02	-0.49
Japanese Servicescape	0.18	3.75**	0.34	7.20**	0.18	3.61**	-0.00	-0.09
Hot Springs and Spas	0.12	2.58*	0.05	1.17	0.10	2.15*	0.02	0.61
Japanese Culture	0.16	3.42**	0.23	5.08**	0.23	4.87**	0.09	0.09
Functional & Hedonic Value	--	--	--	--	--	--	0.58	15.50**
Symbolic & Financial Value	--	--	--	--	--	--	0.23	5.98**
	F=49.94 R ² =0.28 Adj.R ² =0.28		F=56.51 R ² =0.31 Adj.R ² =0.30		F=41.37 R ² =0.25 Adj.R ² =0.24		F=129.96 R ² =0.61 Adj.R ² =0.60	
<i>Hot Spring</i>								
Hotel Attributes	0.37	9.02**	-0.06	-1.46	0.20	4.39**	-0.01	-0.34
Japanese Servicescape	0.22	4.54**	0.33	6.38**	0.15	2.69**	-0.06	-1.46
Hot Springs and Spas	0.08	1.73	0.18	3.70**	0.15	2.88**	0.06	1.51
Japanese Culture	0.18	3.69**	0.26	5.22**	0.21	3.96**	0.04	1.07
Functional & Hedonic Value	--	--	--	--	--	--	0.62	14.64**
Symbolic & Financial Value	--	--	--	--	--	--	0.22	5.53**
	F=98.96 R ² =0.46 Adj.R ² =0.46		F=76.23 R ² =0.40 Adj.R ² =0.39		F=54.05 R ² =0.32 Adj.R ² =0.31		F=123.51 R ² =0.62 Adj.R ² =0.61	

Note: ** p<0.01
* p<0.05

The prominent difference between the non-hot spring group and hot spring group was the different effect of hot springs & spas on functional & hedonic value and on symbolic & financial value. In particular, even though there was a significant positive impact of hot springs & spas ($\beta=0.12$, $p<0.005$) on functional value & hedonic value for the non-hot spring group ($R^2=0.28$), there was no such significant effect on the hot spring group ($R^2=0.46$). On the other hand, the hot spring group indicated a significant impact of hot springs & spas ($\beta=0.18$, $p<0.001$) on symbolic & financial value ($R^2=0.40$), while the non-hot spring group demonstrated no significant effect ($R^2=0.31$).

Table 22: Regression Analyses between Non-Japan Trip vs. Japan Trip Group

	<i>Functional & Hedonic Value</i>		<i>Symbolic & Financial Value</i>		<i>Purchase Intention</i>		<i>Purchase Intention</i>	
	Std. Coef.	t-Value	Std. Coef.	t-Value	Std. Coef.	t-Value	Std. Coef.	t-Value
<i>Non-Japan Trip</i>								
Hotel Attributes	0.28	7.72**	0.01	0.32	0.14	3.65**	-0.02	-0.73
Japanese Servicescape	0.19	4.66**	0.34	8.35**	0.13	3.18**	-0.05	-1.62
Hot Springs and Spas	0.11	2.92**	0.09	2.26*	0.13	3.17**	0.04	1.46
Japanese Culture	0.17	4.30**	0.24	6.11**	0.25	6.18**	0.10	3.24**
Functional & Hedonic Value	--	--	--	--	--	--	0.56	17.18**
Symbolic & Financial Value	--	--	--	--	--	--	0.24	7.39**
	F=83.04 R ² =0.32 Adj.R ² =0.32		F=83.76 R ² =0.32 Adj.R ² =0.32		F=59.28 R ² =0.25 Adj.R ² =0.25		F=170.33 R ² =0.59 Adj.R ² =0.59	
<i>Japan Trip</i>								
Hotel Attributes	0.31	5.86**	-0.16	-2.82**	0.15	2.58*	-0.02	-0.38
Japanese Servicescape	0.23	3.46**	0.27	3.80**	0.22	2.99**	-0.01	-0.16
Hot Springs and Spas	0.09	1.35	0.24	3.56**	0.18	2.55*	0.06	1.18
Japanese Culture	0.22	3.39**	0.32	4.79**	0.18	2.57*	-0.01	-1.06
Functional & Hedonic Value	--	--	--	--	--	--	0.68	13.84**
Symbolic & Financial Value	--	--	--	--	--	--	0.27	5.83**
	F=98.96 R ² =0.46 Adj.R ² =0.46		F=52.12 R ² =0.44 Adj.R ² =0.43		F=39.90 R ² =0.37 Adj.R ² =0.37		F=116.222 R ² =0.73 Adj.R ² =0.72	

Note: ** p<0.01
* p<0.05

Interestingly, this different effect of hot springs & spas on the two dimensions of perceived value between the two paired groups was also found in the cases of the comparison between the non-Japan trip group and the Japan trip group, as well as the low familiarity group and the high familiarity group (See Table 22 and 23). The non-Japan trip group demonstrated a significant effect of hot springs & spas ($\beta=0.11$, $p<0.001$) on functional & hedonic value ($R^2=0.32$) but a slightly weaker effect ($\beta=0.09$, $p<0.005$) on symbolic & financial value ($R^2=0.32$). While the Japan trip group showed no significant effect of hot springs & spas on functional & hedonic value ($R^2=0.46$), a significant effect ($\beta=0.24$, $p<0.001$) was present on symbolic & financial value ($R^2=0.44$).

Table 23: Regression Analyses between Low Familiarity Group vs. High Familiarity Group

	<i>Functional & Hedonic Value</i>		<i>Symbolic & Financial Value</i>		<i>Purchase Intention</i>		<i>Purchase Intention</i>	
	Std. Coef.	t-Value	Std. Coef.	t-Value	Std. Coef.	t-Value	Std. Coef.	t-Value
<i>Low Familiarity</i>								
Hotel Attributes	0.19	4.31**	0.03	0.72	0.09	1.97*	-0.03	-0.83
Japanese Servicescape	0.24	4.79**	0.32	6.44**	0.18	3.49**	-0.03	-0.86
Hot Springs and Spas	0.16	3.32**	0.08	1.67	0.14	2.77**	0.03	0.72
Japanese Culture	0.12	2.49*	0.22	4.59**	0.21	4.39**	0.10	2.57**
Functional & Hedonic Value	--	--	--	--	--	--	0.58	15.26**
Symbolic & Financial Value	--	--	--	--	--	--	0.24	6.14**
	F=49.80 R ² =0.29 Adj.R ² =0.29		F=79.18 R ² =0.29 Adj.R ² =0.29		F=36.73 R ² =0.23 Adj.R ² =0.23		F=119.74 R ² =0.60 Adj.R ² =0.60	
<i>High Familiarity</i>								
Hotel Attributes	0.40	9.86**	-0.09	-2.19*	0.24	5.31**	0.02	0.45
Japanese Servicescape	0.15	3.17**	0.34	6.98**	0.13	2.45*	-0.04	-1.11
Hot Springs and Spas	0.03	0.70	0.15	3.06**	0.11	2.11	0.05	1.40
Japanese Culture	0.25	5.40**	0.29	5.92**	0.23	4.54**	0.01	0.31
Functional & Hedonic Value	--	--	--	--	--	--	0.61	14.85**
Symbolic & Financial Value	--	--	--	--	--	--	0.24	6.06**
	F=100.24 R ² =0.45 Adj.R ² =0.45		F=77.13 R ² =0.39 Adj.R ² =0.28		F=56.73 R ² =0.32 Adj.R ² =0.31		F=140.30 R ² = 0.63 Adj.R ² =0.63	

Note: ** p<0.01
* p<0.05

Similarly, the low familiarity group indicated a significant effect of hot springs & spas on functional & hedonic value ($\beta=0.43, p<0.001$) ($R^2=0.29$) but no significant impact on symbolic & financial value ($R^2=0.29$), while the high familiarity group had no significant effect of hot springs & spas on functional value ($R^2=0.45$) but a significant impact on symbolic & financial value ($\beta=0.15, p<0.001$) ($R^2=0.38$).

In addition, there were different effects of hotel attributes on functional & hedonic value between the two paired groups. The hot spring group demonstrated a greater effect of hotel attributes on functional & hedonic value ($\beta=0.37, p<0.001$) than the non-hot spring group

($\beta=0.24, p<0.001$). In a similar vein, the Japan trip group, and the high familiarity group revealed greater effects of hotel attributes on functional & hedonic value ($\beta=0.31$ and $\beta=0.40$, respectively, both $p<0.001$) than those of the non-Japan trip group ($\beta=0.28, p<0.001$) and the low familiarity group ($\beta=0.19, p<0.001$). Finally, it is noteworthy that the Japan trip group demonstrated a greater effect of Japanese culture on both functional & hedonic value ($\beta=0.22, p<0.001$) and symbolic & financial value ($\beta=0.32, p<0.001$) than those of the non-Japan trip group (functional & hedonic value: $\beta=0.17$, symbolic & financial value: $\beta=0.24, p<0.001$). Similarly, the high familiarity group indicated a higher impact of Japanese culture on both functional & hedonic value ($\beta=0.25, p<0.001$) and symbolic & financial value ($\beta=0.29, p<0.001$) than those of the low familiarity group (functional & hedonic value: $\beta=0.12$, symbolic & financial value: $\beta=0.22, p<0.001$).

4.7. Summary of Results

The results of EFA identified four major dimensions of Japanese Ryokan's attributes (i.e., hotel attributes, hot springs & spas, Japanese servicescape, and Japanese culture) and two major dimensions of perceived value (i.e., functional & hedonic value and symbolic & financial value). The result indicates that that Japanese servicescape, Japanese culture, and hot springs and spas had a significant positive effect on both value dimensions, while hotel attributes positively related to functional & hedonic value. Thus, Hypothesis 1 was partially supported. Hypotheses 2-5 were confirmed with two dimensions of perceived values. The results of a series of multiple regression demonstrated that the two dimensions of perceived value significantly mediated the relationship between Ryokan attribute dimensions and purchase intention. Furthermore,

additional multiple regression analyses identified different effects of Ryokan attribute dimensions on the two dimensions of perceived value based on participants' experiences as well as their familiarity levels.

CHAPTER FIVE: DISCUSSIONS AND IMPLICATIONS

5.1. Discussions

The main purpose of this study was to investigate how potential U.S. customers evaluate luxury Japanese Ryokans. The first objective was to determine which attributes of Japanese Ryokans are important to potential customers. The second objective was to investigate the relationship between Ryokan attributes and the multi-dimensions of perceived value. The third objective was to examine the effects of the multi-dimensions of perceived values on purchase intention. The research model was developed based on the literature that proposes that Japanese Ryokan attributes influence multi-dimensions of perceived value, which, in turn, affect potential consumers' purchase intentions. Additionally, potential customers' perception differences were explored based on their prior experiences and familiarity with Japanese Ryokans. This study represents a preliminary investigation into potential U.S. customers' perceptions toward luxury Japanese Ryokans and yields some interesting findings.

First, the results of the EFA generated four dimensions of Japanese Ryokan attributes: hotel attributes, Japanese servicescape, hot springs & spas, and Japanese culture. Hotel attributes, which comprehensively addresses attributes of a general and luxury hotel, was considered an important dimension by potential customers. This result was consistent with other hospitality research (Atkinson, 1988; Kim & Perdue, 2013; Taylan Dortyol et al., 2014) that verified that staff service quality, quality of foods & beverages, safety and cleanliness were fundamental attributes of hotels. Furthermore, as Kim and Perdue (2013) suggested, this dimension reflected

not only cognitive hotel attributes (e.g., quality of food & beverage, and cleanliness), but also affective and sensory attributes (e.g., comfortability, pleasant staff and safety).

Hot springs & spas was also considered to be an essential dimension. Similar to Choi and his colleagues' study (2017), this study revealed that hot springs and spas was a critical aspect of Japanese Ryokans. Meanwhile, Japanese culture and Japanese servicescape demonstrated unique characteristics of Japanese Ryokans that had seldom been found in a Western-style hotel or any other type of hotel. Japanese culture reflected experience of Japanese customs (e.g., customers at Ryokans are asked to remove their shoes in order to walk on the traditional tatami mats that cover the floors) and Japanese cultural activities (e.g., tea ceremonies). Japanese servicescape demonstrated aesthetic Japanese style physical appearance, including interior and exterior design, landscape, and staff appearance (e.g., staff wearing Japanese-style uniforms called "*kimonos*"). The two dimensions were also considered key aspects of luxury Japanese Ryokans by potential U.S. customers.

Second, the results of the EFA on multi-dimensions of perceived values generated the two dimensions of perceived value (i.e., functional & hedonic value and symbolic & financial value). These findings were in line with previous research (Petrick, 2002; Sanchez et al., 2006; Sheth et al., 1991; Smith & Colgate, 2007; Sweeney & Soutar, 2001) that proposed that consumer experiences involve a number of value dimensions that include cognitive and affective aspects. Furthermore, while functional value and hedonic value (i.e., functional & hedonic value) as well as symbolic value and financial value (i.e., symbolic & financial value) were merged into one factor each, the findings of the research were similar to previous studies on consumer value in the luxury hospitality context which found luxury consumer value comprises functional,

hedonic, symbolic and financial aspects (Chen & Peng, 2018; Wu & Yang, 2018; Yang & Mattila, 2016). The results of this study revealed that functional & hedonic value reflected potential customers' expectations on both cognitive and emotive experiences in luxury Japanese Ryokans (e.g., a high service quality and a joyful experience). Meanwhile, symbolic & financial value reflected potential customers' expectations on social benefits (e.g., expressing social status) and the total value against costs (e.g., whether it would be worth the price).

Third, overall, the findings of this study supported the positive relationship between Japanese Ryokan attributes and perceived value. These findings were consistent with other hospitality research (Chen & Hu, 2010; Walls, 2013) that found that attributes of hospitality service (i.e., hotels and coffee shops) predicted consumers' cognitive, emotive, and social perceived values. All four of the Ryokan attribute dimensions demonstrated significant positive effects on functional & hedonic value. Among the four dimensions, hotel attributes were the most influential factor for potential customers to infer functional & hedonic value. This finding suggested that fundamental hotel attributes (e.g., pleasant staff and high quality service, safety and security, and quality of food and beverage) were crucial for enhancing functional & hedonic value, even in the Japanese Ryokan context.

In addition, the results demonstrated that Japanese servicescape contributed significantly to both functional & hedonic value and symbolic & financial value, with the strongest impact on symbolic & financial value among all four of the dimensions. This was similar to the findings of Walls (2013), who found that physical environment had the greatest effect on social value. In a similar vein, Japanese culture demonstrated a significant positive effect on both functional & hedonic value and symbolic & financial value, with a greater impact on symbolic & financial

value. Even though Japanese culture is a unique aspect of Japanese Ryokans, similar findings were confirmed by Jamal and her colleagues (2011), who revealed that cultural-oriented activities and performances were important determinants of tourists' perceived values in the community-based homestay context. Meanwhile, hot springs & spas showed a significant but comparatively moderate effect on both perceived value dimensions.

Furthermore, the study verified that both functional & hedonic value and symbolic & financial value significantly influenced potential U.S. customers' purchase intentions toward luxury Japanese Ryokans. These findings were in line with Yang and Mattila's study (2016), which revealed that hedonic value was the strongest predictor of luxury restaurant consumption, followed by functional value and then financial value. As extant research suggests, consumers expect a higher quality of service that includes both tangible (e.g., high quality of foods and beverage, and amenities) and intangible (e.g., helpfulness of staff and comfortability) aspects from luxury hospitality service (Smith & Colgate, 2007; Yang & Mattila, 2016). In addition, consumers tend to purchase luxury services that cater to their sensory pleasure, intrinsic enjoyment, and curiosity (Smith & Colgate, 2007; Vigneron & Johnson, 2004; Wiedmann et al., 2009). Therefore, it was reasonable to find that functional & hedonic value was the critical driver of potential customers' purchase intentions toward luxury Japanese Ryokans.

Nevertheless, it is also noteworthy that symbolic & financial value was an important value dimension positively affecting potential U.S. customers' purchase intentions. This finding was also similar to previous hospitality studies, in that Wu and Yang (2018) confirmed the effects of financial value on luxury hotel customers' purchase intentions, as well as Chen and

Peng (2018) verified the positive impact of symbolic value on travelers' purchase intentions toward luxury restaurants through the mediating effect of consumer attitudes.

Last but not least, this study further compared differences of potential customers' perceptions based on their prior experiences (i.e., hot spring hotel stays and Japan trips) and familiarity with Japanese Ryokans through post-hoc analysis. The results of the T-test found that the hot spring group and the high familiarity group demonstrated higher scores of functional & hedonic value than their counterparts. In addition, the hot spring group, the Japan trip group and the high familiarity group demonstrated a higher purchase intention toward luxury Japanese Ryokans than their counterparts.

It is also noteworthy that participants' past experiences and familiarity influenced the effects of some Japanese Ryokan attributes. Even though there was a significant effect of hot springs & spas on functional & hedonic value for the non-hot spring group, the non-Japan trip group, and the low familiarity group, these effects became insignificant for their counterparts. Instead of losing the impacts of hot springs & spas, the effect of hotel attributes became stronger for the hot spring group, the Japan trip group and the high familiarity group. These findings suggest that potential customers' prior experiences and familiarity influence their decision-making processes (Johnson & Russo, 1984). One interpretation of the findings is that hot springs & spas influenced potential customers' hedonic value perceptions more when they were unfamiliar or had no certain experiences. As hedonic value reflects the novel and fun aspects of hotel stay experiences, potential customers who were unfamiliar or had no such experiences might have considered hot springs & spas as new or exciting experiences. In contrast, since potential customers who were familiar, or had already had certain experiences may have already

been familiar with hot springs & spas, their hedonic values may not have been influenced by hot springs & spas; instead, they may have considered hotel attribute, a more core factor that is relevant to the quality of luxury hotels, as important in terms of functional & hedonic value.

5.2. Theoretical Implications

This study contributes to the lodging literature from three perspectives. First, this study is the amongst the first to propose dimensions of Japanese Ryokans. Even though the extant lodging literature has investigated and identified dimensions of general hotel and luxury hotel attributes, including service quality, physical environment and food and beverage, extant research has lacked investigation of solely Japanese Ryokans (Choi et al., 2017). In particular, this attempted to explore Japanese Ryokan attributes in the luxury hot spring hotel context, by comprehensively reviewing general and luxury hotels, hot springs and Japanese Ryokan literature. As a result, this study revealed four main dimensions of luxury Japanese Ryokans that includes hotel attributes, hot springs & spas, Japanese servicescape, and Japanese culture. These dimensions should be utilized in future studies on luxury Japanese Ryokans since they will aid researchers to assess consumer perceptions toward luxury Japanese Ryokans more thoroughly.

Second, this study extended the research on luxury hospitality value study. As initial researchers, Yang and Mattila (2016) attempted to construct a luxury hospitality value framework in the hospitality industry within the luxury restaurant and U.S. consumer context. Wu and Yang (2018) extended this value framework and developed the luxury value framework in the luxury hotel context. Even though their framework captured consumer perception toward the luxury hospitality services contexts, they also called for hospitality researchers to extend and

test their research framework in different situations and contexts, as well as in other consumer segments who have different cultural and social backgrounds (Wu & Yang, 2018; Yang & Mattila, 2016). Following their suggestions, this study developed a modified hospitality value framework that fits the luxury hot spring hotel and resort context. In addition, this study investigated U.S. potential consumers' value perceptions and expectations toward Japanese Ryokans in a pre-purchase stage. The study suggests the two multi-dimensions of perceived value (i.e., functional & hedonic value and symbolic & financial value) are significant predictors of purchase intentions, with functional & hedonic value having a greater effect.

Third, this study provided intriguing effects of regulating roles of prior experiences (i.e., hot spring hotel stays and travels to Japan) and familiarity toward Japanese Ryokan within the research framework through post-hoc analysis. The extant research suggested that prior experience and familiarity play a vital role in consumers' decision-making processes (Johnson & Russo, 1984). This study found that the potential customers' prior experiences and familiarity affect their attribute evaluations, perceived value perceptions and purchase intention. In addition, the strength of the relationship between Japanese Ryokan attributes and perceived values was varied based on potential customers' prior experiences and familiarity. These findings will encourage future investigations of consumer perception differences based on their experiences and knowledge.

5.3. Managerial Implications

In addition to providing theoretical contributions, this study highlights several managerial implications for practitioners. Most importantly, the findings provide key insights for Japanese lodging companies to formulate effective value-based marketing strategies in order to attract potential U.S. consumers. The results of this study revealed that functional & hedonic value is the most important predictor of potential U.S. consumers' intentions to stay in luxury Japanese Ryokans. One interpretation is that potential U.S. customers may decide to stay luxury Japanese Ryokans if they perceive that they will provide superior service and an extraordinarily comfortable stay as well as stimulate their sense of indulgence, pleasure and curiosity.

The study's further findings indicated that hotel attributes play a key role in influencing potential customers' functional & hedonic value judgment. This suggests that, like other luxury hotels, luxury Japanese Ryokans should make sure that their fundamental hotel attributes (e.g., comfortability, staff service quality and quality of foods and beverages) are above luxurious levels and communicate this to customers. They need to offer exceptional levels of comfort with highly personalized service, while perfectly maintaining a peaceful and private environment in their properties. The findings also suggest that gaining or maintaining the highest hotel rating (e.g., five diamonds in AAA Diamond, five stars in Five Star Alliance, and three stars in Michelin Guide) can be an effective communication tool for attracting affluent potential customers since this helps communicate high quality basic hotel attributes.

Furthermore, the results showed that Japanese servicescape and Japanese culture can enhance potential U.S. customers' functional & hedonic value perceptions. Japanese lodging companies may consider promoting functional & hedonic benefits derived from Japanese

aesthetics. For instance, carefully arranged Japanese gardens, featuring seasonal trees and flowers with natural stones and sands, may invoke potential consumers' esthetic feelings. In addition, promoting Japanese cultural activities may arouse their emotions as well. For instance, Japanese tea ceremonies, which not only offer tea to guests, but also an opportunity to learn Japanese customs and hospitality, may stimulate their sense of curiosity and enjoyment.

Symbolic & financial value is also an important driver of potential customers' purchase intentions in luxury Japanese Ryokans. This indicates that potential U.S. customers seek opportunities to express their self-concepts and social status. Additionally, they expect higher benefits to compensate for the price of luxury Japanese Ryokans. Considering the findings that revealed that Japanese servicescape is a main predictor of the symbolic & financial value, Japanese hotel lodging company may promote both tangible and intangible benefits of Japanese servicescape in order to evoke potential customers' social value. For instance, luxury Japanese Ryokans can provide luxurious and private rooms with sophisticated Japanese style architecture and furniture, which can give their guests feelings of exclusiveness and sophistication. Additionally, they can communicate the history and concepts of traditional Japanese architecture technique and design, which may attract potential customers based on their social status or self-concepts. Furthermore, the results indicated that Japanese culture and hot springs & spas can contribute to enhancing potential customers' symbolic & financial values. For instance, promoting a variety of cultural activities as well as hot springs & spas as complimentary items of experience may be able to maximize consumers' perceptions of benefits against costs.

Differences in potential customers' perceptions based on their prior experiences and familiarity also offer valuable insights for practitioners. First, considering the findings that

potential customers who had high familiarity, or those who had experienced certain activities (i.e., a hot spring hotel stay or Japan trip) were more likely to show interest in staying at luxury Japanese Ryokans, targeting these potential customers first would be more effective at the early stage of operating properties. In addition, this study suggests that value marketing strategies should be different according to potential customers' prior experiences and familiarity levels. A novel hot springs & spas experiences may appeal more to potential customers without experiences or familiarity. In contrast, emphasizing the high quality of hotel attributes, such as quality of foods and beverages and superior customer service, could be an effective strategy to attract and maintain long-term relationships with customers with experiences and high familiarity.

5.4. Limitations and Future Research

Even though this study provides significant theoretical and practical contributions, it should be recognized that it has several limitations. First, samples of this empirical research were collected from participants who currently live in the Northeastern region of the U.S. While the Northeastern region is the main hot spring market in the U.S. (Tabacchi, 2010), the sample may not be the representative of potential customers elsewhere in the U.S. In addition, Japanese lodging companies have been exporting their luxury Japanese Ryokans, not only in the U.S., but also other countries, such as Europe and Asian countries. Hence, as Smith and Colgate (2007) insist that consumer value varies greatly in different contexts and cultures, future research is encouraged to examine perceptions of potential customers in different locations by using the conceptual model developed in this study.

Second, this study used existing luxury Japanese Ryokan photos to examine U.S. potential customers' perceptions toward the Ryokan. Thus, participants' perceptions may be restricted to the included photos (i.e., exterior and interior appearance, a garden, two guest rooms, Japanese cuisine, hot spring area (e.g., an inside bath and an outside bath) and an example of cultural activity). For instance, even though this study used two pictures of communal hot spring baths since hot springs in Japanese Ryokans are generally offered as common areas, some Japanese Ryokans offer private hot spring bathing facilities in guest rooms. This difference may generate diverse perceptions. Furthermore, even though this study attempted to use photos that can demonstrate unique characteristics of general luxury Japanese Ryokans, subtle esthetic differences in photos from different properties may invoke different perceptions toward luxury Japanese Ryokans. As such, future research needs to adopt different types of photos from different Ryokan properties to further increase the reliability of the scale.

Third, the study evaluated pre-purchased stage customers' perceptions. This might be a reason that the study's original proposal of four dimensions of perceived value (i.e., functional, hedonic, symbolic and financial value) has since been integrated into two factors (i.e., functional & hedonic value and symbolic & financial value). Gardial, Clemons, Woodruff, Schumann and Burn (1994) suggested the reason for the difference in consumers' pre-purchase evaluation and post-purchase evaluation; they hinted that post-purchase evaluation may provoke more consumer emotive responses. In other words, it may be more difficult to capture pre-purchase staged consumers' emotive values. Thus, future research is needed to develop scaling techniques that will efficiently identify the degree of emotional responses in the pre-purchase stage.

Fourth, even though this study verified the positive effects of the Japanese Ryokan attribute dimensions on perceived value (i.e., functional & hedonic value: $R^2=0.36$, symbolic & financial value: $R^2=0.37$), there may be other possible variables as well. For instance, consumers' perceived authenticity may affect their value evaluations due to the cultural characteristics of Japanese Ryokans. Furthermore, more potential moderators of the relationship between attributes and perceived value may also exist, such as country of origin image (i.e., Japan). Thus, future studies can consider other predictors as well as possible moderating variables.

Finally, although it was rarely present with a small value of standardized coefficient, there were significant regression coefficients which were negative in a couple of regression results. However, those variables showed positive signs in separate correlation analysis and simple linear regression analysis. It may indicate that one of the independent variable values are too high as compared to other independent variables. This may happen in multiple regression analyses, especially when there are mediational or confounding effects. This may also be aligned with several recent denigrations on Baron and Kenny (1986) methods. Although the most widely used method for mediator analysis is the causal steps approach by Baron and Kenny (1986), several recent studies have criticized its limitations (e.g., Fritz & MacKinnon, 2007; Hayes, 2009; Pardo & Román, 2013). Future studies may need to analyze through other multivariate techniques for testing hypotheses about intervening variable effects.

APPENDIX: UCF IRB APPROVAL LETTER

Institutional Review Board

FWA00000351
IRB00001138
Office of Research
12201 Research Parkway
Orlando, FL 32826-3246

EXEMPTION DETERMINATION

January 8, 2019

Dear Ryuichi Karakawa:

On 1/8/2019, the IRB determined the following submission to be human subjects research that is exempt from regulation:

Type of Review:	Initial Study, Category
Title:	Effects of Japanese Ryokan Attributes on Perceived Values and Purchase Intention
Investigator:	Ryuichi Karakawa
IRB ID:	STUDY00000038
Funding:	None
Grant ID:	None

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

If you have any questions, please contact the UCF IRB at 407-823-2901 or irb@ucf.edu. Please include your project title and IRB number in all correspondence with this office.

Sincerely,



Adrienne Showman
Designated Reviewer

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