Has the experience economy arrived?
A comparison of three visitor-dependent areas.

Michael Morgan, Bournemouth University, Great Britain
Jörgen Elbe, Ph. D., Business Studies (Marketing) Dalarna University, Sweden
Javier de Esteban Curiel, PhD, Universidad Rey Juan Carlos, Madrid, Spain
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Abstract/Introduction

This paper explores the concept of the experience economy as a basis for management and marketing strategies in regions which are heavily dependent on visitors. These regions face challenges from the trend towards **'**recommoditisation**'** of services, where consumers make decisions solely on price and availability. With the rapid adoption of the internet among other factors, potential tourists can compare on-line prices to find bargains in services such as transportation, accommodation, and entertainment.
The result has been to make a much greater choice of destinations affordable and accessible to visitors, often to the detriment of established European destinations. Coastal resorts and rural recreation areas providing services aimed at people on main holidays of seven or more days have been particularly affected and, unlike other industries, are unable to relocate to reduce costs or access new markets.

To survive, they therefore need to find innovative ways of exploiting the resources of their own creativity and the unique natural and culture distinctiveness of their locality. The hypothesis put forward by writers such as Pine and Gilmore (1999), King (2002) and Williams (2006) is that only by creating unique and memorable experiences for its consumers can any service organisation achieve a sustainable competitive advantage.

Our research programme explores the extent to which the concepts of 'the experience economy' have been understood and accepted by decision-makers in these visitor-dependent areas, and how successfully they have been implemented to date. This paper focuses on three different types of case study regions by geography and market, the rural recreation region of the Siljan Lake District in Sweden, the seaside resort of Bournemouth in the United Kingdom and the historic city of Alcala de Henares in Spain. Interviews were conducted with representatives of public sector Tourism Destination Management Organisations, private sector tourism associations and the appropriate Regional Planning body. These first explored their perceptions of the forces driving change in their markets, and the strategies and products that were being developed in response. They were then asked for their comments on a selection of statements from the 'experience economy' literature. Thus it was possible first to compare their unprompted perceptions of their business environment with those of the experience economy writers, and then to ask directly the extent to which they accepted the conclusions and prescriptions of those writers.

The context of the study

The European service economy has to adapt to changes in the social, business and technological environment in order to retain competitiveness, and maintain growth and employment. To remain competitive, European service providers face difficult choices between strategies based on cost efficiency and price reduction and those based on differentiation through innovation and creativity in the management of the consumer experience. This project will take as its hypothesis that only by creating unique and memorable experiences for its consumers can a service organisation achieve a sustainable competitive advantage.

This research focuses on visitor services, i.e. personal services provided for tourists and day visitors, such as accommodation, hospitality, entertainment, transport and retail services. Estimates for the European Commission suggest that overall such services contribute up to 11% of the GDP of the European Union and 12% of total employment (Leidner 2004) although in some localities the percentage will be much higher. The paper will therefore examine the implications of changes in the service economy through case studies of a number of geographic areas which are heavily dependent on visitor services for employment and economic prosperity. Concentration on these areas enables a detailed study of the dynamics underpinning change and their impact on growth, employment and competitiveness. As services in these areas are largely provided by SMEs whose capital is invested in that specific location, they are particularly vulnerable to changes in the market and the wider environment. To survive, they therefore need to find innovative ways of exploiting the resources of their own creativity and the unique natural and culture distinctiveness of their locality (European Commission 2005).

The research explores the extent to which the concepts of what has been called 'the experience economy' have been accepted by this sector of the European economy, and how successfully they have been implemented to date.

The main ideas underpinning this paper will be described below.

The main challenge facing the European service economy

The main challenge facing the European service economy comes from the trend towards **‘recommoditisation’** of services, where consumers purchase services solely on price and availability. One aspect of the ‘knowledge society’ is that the majority of European citizens have access to the internet and can compare on-line prices to find bargains in services such as transportation, accommodation, financial services and on-line retailers.

Other factors have also contributed to the evolution of this price-transparent, price-sensitive market in services – the harmonisation of regulations and standards, the removal of barriers to the trade in services and the adoption of the single currency. Measures to protect the consumer, and the almost universal application of service quality management, have meant that consumers take quality and reliability for granted and so make their choice solely on price.

The result has been to make a much greater choice of destinations affordable and accessible to visitors, often to the detriment of established European destinations. Coastal resorts and rural recreation areas providing services aimed at people on main holidays of seven or more days have been particularly affected and, unlike other industries, are unable to relocate to reduce costs or access new markets.

In this kind of market, differentiation, quality of service and brand image no longer add value or competitive advantage. Instead, companies seek to make cost-savings through less-labour-intensive modes of operation, through employing low-wage migrant labour or through transferring or outsourcing part or all of their operations (e.g. call-centres) to lower-wage economies outside Europe. Such trends have profound implications for employment, quality of life and social cohesion within Europe.

Alternative strategies for competitive advantage

However, there is an alternative strategy for competition in the service economy, one which draws on the talents and creativity of Europe's citizens and the rich variety of our cultural traditions.

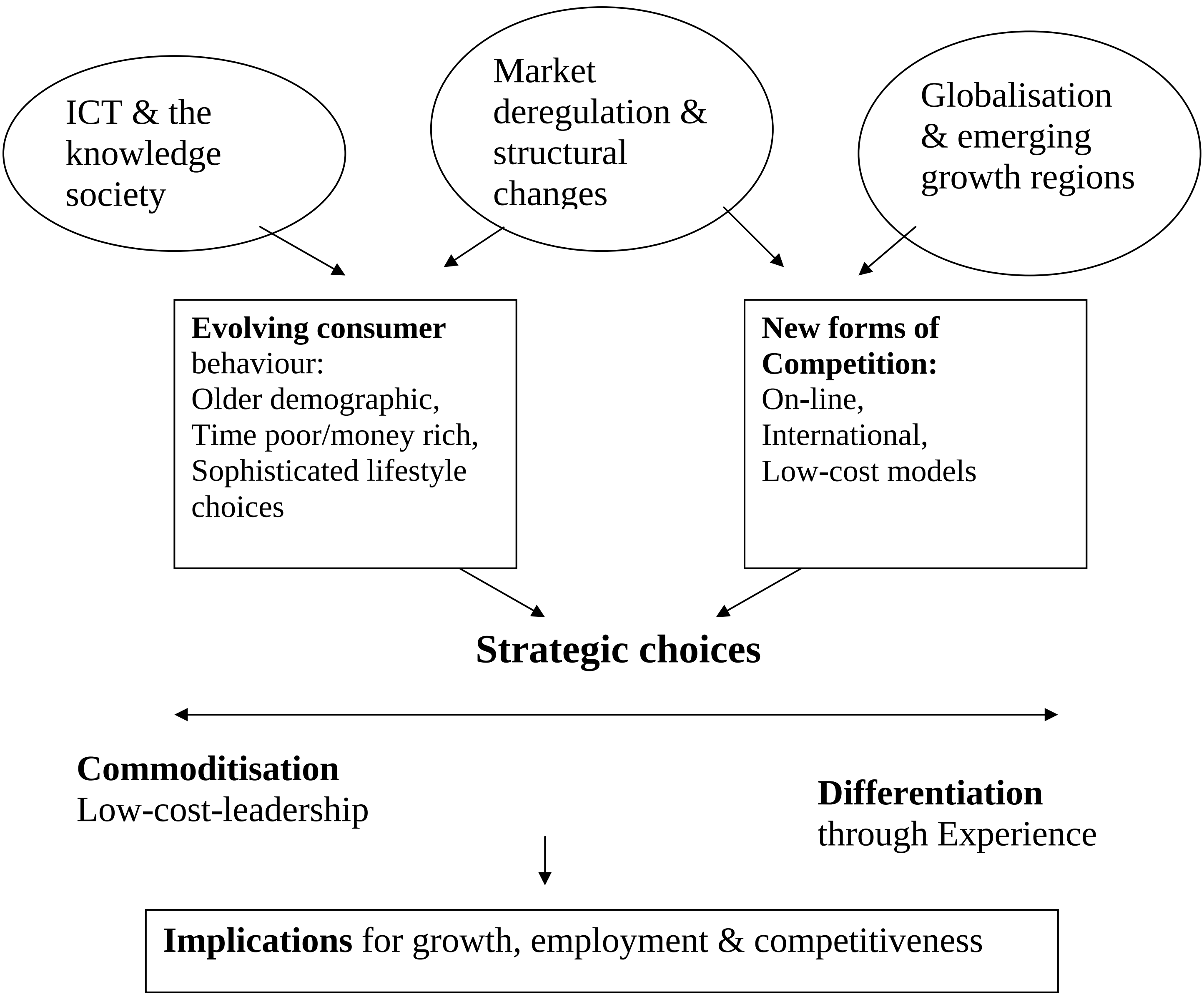
This strategy is based on the argument that European and other developed countries are moving from a service to **an experience economy** (Pine and Gilmore 1999) in which experience-based products, for example admissions to recreational events, have out performed other services and goods in terms of price inflation, employment and GDP. In this new economy, they argue, sustainable competitive advantage can only be gained by offering the customer unique and memorable experiences.

Examples of experience-based products can include the hedonic thrills of the theme park, the physical challenge of adventure and activity, the sensual delights of gastronomy or wine tasting, the intellectual discovery of arts and cultural events or even the excitement of shopping. Experiences are subjective, emotional states which add value not only for hedonic reasons but for their symbolic meanings to the individual (Holbrook and Hirschmann 1982). This meaning can be linked with the significance of an event or the cultural and historical associations of a location. Many of the products involve acquiring or developing skills and the sharing of experience with a community of like-minded people. The desired effect is often the state of absorption in the activity Csikszentmihalyi (1976) calls Flow. Motivation is a complex mixture of escapism, socialisation and self-actualisation (Ryan 1997). These insights can be used to explain the growing interest in participative and extreme sports (Arnould and Price 1993), and in new types of cultural, adventure, sports and creative tourism (Richards and Wilson 2006)

Such experience products can escape the trap of commoditisation because they appeal to the emotions, aspirations and desires for self-improvement and development (Jensen 1999) of what writers such as Poon (1993) have called **the new consumers.**

The factors leading to this evolution of consumer behaviour include the increasing affluence and rising disposable incomes of the majority of EU citizens. This has led to increased expenditure on 'lifestyle' services such as home entertainment, fashion and furnishings, fitness and exercise, eating out, attendance at sports and cultural events, and foreign holidays. The ageing demographic profile of Western Europe (and key tourism markets such as the USA) has created a market of affluent, experienced consumers making increasing sophisticated choices. The trend in many countries to longer working hours and ‘money-rich, time-poor lifestyles’ (Schor 1991) has intensified the desire of the populations memorable and rewarding experiences during their limited leisure time.

Figure 1: the dynamics of the service economy



The concept of the experience economy

Toffler (1970) predicted that one consequence of the accelerating pace of technological change would be that people would soon be collecting experiences as consciously and passionately as they once collected things. This seems to have been borne out by the rapid growth since then of the leisure and tourism industries.
It is the growth of these sectors, and the examples of high-profile companies like Disney and Starbucks, which led Pine and Gilmore to propose the concept of the experience economy.

Pine and Gilmore (1999) claim that the experience industries, which they define as those that charge for admission, have outstripped goods and services in terms of growth and value. This, they say, demonstrates that the developed world is moving from a service-based economy to an experience economy. In this new economic era, service quality has become taken for granted, a dissatisfier. Instead, value and sustainable competitive advantage can best created by offering consumers unique and memorable experiences. This is seen as an answer to the problem of how to remain competitive in markets where global competition and internet technology have turned products and services into commodities which are bought and sold on price alone.

To Pine and Gilmore, experiences are 'events that engage the consumer in a personal way' and that, at their most effective, offer some form of personal development or transformation. Theirs is therefore a managerial perspective seeing an experience as a type of offering to be added to a product or service to give an added value (Caru and Cova 2003). This is done by staging and performance, a view developed from the work of earlier authors who see services management as an dramatic encounter between actors and an audience in a setting (eg Lovelock 1981, Gronroos 1985, Berry, Zeithaml and Parasuraman 1985 Grove, Fisk and Bitner 1993). The practical implications of the service-as-drama metaphor are an increased attention to the impact of staff performance, settings and scripts on the consumer experience and customer satisfaction. This is done in the words of Pine and Gilmore by treating 'work as theatre and every business a stage'.

Pine and Gilmore develop their ideas drawing on the insights of Schechner's (1988) Performance Theory. Schechner combines anthropological and literary analysis of Greek drama and tribal rituals to identify the ke y elements of all enactments - drama, scripts, theatre and performance. The drama is the domain of the author, whose idea is then realised through scripts, directions, sets and actors to become the performance experienced by the audience. To Pine and Gilmore (1999), the drama is the business strategy, the scripts are the processes, and the performance is the delivery of the product to the customer. It is the performance that creates the added value, but for it to do so, it must be the focus of the whole organisation.

The value to the customer, however, is based on the transformational benefits of the experience. The type of experience implied by Pine and Gilmore is therefore the peak self-actualising experience (Maslow), the extraordinary experience which marks a rite of passage, a moment of self authentication or of communal celebration, 'tying together meanings and feelings' (Abrahams 1986). Their emphasis on engagement also implies what Scitovsky (1976) called *skilled consumption* requiring the consumers to develop capabilities and skills in order to get the most out of the experience. The desired effect is the state of absorption in the activity that Csikszentmihalyi (1976) calls *flow*. Thus the management perspective needs to be complemented with a consumer behaviour (sociological) view which sees *an experience* as having emotional, symbolic and transformational significance for the individual involved (Holbrook and Hirschmann 1982, Caru and Cova 2003).

Pine and Gilmore's approach has led to an increasing number of customer experience management and marketing books aimed at practitioners with advice on how to make the customer experience the centre of the organisation's strategic planning, marketing and operations (Schmitt 1999, 2003; Shaw, 2005; Smith and Wheeler, 2002). In general these texts are written by consultants who promote their own trademarked models although common themes can be seen in them all. They argue the need to go beyond product and service orientations as a way of gaining competitive advantage, avoiding the trap of price-led commoditisation, and of meeting the changing aspirations of affluent and well-informed consumers looking for authentic experiences.

Consumer satisfaction is seen as something that emerges over the course of the whole experience, rather than as a response to individual attributes of the service. These authors advise a close analysis of the process, the dynamic interface (Schmitt, 2003), by which the customer interacts with the company, as well as analysis of the outcomes. This analysis involves considering all the five senses - sight, sound, touch, smell and taste- and understanding the emotional impacts of 'combustion points' (Shaw, 2005) which require sensitive handling. This requires new forms of research such as experience mapping (Schmitt, 2003) or theatrical scripting (Harris et al, 2003) of the critical moments of truth (Carlzon, 1987).

This new understanding of customer value is then designed into the company's 'brand experience' as the basis for its competitive strategy (Smith and Mulligan, 2002). All these authors emphasise that design is only the starting point, and that a consistent and valued experience needs to be built into the organisation's structures, systems and culture; what Nijs (2003) calls its 'DNA'. This calls for visionary leadership and well-chosen, trained and motivated staff. The 'triad' of Marketing, HR and Operations (Smith and Wheeler) needs to be aligned to achieve this. Examples from current prominent brands are presented, often uncritically, as evidence of the effectiveness of the recommended approach.

Some authors have criticised the emphasis on staging performances as superficial and product-centred. Ritzer et al (1997, 2004) distinguish between *authentic spaces* and *simulated environments*, and criticise as inauthentic the experience-management emphasis on staging performances. Holbrook (2001) refers dismissively to experiential marketing theories such as Schmitt, Pine and Gilmore, as 'a gloriously upbeat, positive and opportunistic picture of consumer culture full of millennial optimism'.

Nijs (2003) criticises the Experience Economy approach as too concerned with sensation and too rooted in US ‘masculine’ culture (using Hofstede's (1980) terminology). She argues that in more ‘feminine’ European cultures the experience needs to be grounded in the social and environmental values of the company in order to create added emotional value for the customer. Imagineering is her word for the strategic process of basing the company around the values it shares with its target ‘community’.
Prahalad and Ramaswamy (2003) also emphasise the strategic approach. They suggest that a company's core competencies may lie not within the firm, or even the supply-network, but in the interaction between the firm's supply network and communities of consumers to 'co-create' value through personalised experiences. This, they say, goes beyond ‘experiential marketing `a la Disney ...which is still production centric' and sees the customer as ' human props in a carefully-staged performance'. True co-creation occurs when firms create 'experience spaces' where dialogue, transparency and access to information allow customers to develop experiences that suit their own needs and level of involvement.

These authors call for a more strategic approach based on shared values, allowing the customer to create their own experiences in a search for personal growth. In fact this goal is also recognised by Pine and Gilmore (1999) who say that the 'customer is the product' and the service experiences that create the highest value are those that offer some kind of personal transformation - health, fitness, education.

A number of academic authors have discussed the implications of Pine and Gilmore's (1999) work for the leisure, tourism and related sectors. Petkus (2004) discusses the implications of Pine and Gilmore's work for two specific areas of arts marketing: the unique dimensions of the arts experience, and the strategic and tactical steps involved in staging an experience. Erdly and Kesterson-Townes (2003) lay out strategies for hospitality industry managers to change their manner of operation to accommodate a changing marketplace, where guests are described as being ‘demanding, better informed, more global, more discerning and more varied in their desires’. Hemmington (2007) suggests a focus on the host-guest relationship, generosity, theatre and performance, ‘lots of little surprises’, and the security of strangers; a focus that provides guests with experiences that are personal, memorable and add value to their lives.

A recurring theme is the failure of these sectors to grasp the real implications of the consumer experience perspective. Jackson (2006) says that events management writers have tended to cover the staging of the event more in terms of the technical aspects rather than focusing on the effect that the sound, lighting and set will have on the guest experience. Programming has been more about efficiency than ensuring engagement with the audience

King (2002) criticises destination marketing organisations for being too focussed on promoting the physical attributes of the destination, despite travel being “increasingly more about experiences, fulfilment and rejuvenation than about places and things”. Williams (2006) also feels that the emphasis should be less on destinations than on the contemporary consumers themselves. He argues that tourism and hospitality marketing has failed to take up the concept of experiential marketing, despite it being a ‘fundamental change in the orientation of marketing’

Perhaps this failure is due to the background and training of those involved. King (2002) went on to suggest that in this new marketing environment that the role, structure and skills required by Destination Marketing Organisations need to be reconsidered. Similarly Morgan (2004) argues that to succeed in this economy, graduates will need to draw on qualities of self-awareness, imagination and creativity. He asks whether the business management focus of most tourism courses is the best preparation for the future development of tourism.

Gibson (2005) develops the same theme in sports tourism, stating that the manager who understands the underpinnings of social behaviour will be able to better predict and cater to the needs and wants of their clients. A satisfied guest is one who is more likely to return and will speak positively to friends and family about the experiences that they achieved at the sport tourism destination.

What these 'experiential' insights into the nature of services management have in common are the following concerns (Morgan 2006):

A different approach to understanding the consumer

- *a shift of emphasis from the rational to the emotional aspects of consumer decision making*; feelings fantasy and fun (Holbroook and Hirschmann, 1982), escape and relaxation (Beard and Ragheb, 1983) entertainment (Pine and Gilmore, 1999) novelty and surprise (Poulsson and Kale, 2004).
- *a transition from satisfying needs to fulfilling aspirations, desires and dreams*; spiritual goals or self-discovery (Graburn 1989) identity (Beard and Ragheb, 1983), recognition (Otto and Ritchie, 1996), kudos (Curtin, 2005) dreams (Jensen 1999) community (Turner 1974, Cova and Cova 2001)
- *the role of the customer as an active participant rather than a passive consumer*; creating their own meaning (van Manen 1990) their own experience space (Suvantola 2002, Framke 2002)

A different approach to managing the service

- *an emphasis on charting and scripting each stage of the service encounter*, often using metaphors from drama and storytelling; Grove Fisk and Bitner 1993, Pine and Gilmore 1999, Gyimóthy, S (2000) Schmitt, 2003, Harris et al, 2003, Shaw 2005
- *the importance of staff / customer interaction*; (Lovelock 1981, Gronroos 1985, Berry, Zeithaml and Parasuraman 1985 Grove, Fisk and Bitner 1993)
- *the need for staff to put something of their own personality into their roles;* (Pine and Gilmore after Schechner 1988)
- *the importance of the setting, the design and ambience of the service environment*; Bitner’s (1991) servicescape, Pine and Gilmore

An alternative approach to strategic thinking

- *a view of service delivery as an integrated production* - in the cinematic rather than the factory sense of the word (i.e. a concern that each time the customer encounters the brand they should get the same high-quality experience); (Pine and Gilmore, Schmitt 1999, 2003; Shaw, 2005; Smith and Wheeler, 2002)
- *a realisation that competitive advantage comes from innovation in the service performance*, and that this offers an alternative to price led 'commoditisation'. (Pine and Gilmore 1999, Schmitt 1999, 2003; Shaw, 2005; Smith and Wheeler, 2002, Prahalad and Ramaswamy 2004)

Methodology

The research aim was to explore the extent to which the concepts of what has been called 'the experience economy' have been accepted by this sector of the European economy, and how successfully they have been implemented to date. Three different types of visitor dependent areas were chosen in order to be able to compare how they respectively have adapted to the experience economy, i.e. to position and differentiate their destinations by using products based on their natural and cultural resources. The aim was to find out if there was similar patterns regarding opportunities and barriers in making the changes or if they mainly have to be understood within their local contexts.

Three types of case study regions were strategically chosen (Patton, 1990). The three regions are the Siljan Lake District in Sweden, the seaside resort of Bournemouth in the United Kingdom and the historic city of Alcala de Henares in Spain. The regions have a lot in common, but they do also differ. All three regions have a long history as tourist destinations; they are all heavily dependent on visitors and they are all subjects to the dramatic changes that are occurring on the market. All three regions also reveal a strong development in the tourism sector and they are more or less equivalent in terms of scale and population. Yet they are different by geography and market.

The primary method for data collection was in-depth interviews. Interviews were conducted with representatives of public sector Tourism Destination Management Organisations, private sector tourism associations and the appropriate Regional Planning body. The respondents were chosen in a way that resembles of chain sampling as discussed by Patton (1990). The first respondent recommended the next one, and so on.

The interviews were semi-structured (Bryman, 1995), and an interview guide was used to control the data collection (Taylor and Bogdan, 1984). The interview guide specified relevant themes and questions. These first explored the respondents' perceptions of the forces driving change in their markets, and the strategies and products that were being developed in response. They were then asked for their comments on a selection of statements from the 'experience economy' literature. Thus it was possible first to compare their unprompted perceptions of their business environment with those of the experience economy writers, and then to ask directly the extent to which they accepted the conclusions and prescriptions of those writers.

The interviews were taped and transcribed. The interviews have been carried out in three different languages: English, Swedish and Spanish. The interviews made in Swedish and Spanish have been translated to English. The authors have tried to ensure that the translation is as close possible to the original in order to avoid problems with comparability. The data from the interviews are the main source of information, but also other sources such as written documents and marketing material were used.

The study is of an exploratory nature since little previous research exists on the topic. But the study is also limited which means that the results should be seen as a basis for future research, i.e. a larger scale testing of the findings in yet other contexts is recommended.

Findings

The study compared three contrasting destinations all in a process of continuing change. Two, the rural area of Lake Silja and the seaside resort of Bournemouth had both originated to provide main summer holidays for domestic tourists, a market which has been eroded by the competition from overseas, Mediterranean resorts. Both had countered this in the 1980s by public sector funded projects, in Bournemouth by the construction of a conference and entertainment centre (the Bournemouth International Centre BIC) and in Silja by the establishment of new attractions (the Bear Park, Summerland and Santa World). Both resorts continue to enjoy success but the destination managers are very conscious of the need to continue adapting to the changes in the consumer market.

Alcala de Henares, though a historic university city that earned the designation of UNESCO World Heritage Site in 1998, had until recently based its economy on manufacturing rather than the tourism and visitor economy. With the UNESCO award, the improvement of transport links with Madrid and a more coordinated regional approach to tourism planning, there has been a shift towards a services and tourism based economy for the town. Not only does it attract day visitors from Madrid but there has also been a five fold increase in hotel capacity, driven largely by business tourism. However, tourism development of the town in the last decade is focusing in World Heritage actions, raising consciousness among its resident of its being a cultural tourist place.

Changing expectations

In all three destinations, managers interviewed were clear about the changing expectations of the visitors. This was not simply a desire for better quality accommodation. Indeed, quality accommodation was taken for granted:

> 'there's plenty of good accommodation with rooms as spacious and luxurious as you want to pay for' *MS Bournemouth*
> 'we cannot sell just a cottage with a lovely view' *LM Silja*
> 'visitors know that the service of lodgings is perfectly covered' *MV Alcala*

What they now expected was, at one level, a wider choice of things to do, shopping, eating-out, cultural and sporting activities, catering for the interests of different market segments. Participation was now important.

> Just selling handcrafted souvenirs is not enough, we must show how they are done or, even better, they would like to try it themselves. *AS Silja*
> Attractions should not limit the visitors just to seeing, listening, smelling and tasting, but they should invite the customers to participate and engage in the actions, such as the dramatised tourist routes in Alcala where visitors are taken as actors on a guided tour through the town. *MV Alcala*

At a deeper level, they were looking for emotional and spiritual benefits:

> 'some kind of experience they can't get anywhere else, an environment to recharge their batteries, something from the health or spiritual point of view' *MS Bournemouth*
> 'There is a tendency towards products related more to culture nature and the quality of life'. CO Silja
> 'The tourist is renting an experience and art of living in where visitors capture destination images and takes them even up a level higher as to express a way of living. Thus, it is important to communicate the feelings a destination can offer' *MV Alacala*

The factors underlying this were considered to be demographic. The traditional market was now in their 70s and the new 50+ generation had different expectations of a holiday. The younger generation wanted activities and night-life. On the supply side the wide choice of alternatives available through the internet was the most frequently cited factor.

> a new emerging market who are looking for different experiences and are booking at the last minute. *JW Bournemouth*
> The internet with access to all possibilities creates change. People are so well-informed. *CO Silja*
> In a globalised world, services can be obtained all around the world so destinations have to differentiate and describe the unique aspects of their tourism attractions by the quality of the

> experience. In Alcala, Local Authorities have invested in an image of the destination that points out differences with other places, because of the tradition and history of Alcala, and that moves away from stereotypes, because there is a different space and form to enjoy Alcala for each visitor. *MV Alacala*

Changing strategies

When asked how the destinations were responding, there were four distinct elements to the innovations strategies, the flagship projects, the event-led strategies, the small incremental gains and the communications strategies.

By **flagship projects** we mean those involving large capital investments and designed as a catalyst to private sector development. In the current political climate, these are harder to achieve:

> In the 1990s we have seen a lot of savings and downsizing in the public sector, but no private actors have been prepared to take the risk to invest in attractions, probably for good reasons. *AS Silja*
>
> There's pressure on local government to collaborate in response to reduced central government funding *JW Bournemouth*
>
> I think we need an increase in economic grants to facilitate the changes. *PG Alcala*

In Bournemouth, a major innovation, Europe's first artificial surf reef has been achieved by public-private cooperation.

> There are some things we can make happen, like the surf reef, by putting the right people in touch, then co-ordinating and underwriting it. The council sets out what is right for the town and then brings people together to make it happen. *MS Bournemouth*

The intention is that the reef will attract private sector business to beach and surrounding area. In Alcala the creation of tourist trails in the historic quarters of the town has been accompanied by grants to hotels and catering businesses. In Silja, the construction of an open-air concert arena, Dalhalla, has led to over 15% increase in summer hotel occupancy rates, while a new ice-hockey and event arena was designed to have a similar effect in the winter..

All three destinations used **events** as a way of developing new types of tourism. In addition to music and sports events such as the Vasaloppet long-distance ski race, Silja also hosts the Tällberg Forum, where world leaders meet to discuss issues such as peace and tolerance or global warming:

> It is held after midsummer which is a slow week for us, but the event is more important as a way of positioning our village as a destination. *AS Silja*

Bournemouth is organising an Air Festival for August 2008, while Alcala uses Cervantes Week since 1976 as the focus for activities celebrating the town’s links with one of Spain’s best-known writers.

The respondents did however mention the limitations of events as tourism generators. Not all events have national or international appeal:

> Every destination sees major events as one of the key products to bring people down – easy to propose, harder to develop. JW Bournemouth
>
> Local authorities get involved in too many local events with limited appeal instead of putting resources into a mega event of national significance that will appeal to a much larger number of people *MS Bournemouth*
>
> Most of the programmes are just attracting people from the local market and they do not need any accommodation. We need [events] with a national or international reputation *AS Silja*

There is too much reliance on the public sector to organise and fund the events

> The private sector are volume driven. They don't have time to organise events. One of the problems of Bournemouth is that it does not have the infrastructure of community that provides events that people will come for. So the driver has to be the tourism office, which has to be careful with the risks and resources involved.
> *JW Bournemouth*
>
> Local Authorities from Alcala de Henares have understood that tangible heritage alone is not sufficient to generate repeat visitation and they need the private sector to co-create experiences. Nevertheless, private sector tourism companies consider the co-creation of experiences an expense more than an investment, and are financially reluctant so far with the idea . *AL*

The concept of **incremental gains** was outlined by a Bournemouth respondent as an alternative to the big events and investments mentioned above. Examples cited included new types of restaurant and food offers, nature-based activities (water-sports, bear, moose and wolf tracking safaris) and the promotion of distinctive local products and shops.

> The big schemes are going to be few and far between so the 1% improvements here and there are going to be just as important. *MS Bournemouth*

To achieve this required encouraging innovation amongst the private companies;

> We need to mobilise the tourism industry to work together to deliver some really innovative products. *JW Bournemouth*
> Tourism development needs good participation of all the social agents in the municipality and a major effort to inform and educate the population. *PG Alacala*

Bournemouth had tried to form an Innovations Group to foster this. In Silja there were talks aimed at developing Tällberg into a green environmental-friendly destination. Both were encountering obstacles.

> Our co-operation ..is very important but I think there is a problem with a lack of endurance and patience among the stakeholders *AS Silja*
> Most of them are small private owners who are not able to invest or do not want to take risks. Some of them are older and just ‘fat and happy’. *LM Silja*
> Persuading individuals to look beyond their own businesses [is difficult] all they think of is bed-nights and occupancy and getting them to think outside that box is a problem. *MS Bournemouth*

In Alcala, the private sector were supportive but still expected the initiatives to come from the local authorities:

> The hotel sector of Alcala is very committed to changes and transformations, therefore any new initiative to encourage deep innovations will be well received from the supply side. *PG Alcala*

Changing communications

In the absence of innovation, exploiting the market for experience products is a question of communicating the unique experiences available at the destination and then ensuring that they are delivered. This kind of communication should be rooted in the core values:

> Go and stand on the cliffs on a warm summer evening and look at the sweep of the bay. Look what you’ve got and build the products around it. JW
> Conference delegates want an environment that is conducive for people to think about new ideas …maybe in Birmingham you are not able to do that. MS

The experience theme should be based on the perception of the landscape, the image of the place and its location in time. AL

Communication has to be through carefully selected media

Traditional marketing methods …do not have the capacity to create the experience because they are tremendously atomised AL Alacala

We use surf portals to reach the surfing community …we are targeting the lifestyle magazines and capturing our customers and talking to them on a monthly basis through our database. JW Bournemouth

There was also increasing pressure to cooperate regionally:

The idea of confining our publicity to what is within a local authority boundary is nonsense. *MS Bournemouth*

To reach foreign tourists, cooperation in marketing is a possibility. *LM Silja*

Alacala is marketed as part of the tourism product of the Madrid region through the esMadrid.com interactive website.

Changing delivery

There was agreement that delivering the experiences the tourists are looking for depended on the front-line staff as well as the managers and marketers. It was the overall experience, not just the peaks of excitement that people remembered.

For example, if the bus driver didn't tell people which stop to get off at, that's what they'll remember. It's just as important as the headline event. *MS Bournemouth*

This required training and information campaigns to educate the workers and local residents. This was increasingly difficult as tourism employees tended to be transient.

It is hard to find and keep competent personnel in a rural area. Working hours are also deterring people from having a career in tourism *AS Silja*

Discussion

These extracts show that in all three regions, the characteristics of the experience economy as outlined in the literature review are evident in what the respondents said. People now wanted more than the basics of accommodation and the natural or historic setting. They were looking for participation, for well-being and emotional satisfaction, for a different quality of life. Destinations needed to offer a range of possibilities to meet the interests of different behavioural segments. Competitive strategies needed to be based on the experiences offered and not just the quality of the facilities.

When asked directly about the concept of the Experience Economy, reactions differed from country to country. The Swedish respondents gave short emphatic responses, ('Yes, definitely'), without seeing the need to elaborate. The Spanish replies were enthusiastic summaries of the key points of the Pine and Gilmore hypothesis:

A tourist acquires a package of services but actually he is buying an experience. Destinations have to mark their differentiation in the quality of the experience offered to the visitor. *MV Alcala*

If natural resources are exhaustible, goods are tangible and services are intangible, experiences are memorable: this is the new mantra for marketing managers. *AL Alacala*

The British respondents, while giving unprompted examples of the importance of experiences, seemed uncomfortable with the concept that there was a distinct 'experience economy' as 'something you can draw a line around'. Both considered that it was important to consider the overall experience rather than particular stagemanaged performances. JW felt that the fundamental appeals of tourism activities and events had not changed and that what has happened is just their repackaging and given ‘glitz and glamour’.

> It’s basically saying that if you have two identical products then it’s the way you’re treated, the little extras that make up the experience of your holiday. It’s not rocket science. It’s just saying don’t get lazy, don’t offer the same thing and expect the customer to come back. JW

Conclusions

The literature suggests that the experience perspective on visitor services has three significant defining characteristics:

- A different approach to understanding the consumer
- A different approach to managing the service
- An alternative approach to strategic thinking

The findings of this exploratory study show clear evidence of the first characteristic among the tourism managers interviewed. There was a realisation that consumer expectations had changed, not just in terms of the quality expected but in the diversity of visitor activities and the emotional and spiritual benefits sought. In response alternative approaches to mass marketing of tourism were emerging. Flagship projects were being undertaken to create new products to develop sporting or cultural tourism. Events were being developed to offer new types of experiences for the visitors. New communications strategies were being used to appeal to segments seeking specific activities and experiences. What the respondents felt was less evident was the incremental development of small but innovative products by the private sector in these areas.

There was also little mention of different approaches to managing the visitor experience in terms of improvements to the physical settings, the ‘servicescape’ or the staff/customer interaction. Instead difficulties were noted in recruiting and retaining suitable ‘cast members’, as a result of which the lack of helpful service threatened to mar the overall experience of the visitors.

Implications for destination management

The results confirm the existence of a growing market of experience-seeking visitors and the emergence of innovative experience-based products, but also raise questions about the limitations of experience-based strategies, particularly the extent to which these can create sustainable products and loyal returning visitors. The findings also highlight the importance of collaboration, between private and public sectors and between adjacent town and regions, in the delivery of memorable visitor experience. This collaboration has to overcome traditional competitive rivalries in order to produce the integrated budgets needed to make a marketing impact.

There is also a need to energise the private sector suppliers, particularly the small, privately owned business which predominate in the visitor economy, to encourage the creation of innovative products and services. These, although small individually, can have an incremental effect on the distinctiveness and competitiveness of the destination. It is often through these small businesses that visitors get the moments of surprise and amazement which make their experience of the destination unique and memorable.

Contact details

Mike Morgan, School of Services Management, Bournemouth University, Fern Barrow, Poole BH12 5BB United Kingdom. mmorgan@bournemouth.ac.uk
00441202965174

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