

Article

# Verification of the Role of the Experiential Value of Luxury Cruises in Terms of Price Premium

Jongsik Yu

Department of Hotel and Restaurant Management, Tongwon University, 26 Gyeongchung-daero, Gonjam-eup, Gwangju 12813, Korea; andyjs.yu@gmail.com

Received: 30 April 2019; Accepted: 5 June 2019; Published: 10 June 2019



**Abstract:** The purpose of this study is to verify the willingness of customers of luxury cruises to pay for the perception of a well-being component and to pay a price premium based on the experiential value of luxury cruises. The following research objectives are presented and their resolution is subsequently pursued: first, the study distinguishes the various subordinate factors contributing to the experiential value of luxury cruises. Second, it aims to understand these subordinate factors' impact on customers' well-being perception. Third, the study aims to understand whether the customer is willing to pay a price premium based on his or her well-being perception. Fourth, it aims to verify the role of gender in the relationship between the perceived experiential value of luxury cruises and the proposed variables. Seven hypotheses were established to achieve these research objectives. Data collected from 273 luxury cruise customers were used. As a result, five hypotheses were accepted and two were rejected. In conclusion, the theoretical/practical implications that were proposed based on the results of the study are discussed in detail.

**Keywords:** experiential value; efficiency; service excellence; aesthetic value; playfulness; well-being perception; price premium

## 1. Introduction

As personal income increases and quality of life improves for society overall, the luxury cruise industry has been growing at a rapid pace [1]. Over the last 20 years, the number of people using luxury cruises has been increasing. As of 2011, 19 million people went on luxury cruises [2], and in 2016, 24 million people purchased luxury cruise tickets [3]. Additionally, the number of people using luxury cruises has increased by 5% each year since 2011 [4]. As shown, the demand for luxury cruises continues to increase and the potential for future growth is significant.

In line with the continued growth of the luxury cruise market, some studies have examined the decision-making and related factors of luxury cruise tourists. These studies provide insight into the decision-making of cruise passengers; however, more specific information focusing on luxury cruise tourism could provide a better understanding of luxury cruise tourism [3]. The main purpose of using luxury cruises is to obtain social value [5]. In particular, a tourist's aim is to create an authoritative image of himself or herself based on the luxury cruise experience and to elevate his or her social status through the experience of high-class consumption [6]. Once these objectives are achieved, tourists experience positive effects in terms of their satisfaction with the luxury cruise experience and quality of life [7,8]. They will also be more willing to accept the high prices and the price premium paid for luxury cruises [9]. Therefore, improving users' quality of life is an important factor for the success of the luxury cruise industry.

Through structural analysis of social classes, De La Vina and Ford [10] and Hobson [11] classified the cruise trip market into (1) mass market, (2) middle market, (3) luxury market, and (4) specialty market. He defined the mass market as having a tendency to attract lower-middle class customers,

and the cruise trip price is in the range of \$125–\$200 per day. Furthermore, he argued that the middle market targets middle class customers with a price tag of \$200–\$350 per day, whereas the luxury market provides services to upper class customers at a price of \$350 or more per day. Moreover, cruises can be categorized by various criteria, including ship size, number of passengers, whether they travel to a single country or around many countries, and how diverse the programs and facilities are that the ship provides to its passengers. In addition, Georgsdottir and Oskarsson [12] argued that the cruise market may be segmented; more specifically, the segments include (1) first cruise lines, which are family-oriented cruise ships, typically involving large vessels, undertaking trips of less than a week; (2) premium cruise lines, which are medium-sized vessels that undertake trips that are usually longer than a week and centered around leisure; and (3) luxury cruise lines, which have very large rooms, travel for more than 10 days, and focus on relaxation. As such, cruises can be segmented based on the size of the ship, number of passengers, number of countries being toured, programs offered, and vessel amenities. The concept of a luxury cruise refers to high-end tour packages that start at \$350 per day [10]. For this reason, it is very difficult for high-end tour packages, such as luxury cruises, to satisfy customers. To overcome these difficulties, we must be more specific about the luxury cruise experience. However, few studies have divided the empirical value of a luxury cruise into specific subcategories. Most research on empirical value in the context of the hospitality industry focuses on hotels [13,14] and restaurants [15,16]. These limited studies suggest the need to distinguish between the factors leading to the experiential value of the luxury cruise. There are also personal differences in assessing the products/services offered during a luxury cruise. For example, products or services may be assessed differently according to gender, the most basic demographic characteristic.

Therefore, at a time when the luxury cruise market continues to grow, the purpose of this study is to accomplish the following: (1) Divide the empirical value of a luxury cruise into efficiency, service excellence, aesthetic value, and playfulness; (2) Verify the impact of these subcategories comprising the experiential value of the luxury cruise on the customer's well-being perception and willingness to pay a price premium; and (3) Verify differences in the assessment of the luxury cruise experience by ascertaining the moderating role of gender in relation to the proposed variables. After the Introduction, the study discusses the conceptual definition of the proposed variables. Next, the research method, which includes the characteristics of the individual variables, is introduced. Finally, significant implications are discussed based on the empirical analysis, and future directions for the luxury cruise industry are suggested.

## 2. Literature Review

### 2.1. Experiential Value

Experiential value can be defined as the customer's perception, which stems directly or indirectly from his or her experience of the product/service [17,18]. The experiential value is also a cognitive assessment of and preference for the value directly experienced by the customer when the service is provided [17]. In other words, the experiential value focuses on the value the customer gains from his or her experience. In particular, the concept of one's consumption experience in the service industry plays a very important role in recognizing the value of customers. Thus, the experiential value is distinct from the product/service value because it is a result of the customer experience. It focuses on customers' subjective emotions and reactions because it varies according to the type of experience [19].

As the awareness of the importance of experiential value has increased, a variety of studies have been conducted on the conceptual clarification of such value. Babin and Darden [20] divided experiential value into practical and pleasure value. The practical value refers to the perception of functional benefits through external experience. The pleasure value refers to the benefits that can be gained from the internal experience. Holbrook [21] divided the dimensions of experiential value into intrinsic, extrinsic, self-oriented, and other-oriented. These were classified as economic value, pleasure value, altruistic value, and social value. In addition, Mathwick et al. [17] divided the components

of experiential value into customer return on investment (CROI), service excellence, aesthetic value, and playfulness based on the value typology provided by Holbrook [21]. The experiential value scale (EVS) was then developed through empirical analysis [16]. Mathwick et al. [15] and Ahn et al. [22] defined (1) efficiency/CROI as the value that customers derive from perceiving the best quality for the price through their consumption experience; (2) service excellence was defined as the value associated with one's awareness of the expertise of the service provider and the overall excellence of the service; (3) aesthetic value was described as visual attractiveness and entertainment value when the elements of the physical environment perceived by customers are aesthetically interesting; and (4) playfulness is the value associated with the customer's ability to derive fun and pleasure from experiencing the products/services; it is a very subjective emotion and a self-centered experience.

Experiential value provides important criteria for understanding customer behavior. Therefore, many studies have been conducted to understand customer behavior through analyses of experiential value in various tourism and service sectors. Jin, Line, and Goh [23] verified the effect of restaurant experience value on the customer relationship with full-service restaurants. Wu and Liang [14] identified the relationship between experiential value and customer satisfaction for high-end restaurants. Therefore, based on prior research, the components of experiential value for luxury cruises are divided into efficiency, service excellence, aesthetic value, and playfulness. We tried to verify the consumption behavior arising from the experiential value of customers who had experienced luxury cruises. Based on the results of previous studies, this study intends to classify components of luxury cruise trip experiential values into efficiency, service excellence, aesthetic value, and playfulness, while validating consumption behavior that occurs because of the experiential value of luxury cruise trip customers.

## 2.2. Well-Being Perception

Well-being perception refers to customers' perception of the extent to which brands positively contribute to improving their quality of life [24]. In addition, well-being perception is considered an assessment of the quality of life associated with psychological and physiological aspects. Specifically, this type of perception entails cognitive/orthodox assessments in various subdomains of life, such as health, leisure, and happiness [25]. The assessment of well-being perception is based on one's level of satisfaction with various consumption experiences that arise from his or her purchase of products/services [26]. Satisfactory well-being perception is indicated by one's overall happiness and high level of satisfaction in life. In other words, a well-being perception can result in an overall high quality of life, as evinced by the diversity in customers that is facilitated by the products/services they purchase [27].

Customers are increasingly committed to improving their quality of life when making purchase decisions [28,29]. They also demonstrate a willingness to pay more to improve their quality of life. In particular, since the production and consumption of a service product occurs simultaneously in the tourism context, the purchase experience can lead to product satisfaction in itself. In tourism, products related to experience are a major factor in improving a customer's overall quality of life, as they have a significant impact on his or her well-being [30]. In other words, customers consider well-being perception as the essential factor in their purchase of products/services in the tourism and service industries [31]. Therefore, customers are highly interested in improving their quality of life when making their product/service purchasing decisions and prefer to purchase products/services that can satisfy their needs as they relate to well-being [1,27].

Given that well-being perception plays an important role in customer decision-making, it has been studied in various hospitality industries, including hotels, cruises, and airlines [1,32,33]. Studies found that customers' awareness of well-being perception has a positive impact on their purchasing preferences [30,34,35]. Well-being perception is on the rise as positive emotions are generated when customers have satisfactory purchasing experiences with products/services [26,27]. Therefore, this study aims to verify the impact of customers' purchase experience value, particularly the experiential

value of luxury cruises, on well-being perception. Furthermore, we want to study customers' spending behavior following the investigation of well-being perception.

### 2.3. Price Premium

A price premium can be defined as the amount one wishes to pay for the same package size or quantity of a certain product/service from the same brand [36]. In addition, price premium refers to the excess amount paid compared to the fair price. The main force driving the price premium is the customer's desire for a specific level of quality in a given product/service [37]. That is, customers pay a higher price for a product or service of a particular brand than they would pay for that of other brands when they feel that the former has relatively high quality [9]. Thus, the price premium is a reward for reputable products/services that give buyers an impression of high quality [38].

Products/services in the luxury market have an intimate psychological link to price premiums [39]. The price premium is not solely determined by creating luxury goods but the latter is a major factor in the formation of the price premium [40]. Particularly in high-end tourism markets, such as the cruise market, significant effort is made to build brand awareness that represents the potential to be competitive and successful through efficient marketing strategies [1].

A pricing decision is made only when the suitability of the quality established through the direct and indirect experience of the product/service is recognized, in return for the realization of profit or benefits. Reasonable consumption, such as buying products/services of good quality at low prices, is not the only form of consumption. People are happy to make an effort to find products of high value and pay for them accordingly. Therefore, it is essential to create a value that is sufficiently higher than that of other products/services when acknowledging a price premium. This means that in the luxury tourism market, such as luxury cruises, marketing strategies must be expanded to set price premiums for products/services through consumer behavior research [3,39].

### 2.4. Relationships among Study Variables

When purchasing products/services, customers are significantly interested in various aspects of well-being, such as life satisfaction, overall happiness, greater enjoyment, and welfare. Hwang and Han [31] argued that if a traveler feels that his or her quality of life has improved through a luxury cruise, his or her desire for well-being has been satisfied. Yeh et al. [41] argue that it is possible to satisfy customers through experiential marketing and service innovation. In addition, Chen and Quester [42] also argued that high-quality services improve the perceived social value of customers. Park, Chung, and Rutherford [43] argued that if customers receive high-quality service, they can enhance the social perception because they feel they are being treated with respect. This is very closely related to the argument that the most important motivation for experiencing a cruise is to achieve the associated social value [44]. In other words, luxury cruise travelers can improve their well-being perception through aspects of their experience such as price, product/service quality, high level of service, various entertainment elements, and enjoyment. Therefore, based on prior studies, the following hypotheses were established.

**H1:** *Among the cruise's experiential value factors, efficiency will have a positive impact on well-being perception.*

**H2:** *Among the cruise's experiential value factors, service experience will have a positive impact on well-being perception.*

**H3:** *Among the cruise's experiential value factors, aesthetic value will have a positive impact on well-being perception.*

**H4:** *Among the cruise's experiential value factors, playfulness will have a positive impact on well-being perception.*

Belen del Río, Vázquez, and Iglesias [7] argued that social value is an important predictor of a customer's willingness to pay a price premium. Specifically, luxury cruise travelers try to improve their social value through the cruise experience [44] and are willing to pay price premiums

accordingly. Customers purchasing high-end tour packages, such as a luxury cruise, develop their well-being perception through the purchase of goods. Such a perception creates strong brand loyalty in customers [33,45]. Purchasing products/services with a high brand reputation can also create an attachment to the brand, which increases their willingness to pay price premiums for each brand product/service purchase [46,47]. Thus, the brand reputation perceived by customers has various implications for their decisions and behavior [1,48]. Based on such prior studies, this study establishes the following hypotheses:

**H5:** *Well-being perception will play a positive role in causing customers to pay price premiums willingly.*

### 2.5. Gender Difference

Gender difference is a very important variable in studies on the service industry [49–51]. Among demographic characteristics, gender can be easily identified in most situations. One can achieve higher performance by providing better service or establishing strategies [52]. For this reason, many studies analyze customer behavior based on gender differences. Many studies use social role theory to account for gender differences. According to social role theory, men and women socialize in different ways, which is why the roles of men and women in society contrast and are demonstrated by different behaviors [53]. That is, men tend to be more aggressive and self-directed than women. In particular, they take more risks [54]. In contrast, women tend to be more evasive than men [55]. This difference in tendency can signify different reactions to the cruise's environment. Therefore, the following hypotheses are established based on the theoretical reasoning discussed in this study.

**H6a-d:** *Gender will have a moderating role in the relationship between cruise's experiential value (a = efficiency, b = service excellence, c = aesthetic value, d = playfulness) and well-being perception.*

**H7:** *Gender will have a moderating role in the relationship between well-being perception and price premium.*

### 2.6. Proposed Model

The proposed model of this study is shown in Figure 1. The model divides the subcategories of a cruise's experiential value into efficiency, service excellence, aesthetic value, and playfulness. This includes well-being perception, brand reputation, and price premium. Among the structures of this study, a total of ten hypotheses linking the proposed variables are included within the proposed theoretical framework.

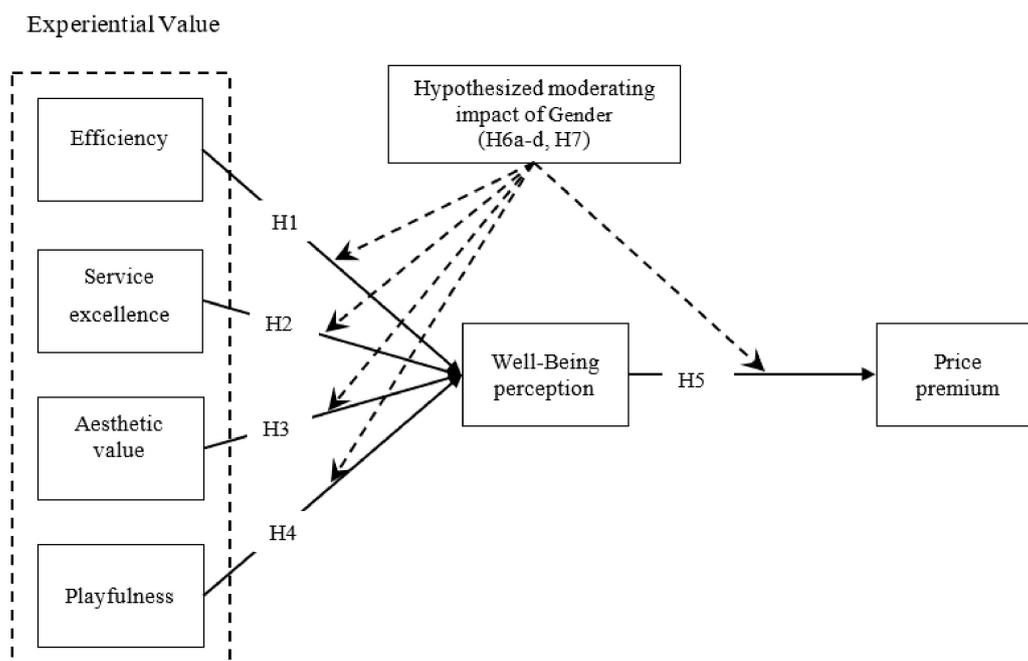


Figure 1. The proposed model.

### 3. Methods

#### 3.1. Measurement and Questionnaire Development

The questionnaires in this study are largely divided into three main categories: explanation of the study, questions relating to the variables, and information on demographic characteristics. Measurements of the study variables have been modified to fit this study according to relevant literature focused on cruises and customer behavior [17,24,40,48,56,57]. Specifically, measurement was conducted using three efficiency items (e.g., “This cruise trip is an efficient way to take my vacation”), three service excellence items (e.g., “When I think of this cruise trip, I think of service excellence”), four aesthetic value items (e.g., “The ship was an attractive setting for my vacation”), three playfulness items (e.g., “A cruise trip with this brand makes me feel cheerful”), four well-being perception items (e.g., “This cruise trip satisfies my overall travel needs”), and three price premium items (e.g., “I am willing to pay a higher price for this cruise brand than for other cruise brands”). All variables used a five-point Likert-type scale ranging from not at all (1) to very much so (5). Multiple-item scales were used, as is common practice when measuring variables. More specifically, the questionnaire contained three questions for efficiency, three for service excellence, four for aesthetic value, three for playfulness, four for well-being perception, and three for price premium. In addition, the first questionnaire, which includes individual participant characteristics and the contents of the study, was pretested by scholars and practitioners in the field of tourism. The contents of the survey were modified and improved based on the results of the pretest, further improving the overall content. The detailed measurement items are shown in Appendix A.

#### 3.2. Data Collection and Sample Profile

In this study, a web-based survey was used to collect data for empirical analysis using the system of an online research organization with an online cruise passenger panel. Using the systems and databases of online research organizations, a total of 833 luxury cruise passengers were randomly selected and given the questionnaires. Customers who used a luxury cruise in the past three months were eligible to participate in the survey. This study aims to validate the influencing relationship between luxury cruise experiential value and a price premium for luxury cruise trip customers. Therefore, this study applied the luxury cruise characteristics (e.g., a price tag of \$350 or more per day, provision of services to upper

class customers) as defined by Hobson [11]. To determine their eligibility, the screening question was, "Have you used a cruise in the last three months which cost more than \$350 a day?" Through this screening question, participants eligible for the survey accessed the questionnaire through a URL in an email sent to them. Of the 833 potential survey participants, 739 were willing to participate. Of these, 447 participants could not take part in the survey because they had not used a cruise that cost more than \$350 a day in the past three months. In addition, 19 of the 292 responses were found to be insincere or inappropriate. Therefore, the empirical analysis was performed based on data from 273 respondents.

Of the total 273 respondents, 135 were male (49.5%) and 138 female (50.5%). The participants' ages ranged from 23 to 80 years, with an average age of 44. The ratio of participants' income range was as follows: \$25,000–\$39,999 (18.7%), \$70,000–\$84,999 (18.3%), \$55,000–\$69,999 (15.4%), \$100,000–\$149,999 (13.6%), \$85,000–\$99,999 (12.1%), over \$150,000 (7%), and under \$25,000 (5.5%). Out of the total 273 respondents, 192 (70.4%) had a college degree or higher, 81 (29.6%) had a high school diploma or lower, 102 respondents (37.4%) had made one trip in the previous three months, and 203 respondents (74.4%) traveled with their families. Finally, when asked about their race, 168 respondents (61.5%) answered white, while 49 respondents (17.9%) answered black.

## 4. Results

### 4.1. Data Quality Testing

In this study, a confirmatory factor analysis (CFA) was conducted to assess the fitness of the measurement model and to verify the fitness indicator of the construct, reliability, convergent validity, and discriminant validity [58]. The results of the analysis showed that the model's suitability was acceptable (Goodness-of-fit statistics:  $\chi^2 = 339.309$ ,  $df = 155$ ,  $p < 0.001$ ,  $\chi^2/df = 2.189$ , RMSEA = 0.066, CFI = 0.946, IFI = 0.947, TLI = 0.934). The factor loading values for each measurement item were shown to be 0.5 or higher and these questions were found to be significantly related to the established concept. As shown in Table 1, the composite reliability value for each factor was 0.857–0.883, which was found to be internally consistent [59]. Moreover, the AVE value was verified to check convergent and discriminant validity and showed 0.5 or higher. Thus, the value was considered to have convergent validity [60]. Fornell and Larcker [61] argued that the AVE value has determinant validity when it is greater than the square of the correlation coefficient between potential variables. According to this calculation method, this study has determinant validity because the  $\sqrt{\text{AVE}}$  values presented in this study exceeds the correlation coefficient.

**Table 1.** Confirmatory factor analysis results and between-construct correlations.

	CR	Cronbach's Alpha	EF	SE	AV	PF	WP	PP
EF	0.862	0.809	0.822					
SE	0.867	0.827	0.647 <sup>a</sup>	0.828				
AV	0.883	0.823	0.725	0.658	0.808			
PF	0.868	0.808	0.711	0.717	0.700	0.828		
WP	0.875	0.831	0.747	0.768	0.721	0.797	0.799	
PP	0.857	0.853	0.525	0.657	0.552	0.590	0.611	0.816
Mean			4.181	4.170	4.206	4.227	4.161	3.935
SD			0.709	0.741	0.662	0.689	0.673	0.878

Note1. EF = Efficiency, SE = Service excellence, AV = Aesthetic value, PF = Playfulness, WP = Well-being perception, PP = Price premium; Note2.  $\sqrt{\text{AVE}}$  values are along the diagonal; Note3. CR > 0.7, AVE > 0.5; Note2. Goodness-of-fit statistics:  $\chi^2 = 339.309$ ,  $df = 155$ ,  $p < 0.001$ ,  $\chi^2/df = 2.189$ , RMSEA = 0.066, CFI = 0.946, IFI = 0.947, TLI = 0.934; <sup>a</sup> Correlations between variables are below the diagonal.

### 4.2. Hypotheses Testing

In this study, multiple regression analyses were performed using SPSS to determine the effect of the experiential value of cruises on well-being perception and price premium. In addition, the moderating

role of gender was verified in the relationship between each of the variables presented. The moderating role and verification were performed based on the analysis method of Baron and Kenny [62]. Baron and Kenny [62] proposed three steps to validate the moderation effect: verify the effect of the predictor on the outcome variable (condition 1); verify the effect of the predictor and moderator on the outcome variable (condition 2); apart from the predictor and moderator, if the predictor\*moderator differs from (condition 2), then the moderating effect can be verified (condition 3). However, Baron and Kenny [62] were not interested in the effect of independent and controlled variables on dependent variables. They focused on the significance of the interactive variables. Therefore, the significance of the independent and controlled variables' effects on the dependent variables is irrelevant.

A total of seven hypotheses were established in this study. An examination of the impact of the cruise's experiential value on customers' well-being perception, efficiency (H1: $\beta = 0.221$ ,  $p < 0.01$ ), service excellence (H2: $\beta = 0.330$ ,  $p < 0.01$ ), aesthetic value (H3: $\beta = 0.131$ ,  $p < 0.01$ ), playfulness (H4: $\beta = 0.333$ ,  $p < 0.01$ ) revealed that all had positive effects on customers' well-being perception. Thus, hypotheses 1, 2, 3, and 4 were accepted. An analysis of the effect of customers' well-being perception on price premium showed that well-being perception (H5: $\beta = 0.611$ ,  $p < 0.01$ ) had a positive effect on price premium. Thus, hypothesis 5 was accepted. The detailed results are shown in Table 2.

**Table 2.** Results of the hypotheses (standardized regression weights).

Hypothesis	Paths	Statement of Hypothesis	Coefficient (standardized)	Results
H1	EF → WP	EF will have a positive impact on WP	0.221 **	Supported
H2	SE → WP	SE will have a positive impact on WP	0.330 **	Supported
H3	AV → WP	AV will have a positive impact on WP	0.131 *	Supported
H4	PP → WP	PP will have a positive impact on WP	0.333 **	Supported
H5	WP → PP	WP will have a positive impact on PP	0.611 **	Supported

Note: EF = Efficiency, SE = Service excellence, AV = Aesthetic value, PF = Playfulness, WP = Well-being perception, PP = Price premium. \*  $p < 0.05$ , \*\*  $p < 0.01$ .

We validated the mediating role of well-being perception in the relationship between cruise trip experiential value and price premium presented in this study. The hierarchical multiple regression analysis presented by Baron and Kenny [62] was used, and the analysis results are as follows: In Step 1, all the relationships between experiential value subfactors were observed as significant, including efficiency, service excellence, aesthetic value, playfulness, and the mediating variable of well-being perception. In Step 2, the relationships between experiential value subfactors, including efficiency, service excellence, aesthetic value, and playfulness, and price premium were validated, and the result showed that service excellence and playfulness had a significant influence on price premium, whereas efficiency and aesthetic value did not have any significant influence. Lastly, in Step 3, it was observed that the regression value of service excellence decreased when well-being perception was controlled, indicating that it played a partial mediating role, whereas playfulness was not significant and played a full mediating role. In both Steps 2 and 3, no significant influencing relationship was identified for efficiency or aesthetic value, displaying that they did not have any mediating effect. More details are presented in Table 3.

**Table 3.** Hierarchical regression analysis for mediating effect (standardized regression weights).

Paths	t-Value	Coefficient (standardized)	Results
(Step 1)			
EF → WP	4.520 **	0.221 **	Supported
SE → WP	6.491 **	0.300 **	Supported
AV → WP	2.687 **	0.131 **	Supported
PF → WP	6.575 **	0.333 **	Supported
(Step 2)			
EF → PP	0.506	0.036	Not supported
SE → PP	6.357 **	0.433 **	Supported
AV → PP	1.749	0.125	Not supported
PF → PP	2.227 *	0.166 *	Supported
(Step 3)			
EF → PP	0.134	0.010	Not supported
SE → PP	5.428 **	0.397 **	Supported
AV → PP	1.513	0.109	Not supported
PF → PP	1.574	0.126	Not supported
WP → PP	1.329	0.119	Not supported

Note: EF = Efficiency, SE = Service excellence, AV = Aesthetic value, PF = Playfulness, WP = Well-being perception, PP = Price premium, \*  $p < 0.05$ , \*\*  $p < 0.01$ .

To verify the moderating role of gender in the relationship between each variable presented in this study, hierarchical multiple regression analysis proposed by Baron and Kenny [62] was used. The analysis showed that in the relationship between the experiential value of cruise and well-being perception, efficiency's (H6a: predictor\*moderator =  $-0.399$ ,  $\Delta R^2 = 0.004$ ,  $p < 0.05$ ) interactive variables were statistically significant and the  $R^2$  values differed. However, hypothesis 6a was not accepted because it had negative effects. Service excellence (H6b: predictor\*moderator =  $-0.220$ ,  $\Delta R^2 = 0.001$ ,  $p > 0.05$ ), aesthetic value (H6c: predictor\*moderator =  $-0.330$ ,  $\Delta R^2 = 0.002$ ,  $p > 0.05$ ), and playfulness (H6d: predictor\*moderator =  $-0.262$ ,  $\Delta R^2 = 0.002$ ,  $p > 0.05$ ) showed no statistically significant moderating role. Thus, hypotheses 6b, 6c, and 6d were not accepted. Further, the results between well-being perception and price premium showed well-being perception as (H7: predictor\*moderator =  $0.457$ ,  $\Delta R^2 = 0.008$ ,  $p > 0.05$ ). Thus, hypothesis 7 was not accepted. In sum, the relationship between a cruise's experiential value and well-being perception, and that between well-being perception and price premium were found to have no gender-specific moderating roles. The detailed results are shown in Tables 4 and 5.

**Table 4.** Hierarchical regression analysis for moderating role of gender.

Independent Variable	WP					
	Step 1	Step 2	Step 3.1	Step 3.2	Step 3.3	Step 3.4
EF	0.221 **	0.222 **	0.272 **	0.221 **	0.228 **	0.224 **
SE	0.330 **	0.287 **	0.292 **	0.330 **	0.292 **	0.293 **
AV	0.131 **	0.134 *	0.144 *	0.135 *	0.178 **	0.135 *
PP	0.333 **	0.347 **	0.351 **	0.347 **	0.346 **	0.383 **
Gender		-0.059	0.324	0.153	0.262 **	0.192
EF * Gender			-0.399 *	-	-	-
SE * Gender				-0.220	-	-
AV * Gender					-0.333	-
PP * Gender						-0.262
$R^2$	0.755	0.759	0.763	0.760	0.761	0.760
$\Delta R^2$	-	0.003	0.004	0.001	0.002	0.002

Note: EF = Efficiency, SE = Service excellence, AV = Aesthetic value, PF = Playfulness, WP = Well-being perception, PP = Price premium; \*  $p < 0.05$ , \*\*  $p < 0.01$ .

**Table 5.** Hierarchical regression analysis for moderating role of gender.

Independent Variable	PP		
	Step 1	Step 2	Step 3
WP	0.611 **	0.614 *	0.561 **
Gender		−0.115	−0.559
WP * Gender			0.457
R <sup>2</sup>	0.373	0.387	0.394
ΔR <sup>2</sup>	-	0.013	0.008

Note: WP = Well-being perception; \*  $p < 0.05$ , \*\*  $p < 0.01$ .

## 5. Discussion and Implications

The purpose of this study was to investigate customers' sense of well-being perception and whether they are willing to pay a price premium for a cruise's experiential value. In previous research, the study of the relationship between experiential value, customer perception, and behavior in the hospitality industry is mostly focused on hotels [13,14] and restaurants [15,16]. Only limited studies on the hospitality industry exist. In particular, few studies have been conducted on the topic of luxury cruises. Thus, we established hypotheses regarding the relationship between the experiential value of the luxury cruise and the outcome variables based on a thorough literature review. We also established a hypothesis for the gender-specific moderating roles in relationships between the variables. To analyze the proposed theoretical relationship, a conceptual model was created and an empirical analysis was conducted using empirical data collected from 273 luxury cruise passengers. The analysis results provide key theoretical/practical implications.

The results of this study showed that the subcategories of experiential value, that is, efficiency (H1:  $\beta = 0.221$ ,  $p < 0.01$ ), service excellence (H2:  $\beta = 0.330$ ,  $p < 0.01$ ), aesthetic value (H3:  $\beta = 0.131$ ,  $p < 0.01$ ), and playfulness (H4:  $\beta = 0.333$ ,  $p < 0.01$ ) all have a positive effect on the well-being perception recognized by customers. In addition, well-being perception (H5:  $\beta = 0.611$ ,  $p < 0.01$ ) was found to play a positive role in their willingness to pay a price premium. These results reveal the priorities of customers who buy luxury tour packages, such as luxury cruises. First, luxury cruise customers are more likely to consider aspects such as convenience or efficiency than whether the price is high or low, in terms of economic matters. In other words, they are significantly interested in the value of the products/services offered by luxury tour packages, such as the luxury cruise, as it relates to their own lives. Second, luxury cruise users clearly consider the professionalism and distinction of the services offered by the cruise to be very important. Specifically, the services offered by the luxury cruise require employees' services, convenient and simple reservation systems, and quick and accurate services. Third, the importance of the physical environment of the luxury cruise should be emphasized. High-end tour packages, such as the luxury cruise, should be differentiated from other tourism products based on their physical environment. The luxury cruise provides all services in a limited location. Therefore, customers should be provided with a variety of facilities, reduced distances between each facility, comfortable beds, and private spaces for relaxation.

No differences were found between men and women in terms of well-being perception after experiencing the products/services provided by the luxury cruise. That is, the analysis, which was conducted in the manner proposed by Baron and Kenny [62], showed a change in R<sup>2</sup> but the interactive variables were not statistically significant. These results reveal significant implications. Customers who use luxury tour packages, such as the luxury cruise, gave a consistent assessment of the products/services of the luxury cruise without showing any differences between men and women. Many studies show that women are more emotional and delicate than men. However, when customers who have experienced a luxury cruise assess well-being perception based on their own experiences, they make a more specific and detailed assessment without demonstrating differences between men

and women. This means that customers' evaluation standards are higher for more high-end tour packages. We employed hierarchical regression analysis to validate the mediating role of well-being perception in the relationship among the presented variables. Well-being perception was seen to play a partial mediating role in the relationship between service excellence and price premium, whereas it played a full mediating role in the relationship between playfulness and price premium. These results suggest that it is necessary to maximize customers' well-being perception to induce them to pay a price premium. In particular, among the experiential value subfactors perceived by customers, service excellence is the best option to increase customers' well-being perception.

In this study, the most important subcategories comprising the experiential value of the luxury cruise were divided into efficiency, service excellence, aesthetic value, and playfulness. We then analyzed well-being perception, a concept that is more than the simple feeling of satisfaction perceived by cruise users. This constitutes one part of the luxury cruise industry that has rarely been studied and has allowed research into the experiential value of the hospitality industry to be extended to the luxury cruise sector. Thus, the theoretical expansion of consumption behavior by purchasers of high-end tour packages is a significant implication. This study also provides meaningful implications for many practitioners. For a given customer to be willing to pay the price premium, he or she must have well-being perception as well as customer satisfaction. Therefore, luxury cruise practitioners should provide special services (e.g., exclusive service personnel, birthday/anniversary celebrations, mileage programs, food based on customer preferences), and convenient services (e.g., a convenient reservation system). In addition, as cruise trip users are becoming progressively more interested in environment-friendly policies and environmental pollution, cruise trip business operators need to adopt environment-friendly management styles as well as environmentally responsible management to make a positive contribution to environmental protection [63].

Despite the meaningful implications proposed in this study, this study has several limitations. First, the sample of this study comprised people living in the United States and cannot be generalized to customers in other countries and cultures. While the United States has a wide variety of luxury cruise products, customers in different countries and cultures do not have access to the same luxury cruise environment as those in the United States. Second, the classification of luxury cruise users was limited to those who paid at least \$350. However, the price range must be further distinguished, as the prices of luxury cruise products vary widely. For example, we need samples of customers who paid different prices for luxury cruises, such as less than \$1000 or \$1000–\$2000. It would then be possible to verify the differences in customers' satisfaction based on price and their expectations for a luxury cruise. Therefore, the results might be more significant if the study was expanded to address the limitations suggested herein.

## 6. Conclusions

This study aimed at understanding customers' well-being perception gained through the experiential value of cruise trips and their willingness to pay a price premium while pursuing answers to these issues. Through the literature review, this study classified cruise trip experiential value into four subfactors, thereby identifying their accurate effect on price premium as perceived by customers, and successfully validated the mediating role of well-being perception. By doing so, this study successfully expanded theory and enhanced the understanding of the experiential value subfactors of luxury cruise trips. Furthermore, it validated the significant fact that well-being perception plays an important role in inducing the customer's intention to pay a price premium. In addition, this study validated the moderating effect of gender in the relationship among variables presented in the study, and as a result, it confirmed that gender did not have any moderating effect on well-being perception and price premiums through the experiential value of cruise trips. Such results prove that everyone places importance on the experiential value of luxury cruise trips regardless of their gender. Overall, this study makes a significant contribution to understanding customers' responses and behaviors through luxury cruise trips.

**Funding:** This research received no external funding.

**Conflicts of Interest:** The author declares no conflict of interest.

## Appendix A

Efficiency
<ul style="list-style-type: none"> <li>- This cruise trip is an efficient way to take my vacation.               <ul style="list-style-type: none"> <li>- This cruise trip makes my leisure life easier.</li> <li>- This cruise trip fits with my vacation schedule.</li> </ul> </li> </ul>
Service Excellence
<ul style="list-style-type: none"> <li>- When I think of this cruise trip, I think of service excellence.</li> <li>- I think of this cruise brand as an expert in the cruise industry.               <ul style="list-style-type: none"> <li>- The cruise brand has my best interests at heart.</li> </ul> </li> </ul>
Aesthetic Value
<ul style="list-style-type: none"> <li>- The ship was an attractive setting for my vacation.</li> <li>- The environment of the ship showed close attention to design details.               <ul style="list-style-type: none"> <li>- It was pleasant just being in the attractive cruise facilities.</li> <li>- I felt a real sense of harmony on the cruise ship.</li> </ul> </li> </ul>
Playfulness
<ul style="list-style-type: none"> <li>- A cruise trip with this brand makes me feel cheerful.</li> <li>- I feel happy when I take a cruise trip with this brand.</li> <li>- A cruise trip with this brand makes me forget my troubles.</li> </ul>
Well-Being Perception
<ul style="list-style-type: none"> <li>- This cruise trip satisfies my overall travel needs.</li> <li>- This cruise trip plays a very important role in my social well-being.</li> <li>- This cruise trip plays an important role in my travel well-being.</li> </ul>
Price Premium
<ul style="list-style-type: none"> <li>- I am willing to pay a higher price for this cruise brand than for other cruise brands.               <ul style="list-style-type: none"> <li>- Even if other cruise brands are priced lower, I will still buy this cruise brand.</li> </ul> </li> <li>- Even though this cruise brand seems comparable to other brands, I am willing to pay more to travel with this cruise brand.</li> </ul>

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