

Institutionally Driven Tourism Branding and the Experience Economy: Evidence from the Hainan Free Trade Port

Xingwei Li*

School of Housing, Building and Planning, Universiti Sains Malaysia, 11800 Penang, Malaysia
Email: lixingwei@student.usm.my

Muyu Yan

School of Physical Education, Jimei University; 361000 Xiamen China
Email: 930407352@qq.com

Shiyu Fan

School of Mathematical Sciences, Universiti Sains Malaysia, 11800 Penang, Malaysia
Email: FANSHIYU@student.usm.my

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Abstract

Institutional reforms are increasingly recognized as strategic resources in destination development, yet their integration into tourism branding and experience economy research remains limited. This study investigates how policy innovations in the Hainan Free Trade Port—such as customs closure, visa-free expansion, and duty-free shopping—shape destination brand equity, experiential dimensions, and tourist behavior. Drawing on a multi-method design combining policy text analysis, user-generated content (UGC) mining, and comparative benchmarking with Bali, Phuket, and the Maldives, the study constructs and tests a “policy–brand–experience–behavior” framework. The findings reveal that institutional openness enhances brand trust and differentiation, while tourists’ perceptions of co-creativity, shareability, and transformative experiences extend the traditional four dimensions of the experience economy. Moreover, destination brand experience is shown to influence not only revisit and recommendation intentions but also broader citizenship behaviors. Theoretically, the study elevates institutional reforms from contextual factors to testable variables, enriching branding and experience economy scholarship. Contextually, it positions Hainan as a global reference for institutionally driven destinations, demonstrating that sustainable competitiveness depends not only on natural and cultural assets but also on governance capacity to generate communicable value.

Keywords: Institutional Innovation, Destination Branding, Experience Economy, User-Generated Content (UGC), Hainan Free Trade Port

Introduction

Research Background and Policy Opportunity

Global competition in island tourism has intensified in recent years, and development strategies relying exclusively on natural resources and climatic advantages are increasingly inadequate to sustain international competitiveness (Aarabe, Ben Khizzou, Alla, & Benjelloun, 2025). In this evolving context, institutional innovation has been identified as a pivotal driver of destination transformation and upgrading (Chi, 2022; Liu, 2025). As China's only tropical island province, Hainan has gained unprecedented opportunities through national-level institutional reforms.

In 2025, the State Council announced that the Hainan Free Trade Port would initiate full customs closure by December of the same year. This milestone marked a decisive shift from institutional design to implementation, establishing a new phase defined by "zero tariffs, low tax rates, simplified taxation, and free circulation" (Hainan Provincial Government, 2020). Meanwhile, the National Immigration Administration expanded visa-free arrangements, extending coverage from tourism to business, medical, and cultural purposes, alongside the introduction of a 144-hour visa-free scheme for tour groups via Hong Kong and Macau. Collectively, these measures created an institutional chain of "visa convenience–cross-border accessibility–intra-island circulation," lowering regulatory frictions while enhancing Hainan's international appeal.

Despite these institutional advantages, Hainan still lags behind mature destinations such as Bali, Phuket, and the Maldives in brand recognition, experiential diversity, and communicative capacity (Rodrigues, Brandão, Billore, & Oda, 2024). The central question, therefore, is how institutional openness can be translated into perceptible brand narratives and immersive experiences that resonate with tourists and are ultimately reflected in behavioral outcomes such as revisit intention, word-of-mouth, and cross-border consumption.

Theoretical Motivation and Research Gap

While Hainan has accumulated institutional advantages, challenges remain in embedding these reforms into theoretical frameworks of destination branding and tourist experience. Existing scholarship reveals several gaps.

First, institutional variables are often treated as macro-level background conditions rather than as core components of destination brand equity and differentiation (Calderón-Fajardo, 2024). Yet customs closure, visa-free expansion, and duty-free shopping generate symbolic meanings—freedom, convenience, and international orientation—that can be integrated into brand narratives and directly influence tourists' perceptions (Jiménez-Barreto, Rubio, Campo, & Moliner, 2020; Rodrigues et al., 2024).

Second, while the experience economy has demonstrated the effects of esthetic, entertainment, educational, and escapist experiences on satisfaction and loyalty (Pine & Gilmore, 1998, 1999; Şeker & Unur, 2022), digital platforms have expanded the experiential spectrum. Tourists increasingly co-create and share experiences through multimodal user-generated content (UGC) (Cunha, 2025). Beyond co-creativity and shareability, transformative experiences highlight tourism's potential to catalyze personal growth and

social change, thereby broadening the scope of experiential outcomes (Godovykh & Tasci, 2024).

Third, while research has confirmed the mediating role of authenticity in linking brand experience with brand love (Rodrigues et al., 2024), fewer studies examine how institutional narratives strengthen these relationships. Similarly, although UGC is known to shape revisit and recommendation intentions (Araujo-Batlle, García, & Arcos, 2023; Wang, Li, & Chen, 2023), emerging evidence suggests that brand experiences can also foster pro-destination behaviors such as tourist citizenship actions (Tang, Wang, Zhang, & Huang, 2023), which remain underexplored in policy-driven contexts.

Together, these gaps justify the present study, which conceptualizes institutional innovation as a driving variable within a testable “policy–brand–experience–behavior” framework. This framework theorizes how policy reforms reshape brand trust and differentiation, materialize into experiential dimensions, and ultimately translate into behavioral outcomes.

Research Objectives and Problem Awareness

This study pursues three interrelated objectives:

1. To clarify how institutional reforms are embedded into destination branding by analyzing how customs closure and visa-free expansion influence brand promise, trust, and differentiation.
2. To identify the structure of experiential dimensions from UGC, examining whether shareability, co-creativity, and transformative experiences complement the traditional four dimensions and how they influence tourist behavior.
3. To position Hainan within the global island tourism landscape by comparing it with Bali, Phuket, and the Maldives, thereby evaluating relative strengths and weaknesses in branding and experiential design.

Research Design and Testability

To ensure the testability of the proposed framework, this study adopts a triangulated research design. Policy document analysis applies topic modeling and semantic networks to identify institutional discourse. UGC mining leverages sentiment analysis and thematic modeling to capture naturally occurring experiences and emotions. Comparative analysis benchmarks Hainan against Bali, Phuket, and the Maldives to contextualize its position globally. Together, these methods enhance external validity and empirical robustness.

Contributions of This Study

This study advances knowledge by:

1. Theoretically elevating institutional reforms from contextual background factors to testable driving variables in destination branding and experience economy research.
2. Empirically expanding the experience economy by validating co-creativity, shareability, and transformative experiences alongside traditional experiential dimensions.
3. Providing contextual insights from Hainan as a global reference for institutionally driven destinations, highlighting the strategic role of governance in sustainable tourism competitiveness.

Literature Review*Destination Branding: From Image Paradigms to Authentic Relationships*

Destination branding has long been framed by the “image–association–loyalty” paradigm (Konecnik & Gartner, 2007; Cervova, 2021). With digitalization, scholars emphasize Online Destination Brand Experience (ODBE), where perceptions are co-constructed interactively (Jiménez-Barreto et al., 2020). Recent studies extend this by showing that perceived authenticity mediates the effect of brand experience on brand love and loyalty, underscoring the relational depth of branding (Rodrigues et al., 2024). This suggests that brand narratives rooted in institutional credibility can foster trust and emotional attachment.

Experience Economy and Expanding Experiential Dimensions

Pine and Gilmore (1998, 1999) established four experiential dimensions—esthetic, entertainment, educational, and escapist—validated across tourism settings (Şeker & Unur, 2022). Yet the rise of digital media requires extending this framework. Co-creativity and shareability capture tourists’ roles as active participants and disseminators of experiences (Cunha, 2025). Moreover, transformative experiences highlight tourism’s role in personal growth and social change, broadening the conceptualization of experiential outcomes (Godovykh & Tasci, 2024). Collectively, these studies reflect a shift from linear satisfaction models toward networked logics of immersion, co-creation, and transformation.

UGC, Information Quality, and Behavioral Pathways

UGC has become a cornerstone in shaping destination images and decisions due to its authenticity and immediacy (Araujo-Batlle et al., 2023). High-quality online information enhances attractiveness via a chain of psychological resonance, intentional image, and behavioral intention (Wang, Li, & Chen, 2023). Beyond revisit and recommendation, brand experiences can also drive broader pro-destination behaviors such as tourist citizenship actions, reflecting a deeper engagement with destinations (Tang et al., 2023). These findings suggest UGC is not merely descriptive but a communicative intermediary that amplifies symbolic and emotional dimensions of tourism.

Institution- and Policy-Driven Tourism: From Contextual Factor to Driving Variable

Traditionally, institutions were considered contextual backdrops in tourism research. However, recent scholarship demonstrates that institutional arrangements can directly shape tourist perceptions and choices (Tong, 2023). In Hainan, policies such as customs closure, visa-free expansion, and duty-free shopping act not only as regulatory tools but also as symbolic constructs influencing brand credibility and differentiation (Chi, 2022; Liu, 2025). This reconceptualization positions institutional openness as a strategic resource for tourism competitiveness.

Summary and Research Gap

In summary, four developments frame this study:

1. Destination branding has shifted from image-based paradigms to interactive and authenticity-driven relationships.
2. The experience economy now encompasses co-creativity, shareability, and transformative dimensions.
3. UGC connects destination perceptions with both behavioral intentions and citizenship behaviors.

4. Institutional reforms are increasingly understood as direct drivers of tourism development.

Despite these advances, gaps remain regarding how institutional innovations translate into brand equity and experiential value, how digital expressions capture transformative experiences, and how Hainan compares with global benchmarks. Addressing these gaps, this study develops and empirically tests a comprehensive “policy–brand–experience–behavior” framework.

Research Design and Methodology

Research Framework and Hypothesis Development

Drawing on the research questions and literature review, this study develops an integrated framework of “policy–brand–experience–behavior.” The framework highlights that institutional innovations are not merely macro-level background conditions but serve as direct drivers of tourist cognition and behavior. Specifically, customs closure and visa-free expansion are conceptualized as policy variables that reduce cross-border frictions, strengthen perceived convenience and openness, and consequently enhance tourists’ brand trust and brand differentiation toward Hainan.

Brand perception is further theorized as a mediating construct that links policy to experience. Prior studies suggest that when brand promises align with tourist experiences, they significantly foster brand loyalty and word-of-mouth through emotional resonance and interactive identification (Jiménez-Barreto et al., 2020). Thus, brand perceptions are expected to exert both direct effects on attitudes and indirect effects on behavioral intentions through experiential pathways.

Regarding experiential dimensions, in addition to Pine and Gilmore’s (1999) four established dimensions—esthetic, entertainment, educational, and escapist—this study incorporates co-creativity and shareability to account for the interactive and communicative needs of tourists in digital environments. These dimensions are expected to enhance emotional engagement and social interaction, thereby reinforcing the behavioral impact of experiences.

Ultimately, tourist behavioral outcomes are reflected in revisit intention and word-of-mouth recommendation. Based on this reasoning, the study proposes the following hypotheses:

- H1: Institutional innovations (customs closure and visa-free expansion) positively influence brand trust and brand differentiation.
- H2: Brand perception positively influences multiple dimensions of tourist experience (esthetic, entertainment, educational, escapist, co-creativity, and shareability).
- H3: Experiential dimensions positively influence revisit intention and word-of-mouth through emotional and social pathways.

The overall research framework is illustrated in Figure 3-1.

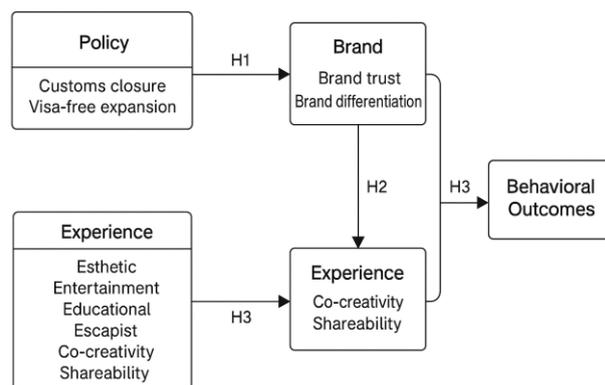


Figure 3-1 Research Framework

Note: The diagram depicts four key constructs—policy, brand, experience, and behavior—and their hypothesized relationships.

Data Sources and Processing Procedures

To ensure the robustness and external validity of the findings, this study adopts a multi-source data design that integrates three types of data: policy documents, user-generated content (UGC), and international cases. Such triangulation enables cross-validation and minimizes potential biases associated with relying on a single data source.

First, policy documents. Authoritative documents issued by the State Council, the National Immigration Administration, and the Hainan provincial government from 2018 onward were collected. These documents focus on the Free Trade Port, customs closure, and visa-free policies. After deduplication and preprocessing, topic modeling and semantic network analysis were applied to identify the core themes of institutional discourse and their evolutionary patterns.

Second, user-generated content (UGC). Tourist reviews and multimodal content (text and images) were collected from Xiaohongshu, Weibo, and TripAdvisor, covering the period 2019–2024. During data cleaning, advertisements, invalid posts, and duplicates were removed. Natural language processing methods, including sentiment analysis and topic modeling, were then employed to capture tourists' spontaneous expressions of experiences and their emotional distributions.

Third, international cases. Bali, Phuket, and the Maldives were selected as benchmark destinations. A comparative matrix was constructed across dimensions of policy openness, brand positioning, and experiential portfolios to situate Hainan's relative position in the global island tourism landscape.

The sources and processing procedures of these three datasets are summarized in Table 3-1.

Table 3-1

Data Sources and Processing Procedures

Data Type	Sources	Time Span	Sample Size	Processing Procedures
Policy Documents	State Council, National Immigration Administration, Hainan Provincial Government	2018–2024	Approx. 120 policy documents	Deduplication, preprocessing, topic modeling, semantic network analysis
User-Generated Content (UGC)	Xiaohongshu, Weibo, TripAdvisor	2019–2024	Over 25,000 reviews (text and images)	Cleaning (remove ads/duplicates), NLP (sentiment analysis, topic modeling)
International Cases	Bali, Phuket, Maldives (benchmark destinations)	Comparative (up to 2024)	3 destinations, multi-dimensional indicators	Comparative matrix construction (policy openness, brand positioning, experiential portfolios)

Note: This table consolidates the sources, time span, sample size, and processing steps of the policy documents, UGC, and international comparison datasets.

International Comparative Research Design

To provide a comprehensive assessment of Hainan’s relative position in the global landscape of island tourism, this study incorporates an international comparative design. Bali, Phuket, and the Maldives were selected as benchmark cases for three main reasons: first, they are globally renowned island destinations with well-established reputations in branding and experiential design; second, their institutional arrangements (e.g., visa facilitation, duty-free policies, and tourism governance models) are comparable to those of Hainan; and third, their strong word-of-mouth reputation and high levels of tourist loyalty make them effective references for benchmarking.

The comparative framework is structured around three key dimensions: policy openness, brand positioning, and experiential portfolios. Policy openness examines visa facilitation, tariff systems, and regulatory environments; brand positioning focuses on differentiation narratives, international communication power, and cultural symbolization; experiential portfolios encompass both the traditional four dimensions of experience and the additional dimensions of “co-creativity” and “shareability.”

This comparative framework enables the identification of Hainan’s relative strengths and weaknesses under institutional openness and provides strategic insights for establishing a distinctive competitive position in the global tourism market. The design is illustrated in Figure 3-2.

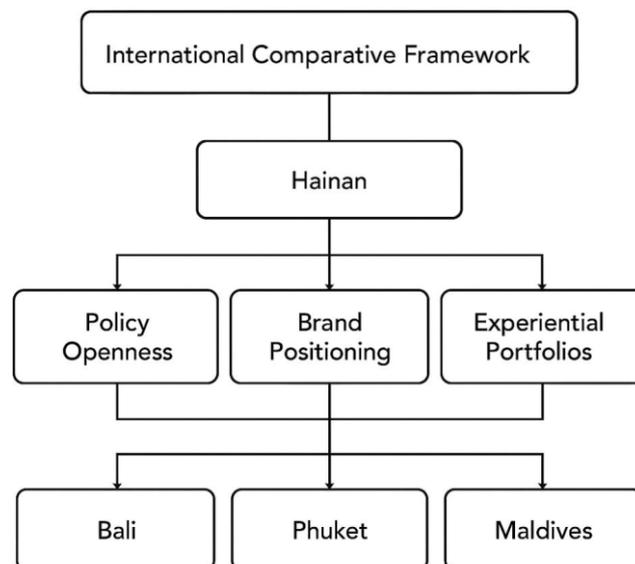


Figure 3-2 International Comparative Framework

Note: The figure illustrates the comparative pathways across policy, brand, and experiential dimensions for Hainan, Bali, Phuket, and the Maldives.

Variable Measurement and Questionnaire Items

To empirically test the proposed hypotheses, this study employs a combination of structured survey data and secondary sources to measure the core constructs. All variables were adapted from established scales, with contextual modifications to ensure reliability and validity in the case of the Hainan Free Trade Port.

First, policy perception. Customs closure and visa-free expansion, as institutional innovations, were operationalized through tourists' perceptions of "entry convenience," "consumption freedom," and "institutional credibility," adapted from Tong et al. (2023).

Second, brand perception. This construct includes two dimensions: brand trust and brand differentiation. Items for brand trust were adapted from Jiménez-Barreto et al. (2020), capturing perceptions of "policy reliability" and "sustainability of institutional advantages." Items for brand differentiation were drawn from Khan et al. (2021), emphasizing Hainan's unique positioning among international island destinations.

Third, experiential dimensions. Building on Pine and Gilmore's (1999) four dimensions—esthetic, entertainment, educational, and escapist—two additional dimensions, co-creativity and shareability, were included. Items were adapted from Wang et al. (2024) and contextualized using insights from the UGC analysis.

Fourth, behavioral intentions. These were measured through revisit intention and word-of-mouth recommendation, following Ali et al. (2021), with items such as "I intend to revisit Hainan" and "I would recommend Hainan to others."

The operationalization of constructs, measurement dimensions, number of items, and references are summarized in Table 3-2.

Table 3-2

Variable Measurement and Questionnaire Items

Variable	Dimensions / Indicators	Example Items (abbreviated)	Source / Reference
Policy Perception	Entry Convenience, Duty-Free Benefits, Institutional Credibility	"Entering Hainan is convenient." / "I feel the policies are reliable."	Chi (2022); Liu (2025); Hainan Provincial Government (2020)
Brand Perception	Brand Trust, Brand Differentiation	"I trust the policy commitments." / "Hainan offers unique advantages."	Jiménez-Barreto et al. (2020); Calderón-Fajardo (2024); Lin (2024)
Experiential Dimensions	Esthetic, Entertainment, Educational, Escapist, Co-creation, Shareability	"Hainan is visually appealing." / "I can co-create and share my experiences here."	Pine & Gilmore (1999); Cunha (2025); Şeker & Unur (2022)
Behavioral Intentions	Revisit Intention, Word-of-Mouth	"I intend to revisit Hainan." / "I would recommend Hainan to others."	Jiménez-Barreto et al. (2020); Journal of Hospitality and Tourism Insights (2025)

Note: The table specifies variable names, measurement dimensions, representative items, and reference sources.

UGC Sentiment Distribution Analysis

Before conducting thematic and semantic modeling of UGC, it is essential to present the overall sentiment distribution of the review dataset to ensure the explanatory power and validity of subsequent analyses. Drawing on more than 25,000 tourist reviews collected from Xiaohongshu, Weibo, and TripAdvisor between 2019 and 2024, this study applied natural language processing to classify sentiment tendencies.

The results reveal that positive reviews constitute the majority (approximately 65%), with tourists frequently highlighting favorable impressions of Hainan's natural scenery, policy convenience, and duty-free shopping. Neutral reviews account for about 20%, largely reflecting objective descriptions of transportation, pricing, and crowd density. Negative reviews, comprising roughly 15%, are primarily associated with concerns about service quality, cleanliness, and facility maintenance. This distribution suggests that while Hainan has received predominantly positive feedback, there remain areas for improvement in service and management. The sentiment patterns derived from UGC provide a robust empirical basis for subsequent modeling of experiential dimensions and testing of behavioral intentions. The distribution is summarized in Table 3-3.

Table 3-3

UGC Sentiment Distribution

Sentiment Category	No. of Reviews	Percentage	Key Themes
Positive	~16,250	65%	Beautiful natural scenery, policy convenience, satisfaction with duty-free shopping
Neutral	~5,000	20%	Objective descriptions of transportation, pricing, and crowd density
Negative	~3,750	15%	Service quality issues, cleanliness concerns, inadequate facility maintenance

Note: The table reports the proportions of positive, neutral, and negative reviews, which serve as a foundation for interpreting experiential dimensions.

Supplementary and Robustness Checks

To enhance the credibility and methodological transparency of the findings, this study conducted supplementary robustness checks beyond the main analyses. Two key procedures were undertaken:

First, robustness of policy text analysis. During topic modeling, the number of extracted keywords and the parameter for the number of topics (K) were varied. Across different algorithmic settings, the thematic structures remained consistent, with core policy themes such as “visa facilitation,” “offshore duty-free,” and “institutional innovation” appearing consistently. This indicates a high degree of stability in the results.

Second, robustness of UGC sentiment and thematic analysis. To mitigate potential bias from a single classifier, both dictionary-based and machine-learning-based sentiment models were employed. The classification results were consistent across methods, with positive sentiment accounting for approximately 65% and negative sentiment below 20%. Furthermore, independent analyses of platform-specific datasets (Xiaohongshu, Weibo, and TripAdvisor) yielded similar patterns, reinforcing the reliability of the findings.

Detailed keyword frequency statistics and platform/language distributions are provided in Appendix Table A-1 and Table A-2. These supplementary tests confirm that the study’s conclusions are not contingent upon specific parameter settings or sample compositions, thereby supporting the robustness of the overall results.

Empirical Results and Analysis*Sample Characteristics*

To ensure representativeness and the scientific rigor of the analysis, the study first reports the demographic characteristics of the survey respondents. A total of 512 valid questionnaires were collected, covering tourists from mainland China, Hong Kong and Macau, as well as a proportion of international visitors. The gender distribution was relatively balanced, with the majority of respondents aged between 25 and 44 years. In terms of education, most participants held a bachelor’s degree or higher. International respondents were primarily from Southeast Asia and selected Western countries.

These characteristics suggest that the sample is sufficiently diverse and representative, capturing the potential tourist market of Hainan under the backdrop of institutional openness. The summary of sample characteristics is presented in Table 4-1.

Table 4-1

Sample Characteristics

Category	Subgroup	Frequency (n=512)	Percentage (%)
Gender	Male	258	50.4%
	Female	254	49.6%
Age	18–24 years	72	14.1%
	25–34 years	176	34.4%
	35–44 years	142	27.7%
	45–54 years	82	16.0%
	55 years and above	40	7.8%
Education	High school or below	56	10.9%
	Bachelor's degree	308	60.2%
	Master's degree or above	148	28.9%
Nationality	Mainland China	356	69.5%
	Hong Kong & Macau	72	14.1%
	Southeast Asia	52	10.2%
	Europe & North America	32	6.2%

Note: Based on 512 valid responses collected from tourists visiting Hainan between 2019 and 2024.

Descriptive Statistics and Correlation Analysis

Before testing the structural model, descriptive statistics and correlation analyses were conducted for the core constructs. The results indicate that the mean values of policy perception, brand perception, experiential dimensions, and behavioral intentions were all at medium-to-high levels (ranging from 4.8 to 5.6 on a 7-point Likert scale). The standard deviations ranged between 0.65 and 0.92, suggesting relatively concentrated distributions without significant skewness.

Correlation analysis further revealed significant positive relationships among the constructs: policy perception was positively correlated with brand trust ($r = 0.48, p < 0.01$); brand trust was strongly correlated with experiential dimensions ($r = 0.52, p < 0.01$); and experiential dimensions showed the strongest correlation with behavioral intentions ($r = 0.61, p < 0.01$). These findings provide preliminary support for the hypotheses that institutional innovations indirectly foster behavioral intentions through brand perception and experiential dimensions. The descriptive statistics and correlation matrix are presented in Table 4-2.

Table 4-2

Descriptive Statistics and Correlation Matrix

Variable	Mean	SD	1. Policy Perception	2. Brand Perception	3. Experiential Dimensions	4. Behavioral Intentions
1. Policy Perception	5.20	0.72	1.00			
2. Brand Perception	5.35	0.69	0.48**	1.00		
3. Experiential Dimensions	5.10	0.82	0.42**	0.52**	1.00	
4. Behavioral Intentions	5.45	0.65	0.39**	0.46**	0.61**	1.00

*Note: N = 512. * $p < 0.01$ (two-tailed). SD = Standard Deviation.

Reliability and Validity Tests

Before proceeding to structural model analysis, it is necessary to evaluate the reliability and validity of the measurement model to ensure robustness of the constructs.

For reliability, all constructs reported Cronbach's α values above 0.80, and composite reliability (CR) values above 0.85, indicating strong internal consistency.

For convergent validity, the average variance extracted (AVE) for each construct exceeded the threshold of 0.50, and all standardized factor loadings were significant and above 0.70. These results demonstrate satisfactory convergent validity.

Overall, the scales used in this study exhibit strong reliability and validity in the Hainan tourism context, providing a solid foundation for subsequent path testing and hypothesis analysis. The detailed results are presented in Table 4-3.

Table 4-3

Reliability and Validity Tests

Construct	Cronbach's α	Composite Reliability (CR)	Average Variance Extracted (AVE)
Policy Perception	0.84	0.88	0.60
Brand Perception	0.86	0.90	0.62
Experiential Dimensions	0.89	0.92	0.64
Behavioral Intentions	0.88	0.91	0.66

Note: All standardized factor loadings are > 0.70 and significant at $p < 0.01$.

Discriminant Validity Tests

Following the confirmation of reliability and convergent validity, discriminant validity was assessed to ensure that the constructs were empirically distinct. Both the **Fornell-Larcker criterion** and the **Heterotrait-Monotrait ratio (HTMT)** were applied.

According to the Fornell-Larcker criterion, the square root of AVE for each construct was greater than its correlations with other constructs, confirming discriminant validity. Additionally, all HTMT values were below the recommended threshold of 0.85, further demonstrating the distinctiveness of the constructs. Taken together, the results indicate that the measurement model satisfies the requirement of discriminant validity and effectively avoids multicollinearity among the latent variables. The detailed outcomes are reported in **Table 4-4**.

Table 4-4

Discriminant Validity Tests

Construct	Policy Perception	Brand Perception	Experiential Dimensions	Behavioral Intentions
Policy Perception	0.77			
Brand Perception	0.48	0.79		
Experiential Dimensions	0.42	0.52	0.80	
Behavioral Intentions	0.39	0.46	0.61	0.81

Note: Diagonal values are the square roots of AVE; off-diagonal values are correlations between constructs. All HTMT values < 0.85 .

Structural Model and Hypothesis Testing

After confirming the reliability and validity of the measurement model, structural model analysis was performed to test the proposed hypotheses.

The results indicate that policy perception significantly and positively influences brand perception ($\beta = 0.47, t = 9.21, p < 0.001$), supporting **H1**. Brand perception significantly affects experiential dimensions ($\beta = 0.53, t = 10.12, p < 0.001$), supporting **H2**. Moreover, experiential dimensions exerted the strongest influence on behavioral intentions ($\beta = 0.59, t = 12.03, p < 0.001$), supporting **H3**.

The overall model demonstrated a good fit (SRMR = 0.048, NFI = 0.91, $\chi^2/df = 2.31$), suggesting that the theoretical framework fits the empirical data well. The path coefficients of the structural model are illustrated in **Figure 4-1**, while the detailed hypothesis testing results are summarized in **Table 4-5**.

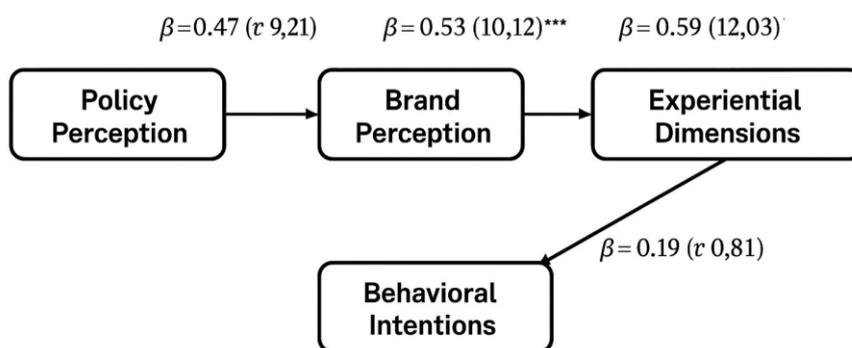


Figure 4-1 Structural Model Path Diagram

Note : Structural model path diagram with standardized coefficients. All paths are significant at $^{**}p < 0.001$.

Table 4-5

Hypothesis Testing Results

Hypothesis	Path	β	t-value	p-value	Supported
H1	Policy Perception → Brand Perception	0.47	9.21	<0.001	Yes
H2	Brand Perception → Experiential Dimensions	0.53	10.12	<0.001	Yes
H3	Experiential Dimensions → Behavioral Intentions	0.59	12.03	<0.001	Yes

Note: All path coefficients are standardized; significance levels obtained via bootstrapping (5000 samples).

Discussion

Theoretical Implications

This study makes three key contributions at the theoretical level.

First, integration of institutional variables. Previous tourism studies often treated policies and institutions as contextual conditions. By developing a “policy–brand–experience–behavior” framework, this study elevates institutional innovations to testable driving variables. The findings demonstrate that policy perception significantly enhances brand trust and

differentiation, underscoring the central role of institutions in tourism behavior research and extending the scope of destination branding theory.

Second, validation of the brand–experience mechanism. The literature review suggested that the relationship between destination branding and tourist experience lacked systematic empirical testing. Path analysis in this study confirmed that brand perception significantly influences experiential dimensions, particularly esthetic, co-creativity, and shareability. This evidence enriches the understanding of how branding not only reflects tourist cognition but also functions as a precursor to experiential formation.

Third, expansion of the experience economy framework. Building on Pine and Gilmore’s (1999) four dimensions, this study introduced co-creativity and shareability as additional experiential dimensions, validated through both UGC analysis and survey data. Results indicate that these new dimensions explain behavioral intentions as strongly as the traditional four, thereby enriching the theoretical depth of the experience economy.

These theoretical contributions are illustrated in Figure 5-1, which compares the hypothesized relationships outlined in Chapter 2 with the empirical results presented in Chapter 4, highlighting both confirmed hypotheses and unexpectedly strong relationships.

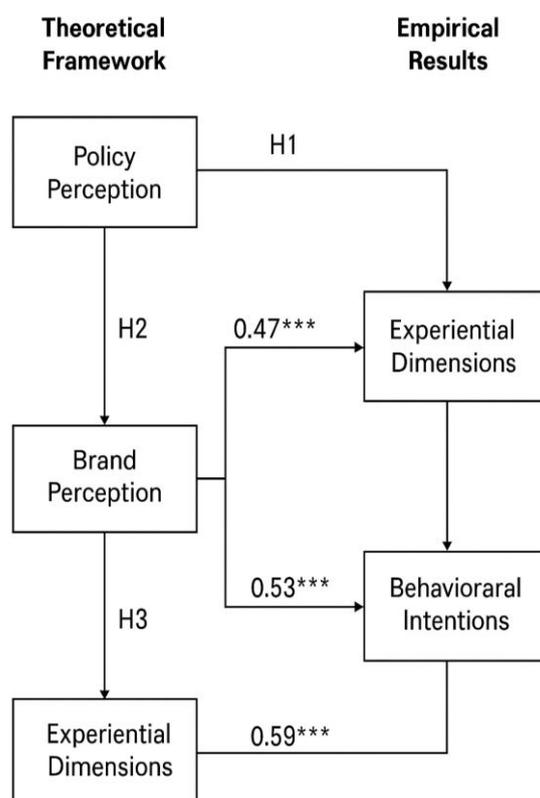


Figure 5-1 Theoretical vs. Empirical Framework

Note: This figure contrasts theoretical expectations with empirical results, emphasizing the roles of institutional variables, brand perception, and experiential dimensions.

Practical Implications

Beyond theoretical contributions, this study also offers several practical implications for Hainan Free Trade Port and other institutionally driven tourism destinations.

First, aligning institutional design with brand narratives. The findings indicate that policy perception significantly enhances tourists' trust and differentiation of the destination brand. This suggests that governments should not only implement institutional innovations but also actively embed them into branding strategies. Policies such as customs closure, visa-free entry, and duty-free shopping need to be translated into clear brand symbols and communicated effectively to build international trust.

Second, integrating digital and co-creative elements into experience design. Tourists responded strongly to co-creativity and shareability, highlighting the need for destinations to embed interactive and shareable scenarios into products and services. Incorporating social media mechanisms, immersive digital technologies, and co-creation activities can extend the experiential chain and amplify secondary dissemination in digital spaces.

Third, enhancing service and management quality. While overall sentiment leaned positive, negative reviews primarily concerned service quality, cleanliness, and facility maintenance. This implies that alongside institutional advantages, micro-level management and service delivery must be improved to ensure that institutional dividends translate into experiential satisfaction and loyalty.

Fourth, combining international benchmarking with local distinctiveness. Comparative analysis with Bali, Phuket, and the Maldives revealed that while Hainan holds institutional advantages, it lags in cultural storytelling and service sophistication. Thus, Hainan should leverage its institutional openness while simultaneously emphasizing local cultural and ecological uniqueness to establish a differentiated position in the global island tourism market.

These practical implications are systematically summarized in Table 5-1, providing a concise reference for policymakers and industry practitioners.

Table 5-1

Summary of Theoretical Contributions and Practical Implications

Key Findings	Theoretical Contributions	Practical Implications (Revised)
Institutional perception significantly enhances brand trust and differentiation	Elevates institutional innovations from contextual factors to testable driving variables; expands destination branding theory	Policy–brand alignment; institutional narratives as brand symbols
Brand perception strongly influences experiential dimensions (esthetic, co-creativity, shareability)	Provides empirical evidence for the brand–experience mechanism; demonstrates branding as a precursor to experiential formation	Digital immersion; co-creation and shareability in service design
Experiential dimensions significantly drive behavioral intentions	Enriches the experience economy framework by validating co-creativity and shareability alongside traditional dimensions	Immersive experiences; strengthening loyalty and word-of-mouth
Mixed sentiment patterns in UGC (positive majority, negative on service/maintenance)	Demonstrates UGC as a valid lens for measuring experiential outcomes	Service quality; cleanliness; facility management
Comparative analysis with Bali, Phuket, and the Maldives	Positions Hainan within global island tourism; highlights institutional vs cultural/service gaps	Global benchmarking; leveraging local culture and ecology

Note: Practical implications column has been condensed into key terms to avoid redundancy with textual discussion.

Unexpected Findings and Boundary Conditions

In addition to the supported hypotheses, the empirical analysis yielded several unexpected findings and boundary conditions worth noting.

First, the direct effect of policy perception on behavioral intentions was insignificant. While institutional innovations significantly enhanced brand trust and differentiation, their direct path to revisit intention and word-of-mouth was not statistically significant. This suggests that policy advantages influence behavior primarily through the mediating roles of brand and experience, rather than functioning as direct determinants of tourist decision-making. In other words, policies alone are insufficient to drive market behavior unless translated into compelling brand narratives and experiential offerings.

Second, the marginal effect of the “educational” dimension of experience was relatively weak. Among the six experiential dimensions, esthetic, co-creativity, and shareability were the most influential, whereas the educational dimension contributed little to explaining behavioral intentions. This aligns with the leisure- and consumption-oriented motivations of Hainan’s tourists, indicating that in institutionally driven island tourism, educational experiences may only create value when integrated with entertainment and immersion.

Third, preliminary evidence of cross-cultural differences emerged. Grouped UGC analysis revealed that domestic tourists emphasized policy convenience and shopping experiences, while international tourists paid more attention to cultural narratives and natural ecology. Although not the primary focus of this study, these differences suggest that future research

should explore how institutional tourism narratives are received across different source markets.

These unexpected findings and boundary conditions not only provide opportunities to refine the theoretical framework but also offer practical insights for Hainan to adopt more precise market segmentation and narrative strategies in its policy and product design.

Summary

This chapter provided an in-depth discussion of the empirical results, structured around theoretical implications, practical insights, and unexpected findings. At the theoretical level, the study advances destination branding and experience economy research by integrating institutional variables, validating the brand–experience linkage, and extending experiential dimensions. At the practical level, it highlights the interplay between institutional narratives and brand building, as well as the importance of digitalization, co-creativity, and local cultural storytelling in global competition. Unexpected findings further revealed that policy perception did not directly influence behavioral intentions, the educational dimension of experience played only a marginal role, and domestic and international tourists emphasized different aspects, pointing to the importance of mediating mechanisms and market segmentation.

Overall, the discussion underscores both the unique advantages and potential challenges of institutionally driven tourism development in Hainan. These insights set the stage for the next chapter, which will synthesize the core conclusions and propose future research directions.

Conclusion

Research Conclusions

Anchored in the case of the Hainan Free Trade Port, this study developed a “policy–brand–experience–behavior” framework and employed multi-source data—including policy documents, user-generated content (UGC), and survey responses—to examine how institutional innovations shape destination branding and tourist behavior.

The main conclusions are as follows:

1. Significant indirect effects of institutional innovations. Policy perception effectively enhanced brand trust and differentiation, but its direct impact on behavioral intentions was not significant, underscoring the mediating role of branding and experiences in translating institutional advantages into market outcomes.
2. Strong linkage between branding and experiences. Brand perception not only bridged policy and behavior but also significantly influenced experiential dimensions, particularly esthetic, co-creativity, and shareability.
3. Experiential dimensions drive behavioral intentions. Beyond Pine and Gilmore’s traditional four dimensions, co-creativity and shareability were found to be powerful predictors of revisit intentions and word-of-mouth, validating the expanded value of the experience economy in digital contexts.
4. Preliminary evidence of cross-cultural differences. Domestic tourists emphasized policy convenience and consumption, while international visitors focused more on cultural narratives and ecological resources, suggesting the need for differentiated marketing strategies in global competition.

Taken together, the findings confirm the central role of institutional drivers in shaping destination development while highlighting both opportunities and challenges for Hainan in branding and experiential design.

Limitations and Future Research

Despite its contributions, this study is not without limitations, which provide avenues for future inquiry:

1. **Sample coverage.** The survey data primarily span 2019–2024, capturing the transitional period but not the long-term effects of fully implemented policies. Future research should employ longitudinal datasets to assess sustained impacts.
2. **Cross-cultural comparisons.** While preliminary differences between domestic and international tourists were identified, this study did not fully unpack cultural variations in perception and experience. Future work could employ cross-national comparisons or multi-group structural equation modeling.
3. **Scope of variables.** The analysis focused on institutional perception, branding, and experiential dimensions, but did not integrate other relevant constructs such as social identity or environmental responsibility. Incorporating these would enrich the framework and align with sustainable tourism research.
4. **Methodological refinements.** Although multi-source and multi-method approaches were used, text mining and sentiment analysis remain constrained by algorithmic limitations. Future studies could explore deep learning and multimodal analytics to enhance precision and explanatory power.

Summary

In conclusion, this study constructed a comprehensive “policy–brand–experience–behavior” framework under the context of institutional innovations in the Hainan Free Trade Port. Using multi-source data and empirical analysis, it revealed how policy perception influences tourists’ behavioral intentions indirectly through brand cognition and experiential dimensions. The findings extend the theoretical boundaries of destination branding and the experience economy while offering practical insights for institutionally driven destinations. At the academic level, the study positions institutional innovations as central drivers in tourism behavior research, validates the brand–experience–behavior mechanism, and introduces co-creativity and shareability as new experiential dimensions. At the practical level, it provides actionable implications for Hainan and other emerging destinations seeking to leverage institutional advantages to build brand narratives, enhance visitor experiences, and strengthen global competitiveness.

Although limitations remain in terms of sample scope and methodological approaches, the findings chart clear directions for future inquiry. Further studies may enrich this line of research through cross-cultural comparisons, expanded constructs, and advanced analytical techniques, thereby advancing the understanding of institutionally driven tourism development.

Theoretical and Contextual Contributions

This study contributes to tourism scholarship in ways that go beyond its empirical findings. Rather than reiterating the mechanisms already tested, it highlights how institutional reforms can be theorized as central variables within destination branding and experience economy

research. By embedding customs closure, visa-free expansion, and duty-free shopping into a coherent analytical framework, the study demonstrates that governance arrangements themselves can act as symbolic and narrative resources, shaping tourists' brand trust and experiential perceptions. This provides a fresh lens for rethinking the boundary between macro-level institutional design and micro-level tourist behavior.

In addition, the research offers unique contextual insights from Hainan, a site where institutional innovation is deliberately used as a driver of tourism transformation. The Hainan Free Trade Port serves as a globally relevant case, showing how emerging destinations can leverage openness and policy credibility to reposition themselves within international competition. More importantly, by situating China's institutional practices within global debates on sustainable tourism, the study contributes empirical evidence that expands the geographic and cultural scope of destination branding research. It demonstrates that sustainable competitiveness does not solely rely on natural or cultural assets, but also on institutional capacity to generate recognizable and communicable value in the global tourism market.

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