

# Factors Affecting Guests' Experience in The Bar Industry: A Case Study at PLUGS Saigon

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## Abstract:

In recent years, the bar industry in Vietnam has been thriving, offering a blend of traditional and modern influences. Bars have become an integral part of the country's vibrant nightlife scene, attracting both locals and tourists. Ho Chi Minh City has witnessed a surge in bar openings, reflecting the growing demand for unique and enjoyable experiences. The city offers a range of bar concepts, from trendy rooftop bars with panoramic views to hidden speakeasies that provide an immersive atmosphere. The bar industry in Vietnam has experienced notable growth, aligning with the country's economic development and the increasing number of international visitors. Understanding that researching the experience that guests have had with this type of service is a topic that researchers are interested in. Nevertheless, there have not been many in-depth studies on guests' experiences in the bar industry in Vietnam, especially models to show the impact of Staff Performance, Ambient Conditions, Product Quality, and Technology Applications on guests' experiences. For these reasons, the research topic "Factors Affecting Guests' Experience in the Bar Industry: A Case Study at PLUGS Saigon" will contribute to evaluating and clarifying the factors that affect the experience of guests when using bar services. As a result, every piece of advice and suggestion will be considered and applied to enhance the experience

**Keywords:** guests' experience, technology, business, hospitality, management.

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## 1. Introduction

The bar industry has experienced remarkable growth and diversification globally, responding to evolving consumer preferences and societal trends. They play a crucial role in the hospitality and tourism sectors, contributing to the overall economic growth of countries around the world. The bar industry has witnessed substantial growth and has become an integral part of the social fabric in many countries. According to a report by Statista, the global alcoholic beverages market was valued at \$1.54 trillion in 2020 and is projected to reach \$1.86 trillion by 2026, registering a CAGR of 3.1% during the forecast period (Statista, 2021). This indicates the significant size and potential of the bar industry on a global scale. Countries in Asia have

emerged as leading destinations for bar enthusiasts, offering diverse experiences to cater to different tastes and preferences. Japan, for instance, has gained international recognition for its thriving cocktail scene. The number of cocktail bars in Tokyo alone has nearly doubled over the past decade, reaching over 4,800 establishments (TripAdvisor, 2023). South Korea has also witnessed a rise in craft cocktail bars, particularly in Seoul, where mixologists are pushing boundaries and creating unique guests' experiences (The Korea Times, 2021). Vietnam, known for its rich history, stunning landscapes, and vibrant culture, has emerged as an increasingly popular tourist destination in Southeast Asia. The bar industry in Vietnam has experienced notable growth, aligning with the country's economic development and the growing influx of international visitors. In the World Bank report, Vietnam has 4,000 bars (World Bank, 2018). According to the Vietnam National Administration of Tourism, the country will welcome over 18 million international visitors in 2019, a significant increase compared to previous years (Vietnam National Administration of Tourism, 2020). In recent years, the bar industry in Vietnam has been thriving, offering a blend of traditional and modern influences. Bars have become an integral part of the country's vibrant nightlife scene, attracting both locals and tourists. Particularly, Ho Chi Minh City has witnessed a surge in bar openings, reflecting the growing demand for unique and enjoyable experiences. The city offers a range of bar concepts, from trendy rooftop bars with panoramic views to hidden speakeasies that provide an immersive atmosphere. For the reasons, the study will contribute to evaluating and clarifying the factors that affect guests' experience in the bar industry in Vietnam. As a result, the paper will consider every piece of advice and suggestion to spread the popularity of bars in Vietnam and to enhance the experience for customers.

## 2. Literature review

### 1.1 Theoretical background

According to Pine & Gilmore (1998), they proposed a unique concept of "experiences" as distinguished from goods and services. They highlight that when a consumer purchases an experience, they are essentially investing their time in enjoying a sequence of memorable events deliberately orchestrated by a company to deeply engage them on a personal level. According to Ph.D. Robert C. Ford et al. (2012), guest experience refers to "the sum total of the experiences that the guest has with the service provider on a given occasion or set of occasions". It covers every point of contact, spanning from the initial interaction to subsequent engagements following the visit. Ford emphasizes three fundamental aspects of guest experience: service product, service setting (also called service environment or servicescape),

and service delivery. Moreover, in the study of Wang, Chen, and Chen (2017), they identified four key dimensions that contribute to customers' experience: cognitive, affective, social, and physical.

### Research model

Drawing upon the findings of both domestic and foreign scholars, the researchers involved in this study have inherited a set of factors they believe to be relevant to PLUGS Saigon. Through careful synthesis and documentation, the following key elements influencing guests' experience at PLUGS Saigon have been identified by the study.

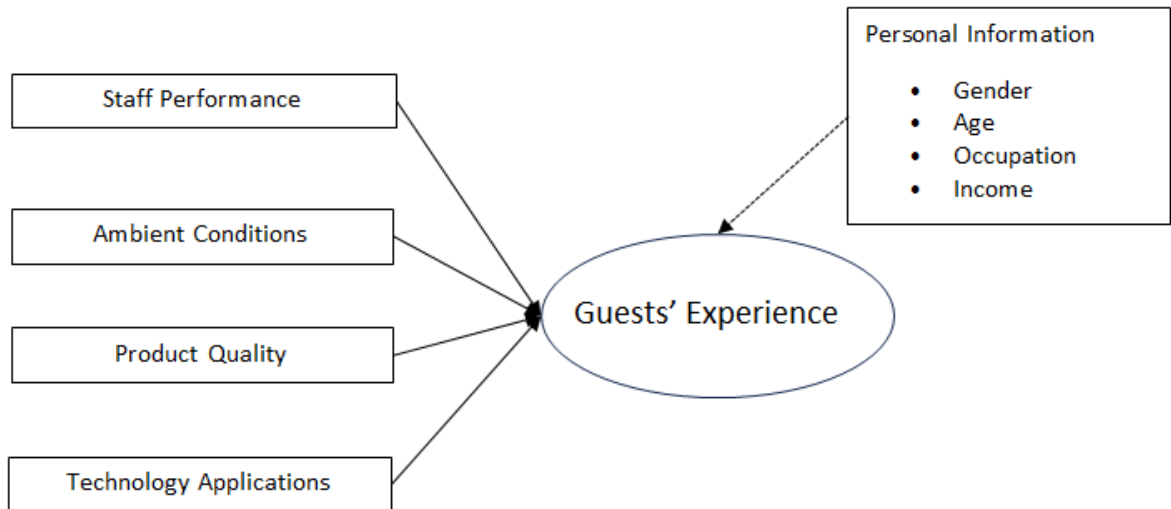
*Table 1. Factors affecting guests' experience in the bar industry*

Factors	Item	Study
Staff Performance	SP	Lo, A., & Yeung, M. A. (2020); Walls A, Okumus F, Wang Y, et al. (2011); Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988)
Ambient Conditions	AC	Tran Quynh Xuan (2020); Lo, A., & Yeung, M. A. (2020); Walls A, Okumus F, Wang Y, et al. (2011)
Product Quality	PQ	Klaus and Maklan, (2011), Milos Bujisic (2014); Namkung, Y., & Jang, S. (2007); Ha & Jang. (2010)
Technology Applications	TA	Flavián, Carlos; Ibáñez-Sánchez, Sergio; Orús, Carlos (2018); Berkley, Gupta (1994)

*(Source: combined by the study, 2023)*

Based on a research document of Lo, A., & Yeung, M. A. (2020), Flavián, Carlos; Ibáñez-Sánchez, Sergio; Orús, Carlos (2018), Tran Quynh Xuan (2020), at the same time using group discussion methodology (qualitative research), the study of this research have inherited the factors that according to the study are suitable for PLUGS Saigon. The study have synthesized and recorded the following factors that affect guests' experience in the bar industry:

Figure 1. Research model proposed by the study



(Source: The study synthesized and proposed, 2023)

### The definition of variables in the research model

#### Staff Performance

Staff performance refers to the measurable outcomes and achievements demonstrated by employees in their work roles. There are four dimensions performed by staff that can be seen and evaluated by guests which relate to guest-to-staff encounters: employee attitude, professional behavior, proactive service, and appearance. The perception of guests towards beverage establishments can be significantly influenced by the attitude and professional behavior of the service staff. Additionally, the physical appearance of the personnel is a noticeable factor when evaluating the experience of guests, it is considered to play a significant role by organizations in reflecting brand image and is extensively applied to branding activities. (Walls A, Okumus F, Wang Y, et al., 2011)

#### Ambient Conditions

As mentioned above, ambient conditions are one of the elements that make up the service environment based on Customer Service for Hospitality and Tourism (Simon Hudson & Louise Hudson, 2012). The elements of the environment that engage the five senses and collectively define the ideal atmosphere are referred to as ambient conditions. These factors, which are frequently overlooked consciously, can have an influence on emotional well-being, perceptions, attitudes, and behaviors. The interaction of design components generates an ambiance that impacts the feelings and interpretations of customers. Music, temperature, air quality, noise,

scent, and color are all important components of ambient circumstances. (Lovelock and Wirtz, 2007)

### **Product Quality**

Product quality within the context of beverage establishments pertains to the overall characteristics, features, and attributes of beverages that contribute to the customer experience and perceived value of the beverages being offered. While food quality has been assessed using diverse criteria such as presentation, variety, healthy options, taste, and temperature (Namkung, Y., & Jang, S., 2007). However, the attributes of product quality in beverage establishments can be classified into four distinct groups: presentation; variety; taste; and freshness. Understanding these elements and striving for excellence in each area is crucial for success in the highly competitive beverage industry.

### **Technology Applications**

Technology Applications are software programs and systems utilized by virtually every industry for communication, office productivity, research, data protection, analytics, and other purposes. There are four dimensions to Technology Applications related to the evaluation of customer service experiences: Direct support experiences, Indirect support experiences, related empowered experiences, and diverted empowered experiences (Flavián, Carlos; Ibáñez-Sánchez, Sergio; Ors, Carlos, 2018). In which the author directs the research to two dimensions: Direct and Indirect support experiences by classifying four functions that technology can support in the bar industry: Booking, Recommendation, Payment, Feedback, and Comment. It is essential for success in the highly competitive beverage sector to comprehend these components and strive for excellence in each one.

## **3. Research methodology**

In this report's data analysis process, qualitative and quantitative research methodologies will be utilized aiming to have an in-depth understanding of factors affecting guests' experience in the bar industry: a case study at PLUGS Saigon.

### **Qualitative method**

The discussion participants are free to share their points of view and counter opinions. These opinions are recorded in writing and agreement level. This focus group discussion was conducted in May 2023. The results of this discussion are the basis for the study to confirm the

appropriateness and correctness of the proposed model. In the focus group discussion, 8 experts participated in interviews and surveys prepared by the study from the preliminary scale.

### **Quantitative method**

Quantitative approaches emphasize objective measurements and statistical, mathematical, or numerical analysis of data gathered through polls, questionnaires, and surveys, as well as modifying pre-existing statistical data using computing equipment. Quantitative research is focused on collecting numerical data and generalizing it across groups of individuals. By utilizing Google Forms to conduct an online survey on factors affecting guests' experience in PLUGS Saigon Bar. And then distributed the questionnaire to a maximum of 96 PLUGS Saigon customers to obtain reliable samples.

Primary data will be analyzed by SPSS 20.0 data analysis technique to measure the influence of factors affecting the guest experience in PLUGS Saigon service as follows:

- Analyze the reliability of the scale using (Cronbach's Alpha)
- Exploratory factor analysis (EFA)
- Analyze the impact of factors by regression analysis.
- Analyze the difference in guest experience when using PLUGS Saigon service with gender, age, income, and occupation.

The questionnaire is developed based on a 5-level Likert scale (from completely disagree to completely agree) to assess the factors that affected guest experience when using PLUGS Saigon services.

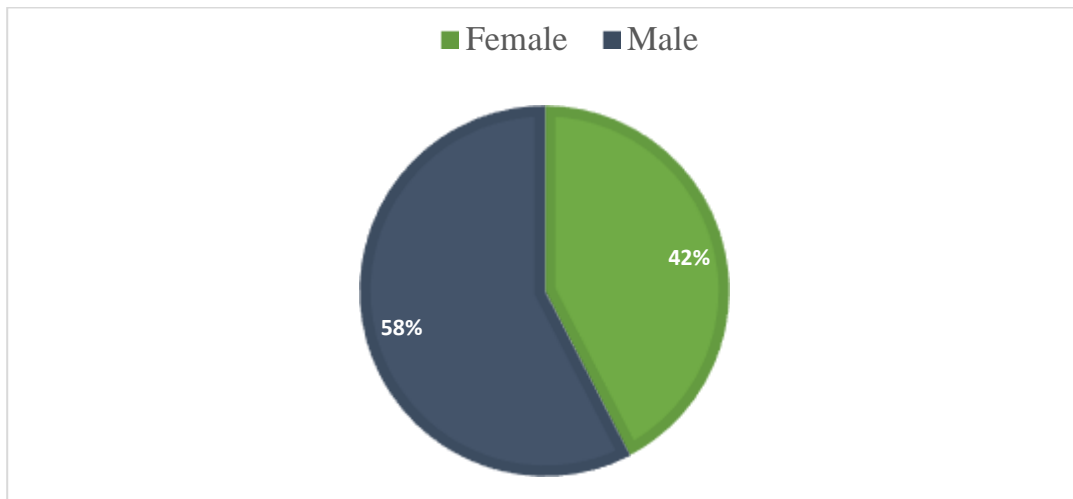
## **4. Research result and discussion**

### **Demographics**

Demographics refers to the collection and investigation of data regarding people's age, gender, income, and occupation. The analysis of these demographic factors can be applied to study a population, a specific group of individuals, or an entire culture. In the business realm, demographic information is highly valued as it serves as a crucial tool for companies to assess and define their market. By utilizing demographic data, businesses can effectively market and sell their products, identify their target audience, and evaluate customer satisfaction with their services. This enables them to analyze customer behavior, interact with them through social

media platforms, and anticipate positive customer experiences, thus allowing for the development of future strategies.

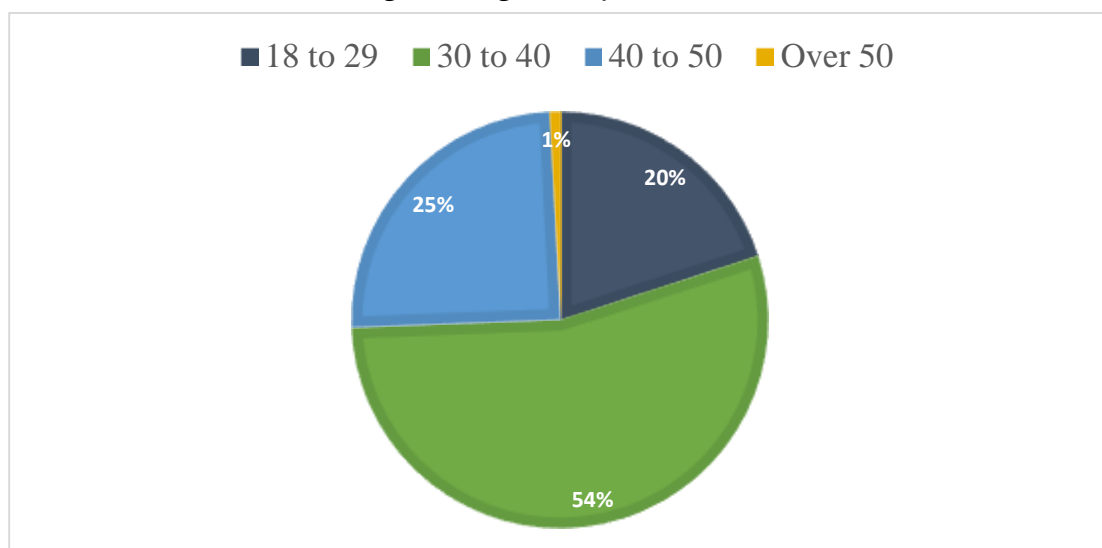
*Figure 2. Gender Information*



(Source: The study calculated and extracted from SPSS software, 2023)

In terms of gender: Among 125 responses, female made up 42% with 53 responses, while male made up 58% with 72 responses.

*Figure 3. Age Group Information*

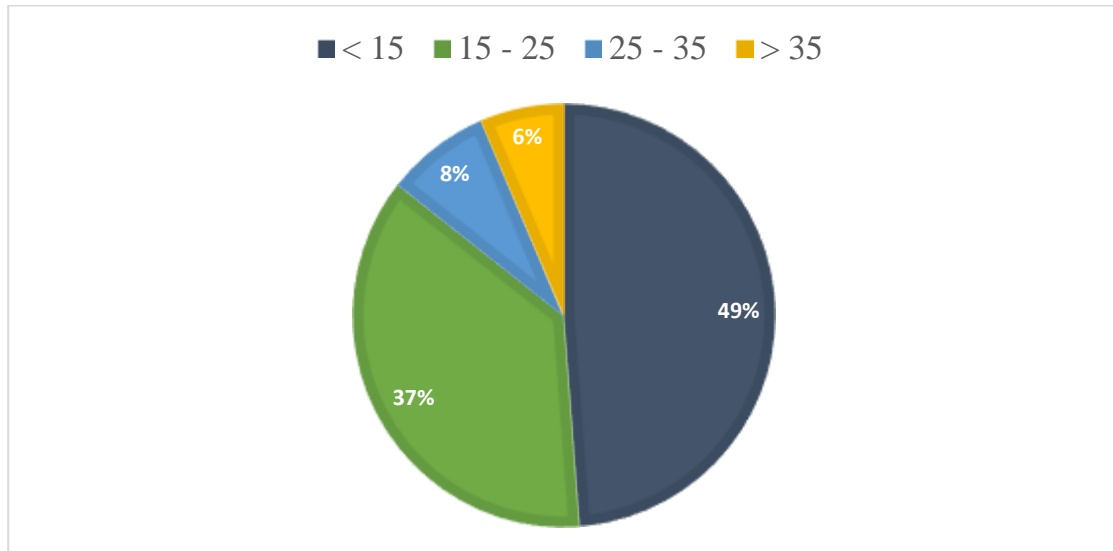


(Source: The study calculated and extracted from SPSS software, 2023)

In terms of age: Among 125 responses, the age group from 30 to 40 years old made up for the largest proportion with 68 responses (54%); the next group is the age group from 40 to 50 with

31 responses (25%); the age group from 18 to 29 and above 50 accounted 20% and 1%, respectively.

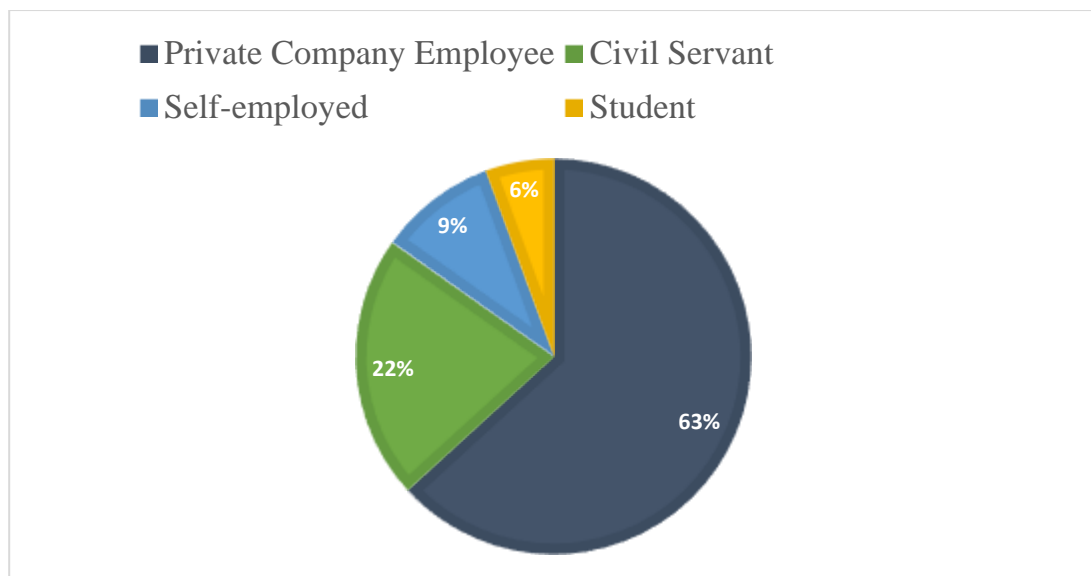
Figure 4. Income Information (million VND per month)



(Source: The study calculated and extracted from SPSS software, 2023)

In terms of income: Among 125 responses, the group with income under 15 million VND per month shared the largest proportion with 49%; the next income group from 15 to 25 million VND per month made up 37%; the income group from 25 to 35 and above 35 accounted 8% and 6%, respectively. The study found that there are few differences between the first two income groups but the last two income groups.

Figure 5. Occupation Information





(Source: The study calculated and extracted from SPSS software, 2023)

In terms of occupation: Among 125 responses, the occupation group of students and self-employed only accounted for 6% and 9%, respectively. The second largest occupation group is civil servant with 22% for 27 responses while the largest occupation group is private company employees with 63% for 79 responses.

### Reliability analysis (Cronbach's Alpha)

Table 2. Cronbach's Alpha reliability test results

Factor	Item	Cronbach's Alpha	Corrected Item-Total Correlation (Smallest)	Reliability
Staff Performance	4	0.895	0.744 (SP4)	Qualified
Ambient Conditions	4	0.893	0.749 (AC3)	Qualified
Product Quality	4	0.887	0.700 (PQ3)	Qualified
Technology Applications	4	0.908	0.770 (TA4)	Qualified

(Source: The study calculated and extracted from SPSS software, 2023)

The study determined that the scale demonstrates strong reliability, as indicated by Cronbach's alpha coefficient for all independent variables surpassing 0.6. Additionally, the lowest corrected item-total correlation among the variables is above 0.4. Based on these findings, the study confidently assert that the scales exhibit good reliability. However, to further enhance the accuracy of the statement, the researchers also conducted exploratory factor analysis (EFA).

### Exploratory factor analysis (EFA)

#### KMO (Kaiser-Meyer-Olkin Measure of Sampling Adequacy) & Bartlett' s test

Table 3. KMO and Bartlett' s Test of independent variables

KMO coefficient		0.943
Bartlett' s test of sphericity	Sig Bartlett' s Test	0.000

(Source: The study calculated and extracted from SPSS software, 2023)

KMO coefficient = 0.943 > 0.9 means that the correlation between the observed variables is large enough to conduct factor analysis. Sig Bartlett' s Test = 0.000 < 0.05, showing that

the extracted factors are appropriate, so that the observed variables are correlated with each other. Thus, exploratory factor analysis (EFA) is appropriate.

**Table 4. Factor loading of independent variables**

	Component			
	1	2	3	4
TA3	0.828			
TA2	0.736			
TA1	0.725			
TA4	0.696			
SP1		0.815		
SP2		0.793		
SP4		0.653		
SP3		0.632		
PQ4			0.701	
PQ2			0.691	
PQ3			0.644	
PQ1			0.629	
AC2				0.762
AC4				0.618
AC3				0.593
AC1				0.568

(Source: The study calculated and extracted from SPSS software, 2023)

The results of the rotation matrix show that 16 observed variables are classified into 4 factors, all observed variables have factor loading coefficients greater than 0.5 and there are no bad variables. Therefore, the scale has high reliability.

From the above analysis, the study found that the scale has high reliability and can be used to research for the factors affecting guests' experience in the bar industry in the case of PLUGS Saigon. In addition, the scale from 4 original components (16 observed variables) after exploratory factor analysis is still extracted into 4 components with 16 observed variables, the extracted factors are reliable and value level.

## 5. Recommendations

During the era of technological advancement, commonly known as the 4.0 era, technology appliances have become prevalent worldwide. In numerous industries, humans have grown accustomed to utilizing technology as a valuable tool in their daily lives. The F&B industry is renowned for its emphasis on human-to-human interactions, making the integration of technology a particularly challenging endeavor. However, our study have discovered a way to harness the benefits of technology without replacing the essential element of personal interaction. This approach aims to utilize technology as a supportive tool, assisting individuals in various aspects while preserving the fundamental human connection that is vital to the bar industry. To enhance customer convenience and streamline operations, our study propose a website with four main features that minimize time and offer ease of use, accessible anywhere and anytime.

*Figure 6. Website Design*

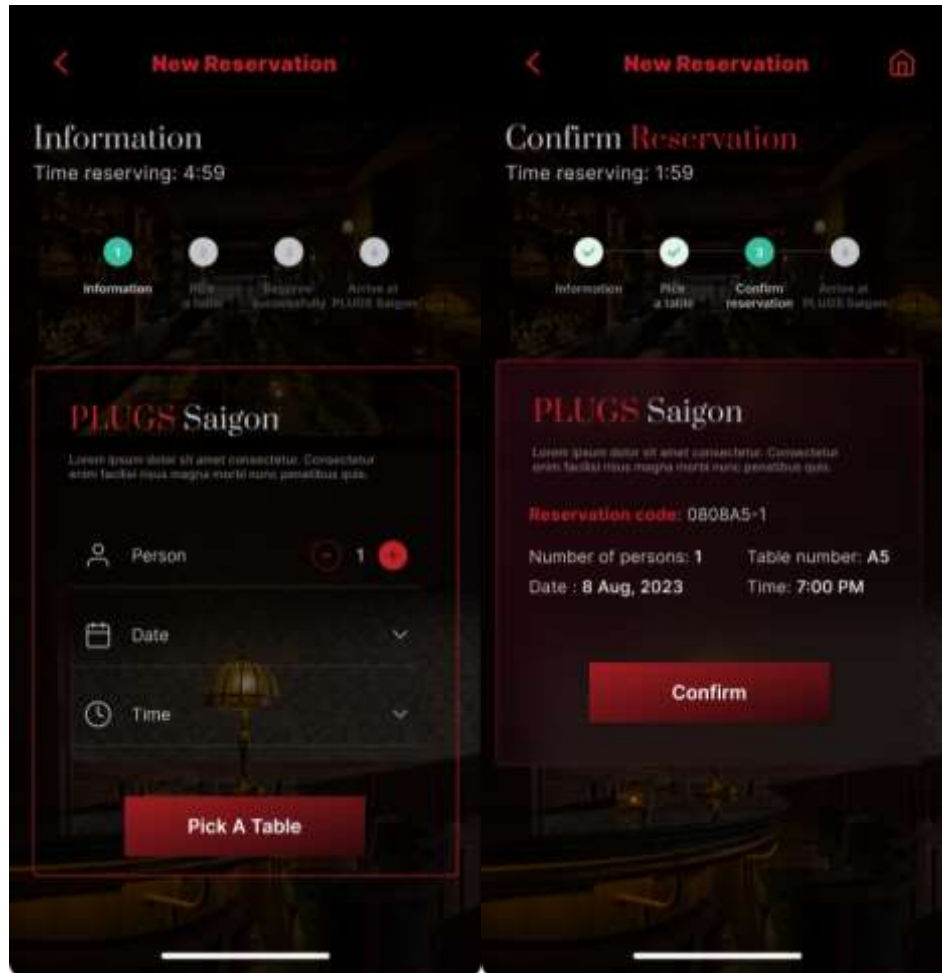


*(Source: Designed by the study, 2023)*

The first and crucial feature is a convenient reservation system. In the past, customers had only two options to book a table: contacting the establishment through social media or calling a hotline. However, the website allows users to reserve a table directly with simple steps. After inputting their information, customers can choose their desired table, like selecting an airline seat. At this stage, they can preview the table, examining the view and other factors. Upon a successful reservation, the website generates a QR code that the cashier can quickly scan for check-in. Additionally, customers can manage their previous bookings in the "My Reservations"

tab. There is no need to pay a deposit to secure a table reservation, and if customers fail to arrive within 30 minutes, their reservation will be automatically canceled.

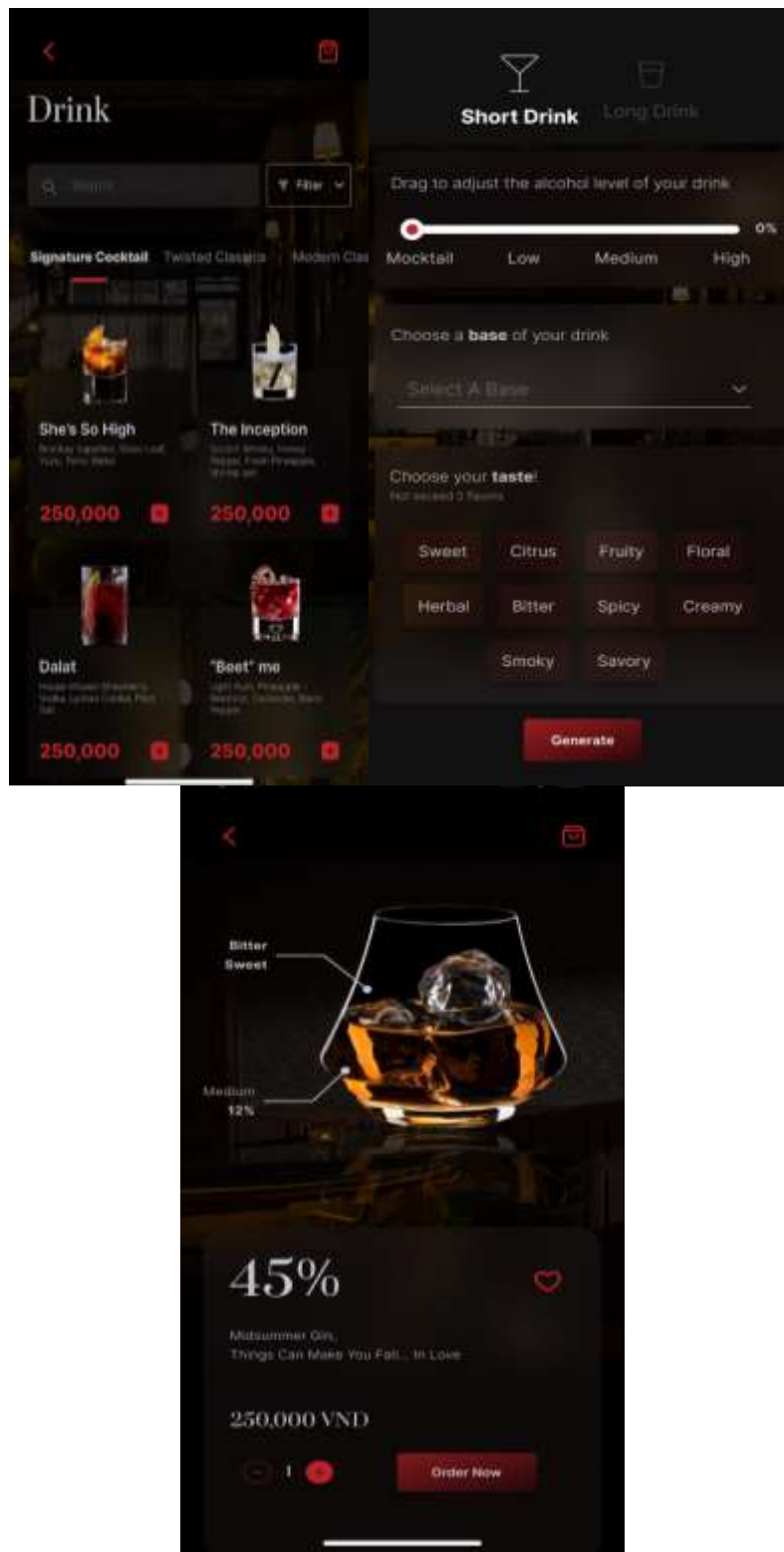
Figure 7. Reservation System



(Source: Designed by the study, 2023)

The second feature is a digital menu. Customers can view detailed menu items, including drink photos, ingredients, alcohol by volume (ABV), and flavor profiles. They can also add items to their favorite list for future reference. To assist those who struggle with choosing from an extensive menu, the website allows customization of drinks. Users can select their preferred drink body (long or short), ABV (ranging from mocktails at 0% to high-volume options at 30%), base ingredients, and flavor profiles. The system then generates several drink options that match the customer's taste. For those seeking a surprise, they can choose "Plugs' Treat," a drink that the bartender creates based on the selected preferences, adding an element of excitement to the PLUGS Saigon experience.

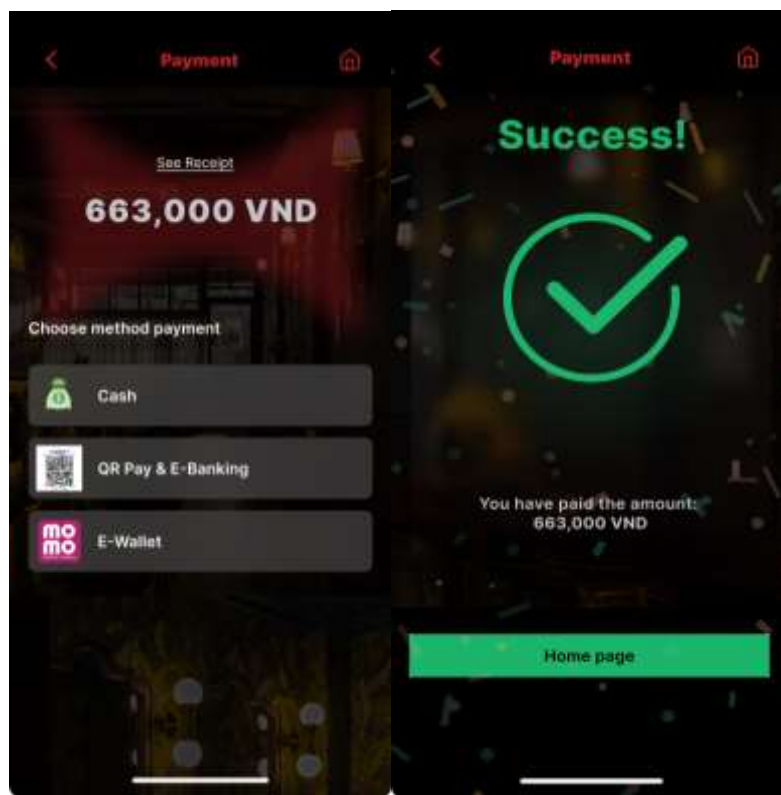
Figure 8. Digital Menu



(Source: Designed by the study, 2023)

The third feature focuses on quick and seamless payment. After receiving the bill (also available on the website after completing the order), customers can choose their preferred payment method: cash, e-wallet, or e-banking. If cash is selected, customers can settle the payment at the cashier as per traditional methods. However, for e-wallet and e-banking options, the website redirects users to their respective apps, pre-filling PLUGS Saigon's payment information. After completing the transaction, the PLUGS Saigon's screen will display a "success" status, eliminating the need for any further payment steps.

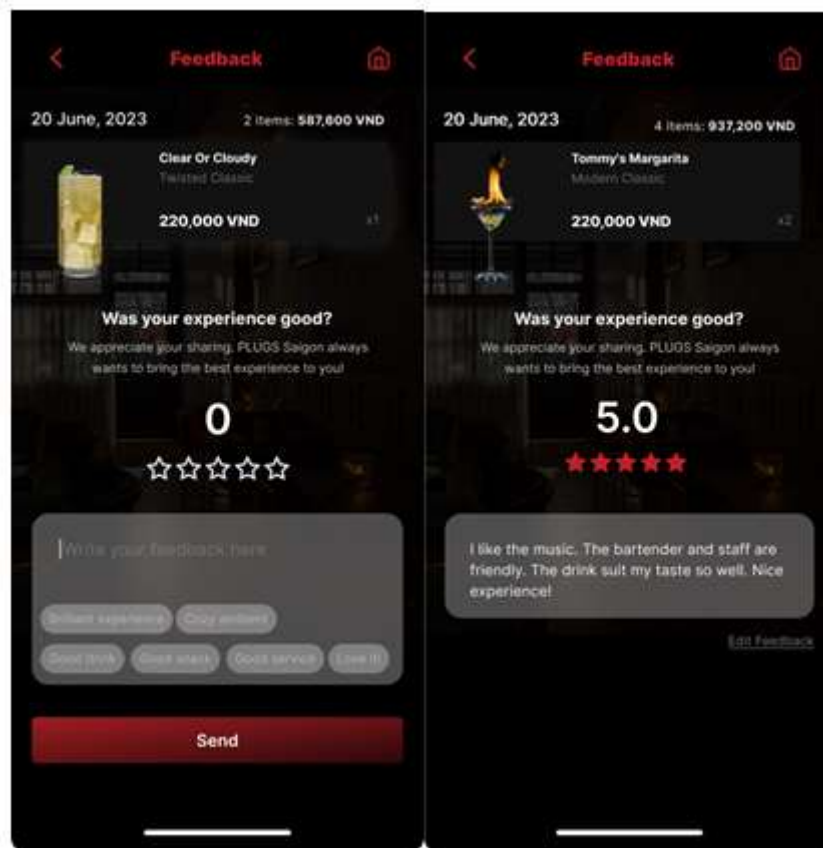
Figure 9. Payment System



(Source: Designed by the study, 2023)

Finally, the website allows customers to provide feedback about their experience at PLUGS. In return, they could receive vouchers for their next visit. With this valuable feedback, PLUGS Saigon can continuously improve the quality of their services over time, ensuring an enhanced customer experience.

Figure 10. Feedback System



(Source: Designed by the study, 2023)

By leveraging technology in these ways, PLUGS Saigon aims to provide a seamless and customer-centric approach, marrying the traditional aspects of human interaction in the bar industry with the efficiency and convenience offered by modern technology.

## 6. Conclusion

Models demonstrating the effects of employee performance, environmental factors, product quality, and industrial application technologies on the guest experience have been used in research to demonstrate the depth of the customer experience in the Vietnamese bar business. The research, aspects Affecting Guest Experience in the Bar Industry: Case research at PLUGS Saigon, has helped to measure and clarify the aspects that impact a customer's experience when utilizing a bar's services for the causes. Therefore, any advice and recommendations will be considered and used to improve the experience.

### Conflict of interests

None

### Acknowledgment

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