



## Marketing Intelligence & Planning

### Emerald Article: Value equity in event planning: a case study of Macau

Mark S. Rosenbaum, IpKin Anthony Wong

#### Article information:

To cite this document: Mark S. Rosenbaum, IpKin Anthony Wong, (2010), "Value equity in event planning: a case study of Macau", Marketing Intelligence & Planning, Vol. 28 Iss: 4 pp. 403 - 417

Permanent link to this document:

<http://dx.doi.org/10.1108/02634501011053540>

Downloaded on: 21-10-2012

References: This document contains references to 40 other documents

To copy this document: [permissions@emeraldinsight.com](mailto:permissions@emeraldinsight.com)

#### Users who downloaded this Article also downloaded: \*

Hui Chen, Miguel Baptista Nunes, Lihong Zhou, Guo Chao Peng, (2011), "Expanding the concept of requirements traceability: The role of electronic records management in gathering evidence of crucial communications and negotiations", Aslib Proceedings, Vol. 63 Iss: 2 pp. 168 - 187

<http://dx.doi.org/10.1108/00012531111135646>

Charles Inskip, Andy MacFarlane, Pauline Rafferty, (2010), "Organising music for movies", Aslib Proceedings, Vol. 62 Iss: 4 pp. 489 - 501

<http://dx.doi.org/10.1108/00012531011074726>

Aryati Bakri, Peter Willett, (2011), "Computer science research in Malaysia: a bibliometric analysis", Aslib Proceedings, Vol. 63 Iss: 2 pp. 321 - 335

<http://dx.doi.org/10.1108/00012531111135727>

Access to this document was granted through an Emerald subscription provided by FUDAN UNIVERSITY

#### For Authors:

If you would like to write for this, or any other Emerald publication, then please use our Emerald for Authors service.

Information about how to choose which publication to write for and submission guidelines are available for all. Please visit [www.emeraldinsight.com/authors](http://www.emeraldinsight.com/authors) for more information.

#### About Emerald [www.emeraldinsight.com](http://www.emeraldinsight.com)

With over forty years' experience, Emerald Group Publishing is a leading independent publisher of global research with impact in business, society, public policy and education. In total, Emerald publishes over 275 journals and more than 130 book series, as well as an extensive range of online products and services. Emerald is both COUNTER 3 and TRANSFER compliant. The organization is a partner of the Committee on Publication Ethics (COPE) and also works with Portico and the LOCKSS initiative for digital archive preservation.

\*Related content and download information correct at time of download.



# Value equity in event planning: a case study of Macau

Mark S. Rosenbaum

*Department of Marketing, College of Business, Northern Illinois University,  
DeKalb, Illinois, USA and*

*W.P. Carey School of Business, Center for Service Leadership,  
Arizona State University, Tempe, Arizona, USA, and*

IpKin Anthony Wong

*Institute for Tourism Studies, Macau, China*

Value equity  
in event  
planning

403

Received May 2009  
Revised August 2009,  
September 2009  
Accepted September 2009

## Abstract

**Purpose** – The purpose of this paper is to show how value equity and its subdimensions of service quality, cost, and convenience drive customer satisfaction among business and leisure travelers who are attending events (e.g. conventions, expositions, parades, cultural events) in Macau, China.

**Design/methodology/approach** – Data were collected through a survey of 322 leisure and 91 business travelers who were present at 40 different major events in Macau, using a questionnaire that was designed by practitioners, academics, and tourism governmental authorities. The data were used to support the structural framework, and group comparison modeling was employed to show that a respondent's leisure or business travel status serves as a moderator between value equity and customer satisfaction.

**Findings** – The results show that though value equity is positively related to customer satisfaction among both business and leisure travelers, some major differences exist regarding how these groups respond to an event's marketing actions that promote value and how they derive satisfaction from value. For example, leisure travelers place more emphasis on a venue's space and layout than business travelers. In terms of satisfaction, business travelers place more importance than leisure travelers on service quality but are less sensitive to an event's price.

**Research limitations/implications** – The paper extends the value equity literature by applying the concept to event planning. The paper suggests that event planners should consider designing and implementing marketing actions that focus on value equity, in addition to traditional planning that relies on the service marketing mix. Given that the study's scales were adapted for use at 40 different venues in Macau, event planners may need to modify the scale items for their respective locales. The authors also put forth recommendation regarding expanding the SERVQUAL survey.

**Originality/value** – Although value equity has been explored in hospitality/lodging, the concept is relatively unexplored in event planning. In addition, this paper shows how group consensus using the Delphi method among tourism academics and practitioners can yield a set of reliable service quality, cost, and convenience scales that may apply to a series of event venues.

**Keywords** Customer satisfaction, SERVQUAL, Business travel, Leisure activities, China

**Paper type** Research paper



## Introduction

Given the nature of event services, event planners must be adept at strategic planning (Li and Patrick, 2006; Ruyi and Pegg, 2007). The reason for this statement is that event tourism is a complex process that entails planning leisure, business, or civic events to attract tourists, to forecast future demand, to promote a locale's brand

---

image, and to maximize revenue for the event hosting community (Getz, 2007; Rompf *et al.*, 2008). Indeed, one of the reasons that event tourism attracts interest from academics, governments, and practitioners steams from the fact that event tourists have a higher revenue yield per tourist compared to other types of tourists (Jago *et al.*, 2003). Quite simply, event tourists represent significant revenue sources.

Prominent event destinations, such as Las Vegas and Sydney, have a history of using strategic planning tools to produce stellar reputations regarding their ability to host various kinds of events (Getz, 2008) and to developing event and tourism infrastructures that provide them with the ability to host virtually any international event (Allen *et al.*, 2008). These tourism infrastructures include planning for “hard” (i.e. tangible, measurable, auditable) standards, such as those related to monetary costs, to physical facilities, and to product consumables, such as food and beverage selection and quality. Additionally, the “soft” infrastructures include planning for intangible, harder to observe, operating standards, which are often related to service quality, including reliability, responsiveness, empathy, and assurance (Zeithaml *et al.*, 2009). Clearly, the importance of event service planning cannot be overstated; yet, what exactly is the best way for event planners to engage in strategic marketing planning?

The marketing mix, along with its legendary 4Ps of price, product, place, and promotion, usually represents the cornerstone of strategic marketing planning (Narayanan *et al.*, 2004; Reid, 1980). Although the underpinnings of the marketing mix remain convincing, it is worth noting that the concept was created in the 1960s, a time during which the marketing discipline maintained a goods-centric focus (Kotler, 1964). To assist managers with managing intangible services, researchers proposed the service mix and added three new elements to the marketing mix: people, physical evidence, and process (Zeithaml *et al.*, 2009). Yet even the expanded service marketing mix fails to consider the complexity that is inherent in most marketplace exchanges and, consequently, it has become a “strait-jacket” that limits marketers from seeing a broadened perspective of strategic marketing (Gronroos, 1997). Thus, the traditional service marketing mix may not be entirely suitable as the foundation of event planning.

Rust *et al.* (2004) tackled this gulf in strategic marketing planning by proposing the customer equity model (CEM). The CEM suggests that firms consider creating customer equity as the foundation of their planning initiatives because doing so yields a customer-centric organization. Customer equity is posited to be influenced by three equity drivers – a customer’s perceptions of a firm’s value, brand, and relationship efforts, respectively. Importantly, research in the consumer goods area reveals that customer equity is positively related to customer perceptions, customer behavior, and financial outcomes, with value equity being the leading driver rather than brand and relationship (Vogel *et al.*, 2008). Consequently, managers are urged to develop and execute marketing actions that a firm’s customers will perceive as value laden, with value being defined in terms of benefits received and sacrifices provided (Zeithaml, 1988).

As mentioned, Rust *et al.* (2004) developed the CEM in the consumer goods domain, and thus the model has major shortcomings in tourism/event services. For example, business and leisure travelers who sojourn abroad to attend events (e.g. meetings, conferences, conventions, cultural festivals, civic and sporting events) are unlikely to be influenced by a venue’s marketing actions that promote either its brand or long-term relationships. For these event travelers, we speculate that customer equity, and its

---

resultant influence on customer satisfaction, may rest solely on their ability to discern the three underlying aspects of value equity: service quality, price, and convenience.

The objectives of this paper are twofold. First, we worked with academics, practitioners, and tourism officials in Macau to develop value equity scales that can be used to evaluate customers' perceptions of value at 40 different events in the Special Administrative Region of China. Second, using structural equation modeling, we empirically demonstrate that travelers' perceptions of an event venue's service quality and overall value equity are moderated by their travel classification as either a business or a leisure traveler, which represent the two primary customers in event planning (Getz, 1997, 2007). Thus, this work contributes to the tourism literature by showing how event planners can evaluate their customers' perceptions of venues and the importance of considering customer segmentation when developing marketing actions that drive perceived value equity and event venue satisfaction.

The remainder of the paper is organized as follows: we first define and develop the value equity concept and then propose a framework that illustrates how its three drivers – service quality, price, and convenience – are positively related to travelers' satisfaction regarding event venues in Macau. Then, we demonstrate empirical support for a meditational model that shows the similarities and differences between business and leisure travelers in Macau regarding their perceptions of an event venue's service quality, perceived satisfaction, and overall value equity, respectively. We conclude by outlining managerial implications and directions for future research.

### Literature review

The traditional marketing mix, along with the renowned four Ps of marketing, and the service mix, along with its three additional Ps, represents the most basic concepts in services marketing (Zeithaml *et al.*, 2003). Although knowledge of the services marketing mix may assist managers with planning, the mix fails to capture the essence of marketplace exchanges – namely, the manner in which customers perceive a firm's goods and services offerings, including social relationships (Davis *et al.*, 2000; Gronroos, 1997).

As previously mentioned, Rust *et al.* (2004, 2000) addressed this chasm by putting forth the CEM, which shows managers how to construct an information-based, customer-driven, competitor-cognizant, and financially accountable organization through strategic planning. That is, the framework encourages managers to design and implement marketing actions that drive customer equity by focusing on value, brand, and relationship creation. By doing so, managers may fashion a customer-centered, rather than a goods- or even service-centered, organization. Thus, CEM planning has merits for profit and not-for-profit organizations and should be deemed as an integral part of strategic planning.

Many tourism planners, outside the lodging industry, may look askance at the basic tenets of CEM planning. The reason for this contention is twofold. First, event venues often draw travelers who do not engage in any type of "brand switching" when formulating their approach or avoidance decisions. Second, many event venues are patronized by large numbers of one-time travelers; as a result, these venues are also unlikely to engage in relationship marketing endeavors (Allen *et al.*, 2008). Rather than perceive these two limitations as diminishing the effectiveness of the CEM in event planning, event planners should consider the importance of designing

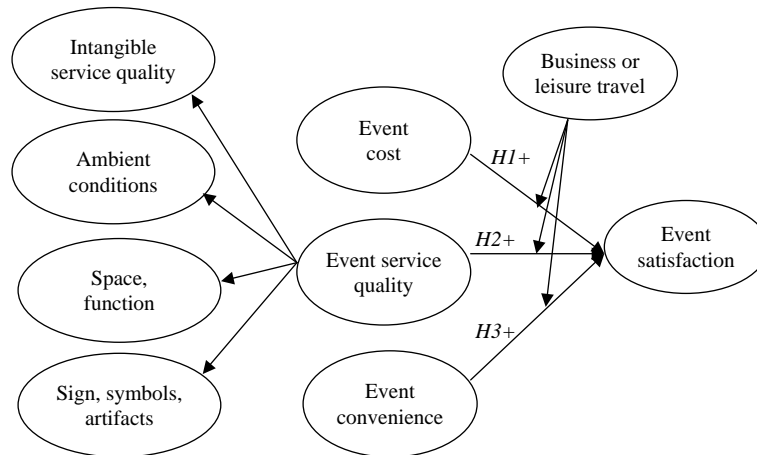
and implementing marketing actions that maximize a key driver of customer equity – namely, value equity (Getz, 2007, 2008).

The relationships between value equity and managerially relevant outcomes, are established in the marketing (Bick, 2009; Vogel *et al.*, 2008), services marketing (Brodie *et al.*, 2009; Ruiz *et al.*, 2008; Zeithaml *et al.*, 2003), and hospitality (Al-Sabbahy *et al.*, 2004; Kashyap and Bojanic, 2000) literature; however, there is a dearth of knowledge regarding value equity in event planning. Yet, within service settings, value equity can be understood as the perceived ratio of what is received (e.g. actual service) to what is sacrificed (e.g. service costs; Rust *et al.*, 2000; Zeithaml, 1988). Along these lines, Rust *et al.* (2004) suggest that value equity is driven by the three subdimensions of perceived service quality, cost, and convenience. These subdimensions directly affect customer outcomes, including customer satisfaction (Vogel *et al.*, 2008).

**Framework**

The extant literature supports our framework for understanding the role of value equity in event planning (Figure 1). The framework purports that a business or leisure traveler’s perception of satisfaction regarding an event venue is driven by his or her evaluation of its service quality, cost, and convenience (Getz *et al.*, 2001; Rust *et al.*, 2000, 2004); thus value equity, as defined by its three drivers, is hypothesized to positively influence a traveler’s satisfaction regarding a focal venue (Breiter and Milman, 2006; Vogel *et al.*, 2008). Although it is indeed true that many event venue customers may be one-time customers, event planners need to ensure that their customers are leaving their venues satisfied, as negative word-of-mouth can be detrimental to both the venue’s future potential and to revenue generation within the hosting community.

As previously discussed, event customers typically respond to both intangible and tangible infrastructure items. Thus, given the particularities of tourist events, such as conventions and cultural festivals, the framework purports that service quality is considered as a customer response to intangible, “soft” service quality dimensions, including reliability, responsiveness, assurance, and empathy (Parasuraman *et al.*, 1988; Zeithaml *et al.*, 2009), as well as to three tangible “servicescape” dimensions. These dimensions include a customer’s response to:



**Figure 1.**  
Conceptual framework

- 
- (1) a venue's ambient conditions (e.g. cleanliness, air quality, comfortable);
  - (2) the venue's space and function (e.g. sufficient rest areas, furnishings); and
  - (3) its signs, symbols, and artifacts (e.g. brochures, directional signage; Bitner, 1992).

Cost refers to the traveler's perceptions of the costs related to attending a specific event in Macau and as traveling to Macau, respectively. Along these lines, convenience evaluates a traveler's perception of the ease of traveling to an event venue and to Macau in general. Lastly, satisfaction refers to an event traveler's perception of being delighted with the event (e.g. venue location, organizer, experience, and quality).

Furthermore, the model suggests that a traveler's status as either a business or a leisure traveler moderates the three hypothesized relationships; which are as follows:

- H1.* Service quality is positively related to event venue satisfaction.
- H2.* Cost is positively related to event venue satisfaction.
- H3.* Convenience is positively related to event venue satisfaction.

The moderation encompasses Getz's (2007) suggestions that planned events can be dichotomized based upon activity sought, especially regarding leisure events and business events. Leisure events are activities that participants seek for personal interest and entertainment, that have hedonistic appeals, and that are usually available for the public. Business events represent activities that are "pursued for its value-creating benefits or out of administrative necessity" (Getz, 2007, p. 30), and attendance is typically reserved for private, invited, or registered industry members (Allen *et al.*, 2008). Clearly, these two types of events are vastly different in regard to their characteristics, service orientation, attendees' demographic profiles, and attendees motives and attitudes towards participating in the event.

## Methodology

### *Research design and sample*

Data for this project were obtained through the cooperation of the Macau Government Tourist Office, which provided an event calendar that highlighted the 40 different events Macau would be hosting in 2008 and 2009 that catered to either business or leisure travelers. The tourist office granted permission to conveniently sample travelers at these business and leisure events (Table I).

The questionnaire was made available to respondents in both Chinese and English; the Chinese questionnaire was subjected to a double-translation method created by McGorry (2000). The questionnaires were administered to respondents either by one of the study's authors or by a group of interviewers, who were trained on survey administration. The respondents were asked to participate in the study after exiting the venue, and each respondent received a souvenir as a gift for participation. A total of 413 completed questionnaires were collected and analyzed in this study. Table II shows the demographic breakdown of the sample, which included 321 leisure travelers and 91 business travelers.

### *Measures*

*Event service quality.* We developed the items for measuring the constructs by drawing on prior research in the services literature. The service quality items were drawn from



|                 | Examples   | Definition  | Specific event studied  |
|-----------------|--|---|---|
| Leisure events  | Cultural celebrations, festivals, carnival, heritage commemoration, arts and entertainment, performing arts, sport events, recreational events | Public events that target the mass market. The goal of these events is to gain interest in particular activities and provide a platform for pleasurable experiences<br>Participants engaged in this type of event usually bring along family members or friends<br>The price varies from free admission to hundreds of US dollars<br>Attendees' are intrinsically motivated to attend such events for fun, entertainment, and revelry   | Ani-Com Expo, Beer Festival, Food Festival, Wine & Gourmet, Chinese Aeronautics Exhibition, Firework Festival, Italian Festival, Lusofonia Festival, Macau Museum of Arts, Avril Lavigne Concert, Eason Concert, Emil Chau Live Concert, WaKin Concert, FIVB Volleyball Competition, Formula 3 Grand Prix, Music Festival of Macau, Pre Beijing Olympic Basketball Exhibition, Zaia |
| Business events | Business and trade events, meetings and conventions, exhibitions (trade and consumer shows), fairs, education and scientific events            | Private events that target business-to-business professionals for sales, meetings, networking, and so forth, for business customers<br>They could be small or large events aimed to promote or directly engage in trade<br>Participants engaged in this type of event are usually business professionals who are sponsored by their firms<br>Travel and accommodation are usually planned through and paid by attendees' employer<br>Participation in the event is typically part of a job assignment | Asia Adult Expo, Asian Pacific Microwave Conference, Christmas & Wedding Gift Expo, Global Gaming Expo Asia , GSM Mobile Asia Congress, Hotel Expo, International Gaming & Entertainment Expo, International Jewelry & Watch Fair, MIF, Wedding & Beauty Expo   |

**Table I.**  
Leisure and business events investigated in Macau

an initial item pool with 22 items from the SERVQUAL scale (Parasuraman *et al.*, 1988) and 28 items from the servicescape scale (Hightower *et al.*, 2002), both of which have proven reliability and validity in prior research. Next, the pooled items were refined with the Delphi technique, which is an often overlooked but quite effective method for developing practical scales in tourism research (Green *et al.*, 1989).

We obtained input regarding the perceived applicability of the SERVQUAL and servicescape items by holding in-person and online focus-group discussions with members of the Macau Government Tourist Office, event managers, and academic hospitality researchers, in which a continual stream of ideas was exchanged. The goal of these discussions was to create a service quality scale that was generalizable to 40 different event venues in Macau. This is not to suggest that the final service

|                                | Leisure travelers | Business travelers | Value equity<br>in event<br>planning |
|--------------------------------|-------------------|--------------------|--------------------------------------|
| <i>Gender</i>                  |                   |                    |                                      |
| Male                           | 171               | 51                 |                                      |
| Female                         | 151               | 40                 |                                      |
| <i>Age</i>                     |                   |                    |                                      |
| < 20                           | 26                | 2                  |                                      |
| 21-30                          | 145               | 35                 |                                      |
| 31-40                          | 90                | 30                 |                                      |
| 41-50                          | 44                | 22                 |                                      |
| 51-60                          | 11                | 2                  |                                      |
| 60 >                           | 6                 | 0                  |                                      |
| <i>Education</i>               |                   |                    |                                      |
| Primary school                 | 3                 | 0                  |                                      |
| Junior high school             | 18                | 1                  |                                      |
| Senior high school             | 82                | 11                 |                                      |
| Vocational school              | 26                | 9                  |                                      |
| College/university             | 162               | 50                 |                                      |
| Graduate (master)              | 27                | 17                 |                                      |
| Graduate (doctoral)            | 3                 | 3                  |                                      |
| <i>Place of origin</i>         |                   |                    |                                      |
| Mainland China                 | 99                | 36                 |                                      |
| Hong Kong                      | 61                | 20                 |                                      |
| Macau                          | 49                | 6                  |                                      |
| Taiwan                         | 35                | 5                  |                                      |
| Other Asian countries          | 38                | 11                 |                                      |
| Europe/North America/Australia | 40                | 13                 |                                      |
|                                |                   |                    | <b>409</b>                           |

**Table II.**  
Demographic  
characteristics

quality scale is applicable outside Macau or to lodging organizations that maintain both loyalty and relationship programs. That is, even Hightower *et al.* (2002) suggested that the servicescape scale would be dynamic in nature and that scale items would vary according to the various physical elements constituting different consumption settings.

By employing the Delphi procedure, the groups believed that the 21 items had face validity across all 40 event venues in Macau. Then, the group further refined the scale to separate the items that pertained to intangible and tangible service qualities. Of the items, 11 items that assess reliability, responsiveness, assurance, and empathy (all from the SERVQUAL survey) were considered a scale. Next, the group separated the remaining tangible items into three scales on the basis of Bitner's (1992) framework; these scales were labeled as ambient conditions, space/layout, and signs/symbols/artifacts. All four scales were measured on a seven-point Likert scale anchored by 1 (strongly disagree) and 7 (strongly agree).

*Event convenience.* The group reached consensus on a four-item convenience scale that was based on items from the marketing literature (Rust *et al.*, 2004; Seiders *et al.*, 2005); the scale was slightly modified for Macau and for event venues. This scale was also measured on a seven-point Likert scale similar to the service quality scale.

*Event price.* The two-item price scale was also reached on group consensus, from items used in Rust *et al.* (2004). The two items were slightly modified according to the context of the study. This scale was measured on an 11-point semantic differential



---

scale anchored from 0 (unimportant) to 10 (important) in accordance with the price-value scale measure proposed by Chan *et al.* (2003).

*Event satisfaction.* A five-item event satisfaction scale was also created with the Delphi technique. The group agreed that the scale should assess an attendee's satisfaction with:

- (1) the organizer;
- (2) the venue;
- (3) the performer or exhibitor depending on the context;
- (4) perceived value; and
- (5) the overall event performance.

This scale was measured on a seven-point Likert scale anchored by 1 (strongly disagree) and 7 (strongly agree).

*Traveler's classification.* To demonstrate that perceived value equity may differ according to a tourist's classification as either a business or a leisure traveler, each respondent was asked to indicate his or her classificatory status.

Following Gerbing and Anderson (1988) suggestions, we conducted a confirmatory factor analysis to assess the reliability and validity of the multi-item scales. The results appear in Table III. First, the coefficient alpha exceeded 0.70 for each scale, indicating good reliability (Nunnally, 1978). In addition, the composite reliabilities exceeded 0.60 for all constructs (Bagozzi and Youjjae, 1988). Second, the confirmatory factor analyses revealed that each scale's fit statistics were within the recommended thresholds (root mean square error of approximation (RMSEA) < 0.08, standardized root mean square residual (SRMR) < 0.08, and comparative fit index (CFI) > 0.95; Hu and Bentler, 1998; Kline, 2005).

Third, we evaluated the discriminant validity of the constructs using Fornell and Larcker's (1981) criterion. As Table IV shows, the criterion was met for all the constructs because the average variance extracted is larger than the squared correlation between any of the constructs.

## Results

Before testing a respondent's traveler status as a moderator, we tested the fit of the baseline model, which encompasses the entire sample, and determined that it was acceptable on the basis of key model fit statistics. Next, we divided leisure and business travelers into two samples and examined the hypothesized moderating effect of event experience in a multi-group structural model. The results, which appear in Table V, reveal that all three models – baseline, leisure, and business – have appropriate model fit (i.e. CFI = 0.98, SRMR = 0.06, and RMSEA = 0.06; Hu and Bentler, 1998).

The results of the baseline model indicate that all the unstandardized parameter estimates are significant and explain 58 percent of the variance of event satisfaction. The findings reveal that event service quality ( $\beta = 0.49$ ,  $p < 0.001$ ), convenience ( $\beta = 0.17$ ,  $p < 0.05$ ), and price ( $\beta = 0.13$ ,  $p < 0.001$ ) are all important value equity drivers to customer satisfaction; albeit, with service quality being the prominent driver compared to convenience and price. Therefore, we demonstrate support for *H1-H3*.

| Scale/items   | Pattern coefficient | Composite reliability | Coefficient alpha |
|---|---------------------|-----------------------|-------------------|
| Intangible service quality  |                     | 0.93                  | 0.94              |
| 1. The event organizer shows sincere interest in solving a problem that I may encounter | 0.61                |                       |                   |
| 2. The event organizer performs the right services as promised                          | 0.81                |                       |                   |
| 3. The employees give me prompt service   | 0.73                |                       |                   |
| 4. The employees are always willing to help me  | 0.83                |                       |                   |
| 5. The employees are never too busy to respond to my requests                           | 0.61                |                       |                   |
| 6. The behavior of the employees instills confidence in me                              | 0.76                |                       |                   |
| 7. The employees are consistently courteous with me                                     | 0.84                |                       |                   |
| 8. The employees have the knowledge to answer my questions                              | 0.63                |                       |                   |
| 9. The employees give me personal attention   | 0.73                |                       |                   |
| 10. The employees understand my specific needs  | 0.66                |                       |                   |
| 11. The event organizer provides its services at the time it promises to do so          | 0.75                |                       |                   |
| Mean = 4.78, SD = 0.93  |                     |                       |                   |
| Ambient conditions  |                     | 0.88                  | 0.88              |
| 12. The event venue has an overall pleasant feel  | 0.83                |                       |                   |
| 13. The event venue is clean  | 0.83                |                       |                   |
| 14. I am comfortable in the event venue   | 0.98                |                       |                   |
| 15. The air quality in the event venue is fine  | 0.84                |                       |                   |
| Mean = 4.72, SD = 1.06  |                     |                       |                   |
| Space/function  |                     | 0.70                  | 0.70              |
| 16. The event venue has sufficient rest areas   | 0.55                |                       |                   |
| 17. The food and beverage offerings at the event venue are sufficient                   | 0.91                |                       |                   |
| 18. The event venue has pleasant furnishings and displays                               | 0.78                |                       |                   |
| Mean = 4.32, SD = 1.16  |                     |                       |                   |
| Signs, symbols, and artefacts   |                     | 0.72                  | 0.76              |
| 19. The signs at the event venues are helpful   | 0.91                |                       |                   |
| 20. There are detailed brochures/information desk at the event venue                    | 0.76                |                       |                   |
| 21. I can understand the language used on the signs at the event venue                  | 0.70                |                       |                   |
| Mean = 4.70, SD = 1.26  |                     |                       |                   |
| Event convenience   |                     | 0.80                  | 0.77              |
| 1. The entrance/exit areas at the event venue are sufficient                            | 0.72                |                       |                   |
| 2. The event venue can be reached easily  | 0.88                |                       |                   |
| 3. Local public transportations to the event venue is sufficient                        | 0.87                |                       |                   |
| 4. Macau can be reached easily  | 0.59                |                       |                   |
| Mean = 4.70, SD = 1.08  |                     |                       |                   |
| Event cost  |                     | 0.72                  | 0.72              |
| 1. The cost of attending the event was important to me                                  | 0.88                |                       |                   |
| 2. The cost of travelling to Macau was important to me                                  | 0.88                |                       |                   |
| Mean = 6.71, SD = 1.68  |                     |                       |                   |

Value equity  
in event  
planning

**411**

**Table III.**  
Description of items used  
to measure the constructs  
(continued)

Table III.

| Scale/items   | Pattern coefficient | Composite reliability | Coefficient alpha |
|---|---------------------|-----------------------|-------------------|
| Event satisfaction                                  |                     | 0.87                  | 0.87              |
| 1. I am happy with the event organizer              | 0.82                |                       |                   |
| 2. I am happy with the event venue                  | 0.77                |                       |                   |
| 3. I am happy with the quality of the event         | 0.79                |                       |                   |
| 4. I am satisfied with the value of the event       | 0.83                |                       |                   |
| 5. I am satisfied with the overall event experience | 0.86                |                       |                   |
| Mean = 5.19, SD = 0.89                              |                     |                       |                   |

Table IV.

Correlation matrix

|                    | Intangible quality | Ambient conditions | Space/function | Sign and symbols | Convenience | Price   | Satisfaction |
|--------------------|--------------------|--------------------|----------------|------------------|-------------|---------|--------------|
| Intangible quality | 1                  |                    |                |                  |             |         |              |
| Ambient conditions | 0.81***            | 1                  |                |                  |             |         |              |
| Space and function | 0.77***            | 0.75***            | 1              |                  |             |         |              |
| Sign and symbols   | 0.73***            | 0.71***            | 0.68***        | 1                |             |         |              |
| Convenience        | 0.66***            | 0.60***            | 0.57***        | 0.54***          | 1           |         |              |
| Price              | 0.08               | 0.01               | 0.01           | 0.01             | 0.04        | 1       |              |
| Satisfaction       | 0.75***            | 0.69***            | 0.65***        | 0.62***          | 0.62***     | 0.22*** | 1            |
| AVE                | 0.82               | 0.81               | 0.65           | 0.65             | 0.70        | 0.75    | 0.76         |

Notes: \* $p < 0.05$ , \*\* $p < 0.01$ , and \*\*\* $p < 0.001$ ; AVE – average variance extracted

Table V.

Parameter estimates, fit measures, and percent of variance explained

|                              | Baseline model | Leisure travelers | Business travelers | $\Delta\chi^2(df = 1)$ |
|------------------------------|----------------|-------------------|--------------------|------------------------|
| <i>Event service quality</i> |                |                   |                    |                        |
| Intangible quality           | 0.75****       | 0.76****          | 0.76****           | ns                     |
| Ambient conditions           | 0.70****       | 0.72****          | 0.72****           | ns                     |
| Space and function           | 0.64****       | 0.72****          | 0.31****           | 14.08****              |
| Sign and symbols             | 0.76****       | 0.76****          | 0.76****           | ns                     |
| <i>Satisfaction</i>          |                |                   |                    |                        |
| Service quality              | 0.49****       | 0.47****          | 0.66****           | 3.69*                  |
| Convenience                  | 0.17**         | 0.14**            | 0.14**             | ns                     |
| Price                        | 0.13****       | 0.14****          | 0.04               | 2.72*                  |
| CFI                          | 0.98           | 0.97              | 0.97               | –                      |
| SRMR                         | 0.06           | 0.06              | 0.08               | –                      |
| RMSEA                        | 0.06           | 0.06              | 0.06               | –                      |
| $R^2$                        | 0.58           | 0.59              | 0.69               | –                      |

Notes: \* $p < 0.10$ , \*\* $p < 0.05$ , \*\*\* $p < 0.01$ , and \*\*\*\* $p < 0.001$ ; parameter estimates are presented as unstandardized path coefficients; ns – not significant

---

To examine the moderation effect of travel purposes, we first compared a model in which all the model's relationships, including causal paths to service quality and to satisfaction, were constrained to be equal for both business and leisure travelers. Next, to examine the moderating effect of travel status, we performed a subsequent chi-square difference test on each relationship by setting the fixed value free one at a time. The results reveal that, in general, both leisure and business travelers evaluate an event venue's service quality and value equity equally with three exceptions: the relationship between:

- (1) space and function and service quality ( $\Delta \chi^2(1) = 14.08, p < 0.001$ );
- (2) service quality and satisfaction ( $\Delta \chi^2(1) = 3.72, p < 0.10$ ); and
- (3) price and satisfaction ( $\Delta \chi^2(1) = 2.72, p < 0.10$ ).

In terms of service quality *per se*, the findings reveal that leisure travelers are more likely than business travelers to place importance on an event venue's space and function. This is because leisure travelers are more involved in experiencing hedonic pleasure in the venue than business travelers, who tend to focus on the business aspects of being at the venue (e.g. closing the sale, obtaining orders). In terms of satisfaction, leisure travelers are more inclined to place importance on an event's price, while business travelers are more inclined to place importance on an event's service quality. This finding stems from the notion that business travelers' trips to events in Macau are purposeful ones that lower their tolerance zones for deviations in service quality.

Although these moderated differences between leisure and business travelers may appear commonplace, it is worth noting that the moderated models were better able to explain the satisfaction criterion variable ( $R^2_{\text{Leisure}} = 0.59$ , and  $R^2_{\text{Business}} = 0.69$ ) than the baseline model ( $R^2_{\text{Leisure}} = 0.58$ ). Consequently, event planners are urged to consider traveler segmentation when developing marketing actions that drive value equity (Getz, 2007).

### Theoretical implications and research directives

This work suggests that pioneering opportunities exist regarding the conceptual and empirical of a firm's value equity. In fact, it is likely that the manner in which customers evaluate value equity differs greatly across service industries; hence, case studies may elucidate academics and practitioners alike regarding novel value drivers. For example, it is likely that a firm's internet site and web-based activities also influence a firm's value equity, and we encourage researchers to consider "virtual drivers" that also influence a firm's value proposition.

The SERVQUAL survey represents one of the most widely used relationship surveys in service marketing (Zeithaml *et al.*, 2009); however, this paper also brings into question whether the survey's four items used to evaluate a customer's view of an organization's tangible dimension is fully encompassing. Bitner's (1992) servicescape framework and Hightower *et al.*'s (2002) servicescape scale both highlight the multidimensional complexity of a firm's physical dimension well beyond four items. Further, recent work in clue management (Wall and Berry, 2007, for extensive review) reveals that customers evaluate three types of physical clues in a servicescape; these include functional (clues regarding the technical quality of a service), mechanic (design and ambient clues), and humanic (clues from employees and customers behaviors and body language) clues.

---

Thus, we encourage service researchers to further explore whether the tangible dimension of the SERVQUAL survey requires conceptual expansion, and to continue to provide examples from case studies regarding how different service industries employ the SERVQUAL survey in practice. Researchers are encouraged to expand the tangible dimension by drawing upon Wall and Berry's (2007) research, which shows that employees and customers are integral to a servicescape. At the present time, the four SERVQUAL tangibility items are in-line with Bitner's (1992) belief that a firm's tangible dimension remain under managerial control. Yet, this assumption may not be entirely valid as many humanic/social clues remain outside of managerial control due to the difficulty of controlling behaviors and body language emulating from both front-line employees and customers.

Given that SERVQUAL is currently comprised of 22 perception and 22 matching expectation items, it is likely that further expansion of the tangible dimension may require that researchers develop two separate SERVQUAL surveys, to prevent respondent exhaustion. One survey would evaluate a firm's intangible service quality dimensions and the other would evaluate a firm's tangible quality dimension. However, the authors are unclear at this moment regarding how this drastic alteration would impact the survey's reliability and validity. Although methodological challenges exist, it is apparent from this case study, as well as from contemporary service research, that a firm's tangible realm is unlikely to be properly evaluated with four items, regardless of the quality of these items.

### **Managerial implications**

Recent research on the CEM (Bick, 2009; Vogel *et al.*, 2008) illustrates that customer equity is still undergoing empirical and theoretical development. Although the CEM was developed in terms of being influenced by three drivers – value, brand, and relationship – most event planners who cater to one-time travelers do not typically develop marketing actions around branding or long-term relational planning. Yet, rather than consider CEM unfeasible in event planning, we suggest that event planners should focus on developing marketing actions that encompass value equity, and its three dimensions of service quality, cost, and convenience, because it directly influences customers' satisfaction regarding event venues.

This work shows how event planners in Macau developed a means to evaluate value equity among business and leisure travelers. With the results of group comparisons in structural equation modeling, we demonstrated that event planners need to consider the classificatory status of their target customers – that is, as business or leisure travelers – because both groups assess aspects of a venue's value equity actions similarly and differently. More important, given that value equity is linked to favorable customer satisfaction (Vogel *et al.*, 2008), this work shows that event planners should consider value equity planning as the cornerstone of their strategic planning initiatives.

A limitation of this study is that it applies only to business and leisure events in Macau. As a result, the scales might not be generalizable to other countries or tourism domains; however, the Delphi technique we show in this study and the process of using group consensus from academic, practitioner, and government stakeholders to build practical and reliable scales are universal. In addition, our focus was to explore moderation differences in event planning between business and leisure travelers;

---

however, future researchers are encouraged to explore cross-cultural differences regarding the drivers of value equity.

Despite these limitations, we urge event planners to consider value equity planning essential to their organizations and in the same manner they view planning around the marketing or service mix. In doing so, all organizations can create customer-driven, competitor-focused, and profitable organizations, by maximizing customer satisfaction.

### References

- Allen, J., O'Toole, W., Harris, R. and McDonnell, I. (2008), *Festival & Special Event Management*, 4th ed., Wiley, Milton.
- Al-Sabbahy, H.Z., Ekinci, Y. and Riley, M. (2004), "An investigation of perceived value dimensions: implications for hospitality research", *Journal of Travel Research*, Vol. 42 No. 3, pp. 226-34.
- Bagozzi, R.P. and Youjae, Y. (1988), "On the evaluation of structural equation models", *Journal of the Academy of Marketing Science*, Vol. 16 No. 1, pp. 74-94.
- Bick, G.N.C. (2009), "Increasing shareholder value through building customer and brand equity", *Journal of Marketing Management*, Vol. 25 Nos 1/2, pp. 117-41.
- Bitner, M.J. (1992), "Servicescapes: the impact of physical surroundings on customers and employees", *Journal of Marketing*, Vol. 56 No. 2, pp. 57-71.
- Breiter, D. and Milman, A. (2006), "Predicting exhibitor levels of satisfaction in a large convention center", *Event Management*, Vol. 10 Nos 2/3, pp. 133-43.
- Brodie, R.J., Whittome, J.R.M. and Brush, G.J. (2009), "Investigating the service brand: a customer value perspective", *Journal of Business Research*, Vol. 62 No. 3, pp. 345-55.
- Chan, L.K., Hui, Y.V., Lo, H.P., Tse, S.K., Tso, G.K.F. and Wu, M.L. (2003), "Consumer satisfaction index: new practice and findings", *European Journal of Marketing*, Vol. 37 Nos 5/6, pp. 872-909.
- Davis, R., Buchanan-Oliver, M. and Brodie, R.J. (2000), "Retail service branding in electronic-commerce environments", *Journal of Service Research*, Vol. 3 No. 2, pp. 178-86.
- Fornell, C. and Larcker, D.F. (1981), "Evaluating structural equation models with unobservable variables and measurement error", *Journal of Marketing Research*, Vol. 18 No. 1, pp. 39-50.
- Gerbing, D.W. and Anderson, J.C. (1988), "An updated paradigm for scale development incorporating unidimensionality and its assessment", *Journal of Marketing Research*, Vol. 25 No. 2, pp. 186-92.
- Getz, D. (1997), *Event Management & Event Tourism*, Cognizant Communication, New York, NY.
- Getz, D. (2007), *Event Studies: Theory, Research and Policy for Planned Events*, Elsevier, Oxford.
- Getz, D. (2008), "Event tourism: definition, evolution, and research", *Tourism Management*, Vol. 29 No. 3, pp. 403-28.
- Getz, D., O'Neill, M. and Carlsen, J. (2001), "Service quality evaluation at events through service mapping", *Journal of Travel Research*, Vol. 39 No. 4, pp. 380-90.
- Green, H., Hunter, C. and Moore, B. (1989), "Assessing the environmental impact of tourism development: the use of the Delphi technique", *International Journal of Environmental Studies*, Vol. 35 No. 1, pp. 51-62.
- Gronroos, C. (1997), "From marketing mix to relationship marketing – towards a paradigm shift in marketing", *Management Decision*, Vol. 35 Nos 3/4, p. 322.
- Hightower, R., Brady, M.K. and Baker, T.L. (2002), "Investigating the role of the physical environment in hedonic service consumption: an exploratory study of sporting events", *Journal of Business Research*, Vol. 55 No. 9, pp. 697-707.

- 
- Hu, L.-T. and Bentler, P.M. (1998), "Fit indices in covariance structure modeling: sensitivity to underparameterized model misspecification", *Psychological Methods*, Vol. 3 No. 4, pp. 424-53.
- Jago, L., Chalip, L., Brown, G., Mules, T. and Ali, S. (2003), "Building events into destination branding: insights from experts", *Event Management*, Vol. 8 No. 1, pp. 3-16.
- Kashyap, R. and Bojanic, D.C. (2000), "A structural analysis of value, quality, and price perceptions of business and leisure travelers", *Journal of Travel Research*, Vol. 39 No. 1, pp. 45-51.
- Kline, R.B. (2005), *Principles and Practice of Structural Equation Modeling*, Guilford Press, New York, NY.
- Kotler, P. (1964), "Marketing mix decisions for new products", *Journal of Marketing Research*, Vol. 1 No. 1, pp. 43-9.
- Li, X. and Petrick, J.F. (2006), "A review of festival and event motivation studies", *Event Management*, Vol. 9 No. 4, pp. 239-45.
- McGorry, S.Y. (2000), "Measurement in a cross-cultural environment: survey translation issues", *Qualitative Marketing Research*, Vol. 3 No. 2, pp. 74-81.
- Narayanan, S., Desiraju, R. and Chintagunta, P.K. (2004), "Return on investment implications for pharmaceutical promotional expenditures: the role of marketing-mix interactions", *Journal of Marketing*, Vol. 68 No. 4, pp. 90-105.
- Nunnally, J.C. (1978), *Psychometric Theory*, 2nd ed., McGraw-Hill, New York, NY.
- Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1988), "SERVQUAL: a multiple-item scale for measuring consumer perceptions of service quality", *Journal of Retailing*, Vol. 64 No. 1, pp. 12-40.
- Reid, D.M. (1980), "Evaluation of the marketing mix – its application to strategic marketing", *European Journal of Marketing*, Vol. 14 No. 4, pp. 192-205.
- Rompf, P.D., Breiter, D. and Severt, K. (2008), "Destination selection criteria: key success factors evolve and dominate", *Event Management*, Vol. 12 No. 1, pp. 27-38.
- Ruiz, D.M., Gremler, D.D., Washburn, J.H. and Carrion, G.C. (2008), "Service value revisited: specifying a higher-order, formative measure", *Journal of Business Research*, Vol. 61 No. 12, pp. 1278-91.
- Rust, R.T., Lemon, K.N. and Zeithaml, V.A. (2004), "Return on marketing: using customer equity to focus marketing strategy", *Journal of Marketing*, Vol. 68 No. 1, pp. 109-27.
- Rust, R.T., Zeithaml, V.A. and Lemon, K.N. (2000), *Driving Customer Equity: How Customer Lifetime Value is Reshaping Corporate Strategy*, The Free Press, New York, NY.
- Ruyi, X. and Pegg, S. (2007), "Exploring the motivations for participant engagement in the Australian university games", *International Journal of Event Management Research*, Vol. 3 No. 2, pp. 39-46.
- Seiders, K., Voss, G.B., Grewal, D. and Godfrey, A.L. (2005), "Do satisfied customers buy more? Examining moderating influences in a retailing context", *Journal of Marketing*, Vol. 69 No. 4, pp. 26-43.
- Vogel, V., Evanschitzky, H. and Ramaseshan, B. (2008), "Customer equity drivers and future sales", *Journal of Marketing*, Vol. 72 No. 6, pp. 98-108.
- Wall, E.A. and Berry, L.L. (2007), "The combined effects of the physical environment and employee behavior on customer perception of restaurant service quality", *Cornell Hotel & Restaurant Administration Quarterly*, Vol. 48 No. 1, pp. 59-69.
- Zeithaml, V.A. (1988), "Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence", *Journal of Marketing*, Vol. 52 No. 3, p. 2.



---

Zeithaml, V.A., Bitner, M.J. and Gremler, D.D. (2003), *Service Marketing: Integrating Customer Focus Across the Firm*, 4th ed., McGraw-Hill, Boston, MA.

Zeithaml, V.A., Bitner, M.J. and Gremler, D.D. (2009), *Service Marketing: Integrating Customer Focus Across the Firm*, 5th ed., McGraw-Hill, Boston, MA.

Value equity  
in event  
planning

#### **About the authors**

Mark S. Rosenbaum, Fulbrighter, is an Assistant Professor of Marketing at Northern Illinois University and a research faculty fellow at W.P. Carey School of Business, The Center for Services Leadership, Arizona State University. His research has focused on services issues such as commercial social support, commercial friendships, unethical shopping behaviors, ethnic consumption, and tourists' shopping behaviors. He has published in *Journal of Service Research*, *Journal of Services Marketing*, *Marketing Intelligence & Planning*, *Journal of Business Research*, *Journal of Retail and Consumer Services*, *Services Marketing Quarterly*, *Journal of Consumer Behaviour*, *Psychology & Marketing*, *Journal of Travel Research*, and *Journal of Vacation Marketing*, as well as numerous conference proceedings. He received his doctorate from Arizona State University in 2003. Mark S. Rosenbaum is the corresponding author and can be contacted at: [mrosenbaum@niu.edu](mailto:mrosenbaum@niu.edu)

IpKin Anthony Wong is Assistant Professor at the Institute for Tourism Studies, Macau. He has authored articles in *Journal of Service Management*, *International Journal of Culture, Tourism and Hospitality Research*, and *Tourism Management: Analysis, Behavior, and Strategy*. His publications also appear in multiple international conference proceedings. He received his doctorate from University of Hawaii in 2007.

**417**

---