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# The Marketing of Experience

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## Abstract

[Excerpt] In their provocative and prescient *Harvard Business Review* article, Pine and Gilmore (1998) declared, "Welcome to the Experience Economy." Indeed, "experience" has become essential to market exchange in many contexts, with consumers desiring an experience from even mundane service offerings (e.g., quick service restaurants [QSRs] and coffee shops; think Chipotle and Starbucks) and marketers striving to deliver novel experiences as a means to differentiate from the competition and, ultimately, attain customer loyalty (Pullman & Gross, 2003). So strong is the experience wave that a major U.S. "legacy airline" recently announced a search for a new position—VP of customer experience. Even formerly engineering-driven manufacturing firms like Hewlett Packard are focusing on the "total customer experience" as key to their competitive future (Hosford, 2006).

Arguably, the leaders in experiential marketing are hospitality firms, from the Walt Disney Company's themed fantasy experience to the Ritz-Carlton's orchestrated pampering. But is experiential marketing necessary for hospitality firms to be successful? I address this question by examining the ideas advanced by LeBel, Dubé, Sears, and Renaghan in Chapter 21 on strategic experiential branding, and I extend their thinking with the findings from the chapters on customer loyalty. Though a focus on customer experience is important to most services, I argue that strategic experiential branding does not require memorable experiences and emotional bonding between customer and company to drive loyalty. Depending upon customers' needs and the service context, emotional bonding may be difficult to achieve—and unnecessary. Instead, hospitality providers can follow an alternative path that focuses the service promise on benefits customers seek, which are more instrumental than hedonic or emotional. In this commentary, I contribute to the discourse on experiential marketing by describing this less heralded route to customer loyalty.

## Keywords

hospitality management, hospitality industry, consumer relationship, customer experience, marketing

## Disciplines

Hospitality Administration and Management | Marketing

## Comments

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# The Marketing of Experience

Robert J. Kwortnik

In their provocative and prescient *Harvard Business Review* article, Pine and Gilmore (1998) declared, "Welcome to the Experience Economy." Indeed, "experience" has become essential to market exchange in many contexts, with consumers desiring an experience from even mundane service offerings (e.g., quick service restaurants [QSRs] and coffee shops; think Chipotle and Starbucks) and marketers striving to deliver novel experiences as a means to differentiate from the competition and, ultimately, attain customer loyalty (Pullman & Gross, 2003). So strong is the experience wave that a major U.S. "legacy airline" recently announced a search for a new position—VP of customer experience. Even formerly engineering-driven manufacturing firms like Hewlett Packard are focusing on the "total customer experience" as key to their competitive future (Hosford, 2006).

Arguably, the leaders in experiential marketing are hospitality firms, from the Walt Disney Company's themed fantasy experience to the Ritz-Carlton's orchestrated pampering. But is experiential marketing necessary for hospitality firms to be successful? I address this question by examining the ideas advanced by LeBel, Dubé, Sears, and Renaghan in Chapter 21 on strategic experiential branding, and I extend their thinking with the findings from the chapters on customer loyalty. Though a focus on customer experience is important to most services, I argue that strategic experiential branding does not require memorable experiences and emotional bonding between customer and company to drive loyalty. Depending upon customers' needs and the service context, emotional bonding may be difficult to achieve—and unnecessary. Instead, hospitality providers can follow an alternative path that focuses the service promise on benefits customers seek, which are more instrumental than hedonic or emotional. In this commentary, I contribute to the discourse on experiential marketing by describing this less heralded route to customer loyalty.

## The Root of Experiential Branding

In Chapter 21, LeBel et al. provide a rich view of the opportunities and challenges faced by hospitality marketers in the development and implementation of strategic experiential branding. A key lesson in their article is that designing a brand experience is about more than smile training for

employees and ratcheting up the diversionary entertainment value of the environment in which the service is delivered, or the "servicescape" (Bitner, 1992). In fact, managers who become immersed in the details of experiential marketing may miss the forest for the trees: Hospitality services are, in essence, a promise to customers that some problem will be solved, some need will be satisfied, or some desire will be fulfilled (Bitner, 1995). The seemingly simple but inherently complex challenge is determining what that promise— or set of promises—really is. For example, what is a hairstylist's service promise? On the surface, it is the promise to cut hair. But at a deeper level, it is the promise of reliability (e.g., my hairstylist promises to cut my hair the way I like it every time and to never give me a hatchet-job that will embarrass me). At a still deeper level, a hairstylist's promise might be to enhance the customers' self-esteem or alter their self-image—to help them feel dashing, pretty, younger, etc. These are powerful, customer-centric, needs-based motivations that should shape the marketer's service promise and service system. But how many hospitality marketers (let alone hairstylists) really understand their customers on that level?

The vital need to anchor strategic experiential branding with a "clear understanding of consumers' subjective experiences and the emotional meanings" they attach to brands is well articulated by LeBel et al. in Chapter 21. However, the qualitative research methods typically used to tap into the realm of customer motivation and desired experience—the focus groups, depth interviews, laddering, guided imagery, metaphor elicitation, etc.—are problematic for untrained researchers and of questionable validity to managers who commonly rely on surveys and sales data to make marketing decisions (Kwortnik, 2003). Managers are also more apt to use their own knowledge and preferences when determining the pleasures and memorable experiences *they think* their customers want. One solution for these problems is triangulation of data sources and methods (i.e., to use a wider range of research approaches in addition to focus group and survey studies). For example, there's much that hospitality managers can learn from systematic observation of customers during service encounters and/or from talking with customers about "critical incidents" that make or break their service experience. Consumers are also increasingly vetting their grievances and sharing their service experiences online in virtual brand communities, chat rooms, and discussion boards that are ripe for content analysis. Finally, hospitality marketers can conduct experiments that link changes in the experience cues (e.g., music, scent, lighting, layout) to intended customer behaviors. (See Exhibit 26.1 for a selection of articles that use these research methods to better understand the customer experience.) The overriding point is that strategic experiential branding demands ever more attuned

listening systems for hearing the voice of the customer and determining how successful the hospitality marketer has been in creating a consistent, desirable set of experiences and brand meanings.

**Exhibit 26.1** Select Research on Experience Design

Article	Research Method, Context, and Summary
<p>Berry, L. L., &amp; Bendapudi, N. (2003). Clueing in customers. <i>Harvard Business Review</i>, 81(2), 100–106.</p>	<p><i>Research method and context:</i> Interviews with patients, physicians, and other medical service staff of the Mayo Clinic hospitals; also performed participant observation of medical services</p> <p><i>Summary findings:</i> Managing clues in the service environment (e.g., people—how they dress or are trained to interact with patients; processes—how staff visibly collaborate to solve problems; physical evidence—how the facilities are designed to reduce patient stress and promote healing) reinforce the service promise of patients’ needs first.</p>
<p>Haeckel, S. H., Carbone, L. P., &amp; Berry, L. L. (2003). How to lead the customer experience. <i>Marketing Management</i>, 12(1), 18–23.</p>	<p><i>Research method and context:</i> A case study and experience audit to examine emotions that surface during patients’ visits to a health and wellness center</p> <p><i>Summary findings:</i> By systematically managing atmospheric elements in the service environment to affect customer senses, firms can influence the “total customer experience” and affect the feelings customers take away from service encounters.</p>
<p>Kwortnik, R. J., Jr. (2008). Shipscape influence on the leisure cruise experience. <i>International Journal of Culture, Tourism, and Hospitality Research</i>, 2(4), 289–311.</p>	<p><i>Research method and context:</i> Qualitative analysis of customer comment data collected from an online community dedicated to leisure cruises</p> <p><i>Summary findings:</i> The cruise ship environment can affect cruisers’ thoughts, emotions, physical reactions, and meanings they create about the cruise experience.</p>
<p>Kwortnik, R. J., Jr., &amp; Thompson, G. M. (2009). Unifying service marketing and operations with service experience management. <i>Journal of Service Research</i>, 11(4), 389–406.</p>	<p><i>Research method and context:</i> Multi-method—case study, regression analysis of survey data, management interviews—collected in the leisure cruise context</p> <p><i>Summary findings:</i> Service operations frequently struggle to deliver on promises that service marketers make, yet the marketing–operations disconnect is rarely identified as the root cause of customer dissatisfaction. A focus on service experience management is needed to mitigate the marketing–operations gap.</p>
<p>Pullman, M. E., &amp; Gross, M. J. (2003). Welcome to your experience: Where you can check out anytime you’d like but you can never leave. <i>Journal of Business and Management</i>, 9(3), 215–231.</p>	<p><i>Research method and context:</i> Internet survey with VIP customers of a touring performance company</p> <p><i>Summary findings:</i> Design factors (e.g., food, seating, interactive entertainment) in the physical context of VIP hospitality tents directly influenced audience emotions and indirectly influenced loyalty.</p>
<p>Thomke, S. (2003). R &amp; D comes to services: Bank of America’s pathbreaking experiments. <i>Harvard Business Review</i>, 81(3), 71–79.</p>	<p><i>Research method and context:</i> Experiments in commercial banks</p> <p><i>Summary findings:</i> Live experiments can reveal cause and effect relationships for factors manipulated in the service environment (e.g., placement of televisions in teller queues reduces customer perceptions of the length of the wait).</p>

Strategic experiential branding is also more than just promotional rhetoric. It's not enough to entice consumers to "Enjoy the Hotel X experience," without being clear what the Hotel X experience should be and confident that Hotel X has aligned the service delivery system—the people, processes, and physical evidence (e.g., facilities and amenities)—to consistently produce the intended experience. In Chapter 21, LeBel et al. stressed the difficulties associated with achieving strategic experiential brand alignment across numerous service locations, thousands of employees, myriad procedures and systems, and varied communications channels. However, it is in the details that firms deliver on brand promises. For example, in the cruise industry, market leader Carnival Cruise Lines has honed the brand's promise of a fun-filled vacation aboard "The Fun Ships" for more than 30 years. Everything the company does—from the design of new ships with their "entertainment architecture," to training programs for staff—is focused on ensuring that Carnival guests have fun from the moment they board the ship (Kwortnik, 2006). Recently, Carnival's rival, Royal Caribbean International (RCI), upped the stakes with an adventure-themed brand promise. Using powerful symbolism embedded not only in marketing communications but in the actual ship design (e.g., rock climbing walls and deck top water parks), RCI anchored the brand experience on a different kind of fun: active adventure. In contrast, fast-growing competitor Norwegian Cruise Line (NCL) broke from tradition with "Freestyle Cruising," highlighted by a resortlike, informal experience, especially in terms of onboard dining. Whereas other cruise lines have structured dining times to facilitate the flow of guests in ship restaurants, NCL permits guests to dine when they want, where they want, and with whom they want; such a promise, though, created the need for dramatically different service systems to help manage customer flow. In these examples, a focus on fulfilling the promises associated with the brand experience—e.g., "fun," "adventure," or "freestyle"—enhances brand differentiation along experiential dimensions.

### **Experiential Branding, Emotional Bonding, and Customer Loyalty**

What is the payoff for the hospitality firm of successful strategic experiential branding? In Chapter 21, LeBel et al. suggested brands that provide customers with desired experiences can strengthen emotional bonds and ultimately customer loyalty. There is a growing stream of research on service loyalty that confirms this proposition and shows that customer loyalty is determined by more than just a rational assessment by consumers of costs-benefits in the exchange with service firms, or what scholars call "calculative commitment."

Research I conducted with scholars Xiaoyun Han and Chunxiao Wang in the context of hotels in China showed that customer loyalty is determined by a complex web of factors: guest perceptions of

service quality, service fairness, trust in the firm, and satisfaction—but also perceptions of commercial friendship with hotel employees and affective commitment or emotional attachment to and identification with the hotel (Han, Kwortnik, & Wang, 2008). Similarly, Mattila (2001) conducted a study of restaurant customers, finding that food quality, service, and atmosphere are equally important to customers regardless of their feelings toward certain restaurants. However, customers who exhibit affective commitment to preferred restaurants are more motivated to patronize the restaurant because of personal recognition and memorable past experiences; on the other hand, customers exhibiting low affective commitment are more motivated by value for price and location. In other words, it was the experience dimensions of the dining encounter that motivated the emotionally bonded customers. Further, customers with high affective commitment were more likely to possess positive brand attitudes toward the restaurant and to engage in loyalty behaviors, such as resistance to switching and word-of-mouth advocacy. Based on these findings, Mattila (2001) proposed that so-called loyalty programs that award points for purchases may (at a cost) encourage repeat purchase behavior but do not engender true loyalty. Rather, Mattila (2001) argued that restaurateurs and other hospitality providers should pursue customer loyalty based on emotional commitment that fosters attitudinal loyalty and, in turn, behavioral loyalty.

These findings support that idea that customer loyalty reflects more than just repeat purchase behavior, and typical hospitality "loyalty programs," with their focus on rewards for purchase, are unlikely to foster emotional bonding. Rather, affective commitment is determined by cumulative customer satisfaction over the life of a service relationship as well as relational factors, such as trust, friendship, rapport, familiarity, and special treatment (Gwinner, Gremler, & Bitner, 1998; Han et al, 2008; Price & Arnould, 1999). Delivering on the latter can be particularly difficult because of the high levels of emotional labor—the behavior and emotional signals that convey genuine understanding of and empathy for guests—required of many service employees. Notable in Chapter 24 by Johanson and Woods is that only one in three HR managers they contacted have explicit strategies for managing emotional labor. The ideas presented by Johanson and Woods (in Chapter 24) for employee recruitment and selection, training and support, and empowerment offer direction for enhancing the guest experience through improved employee emotional conduct, which certainly is important for those contexts where guests expect and even seek relational benefits like commercial friendships. However, resource constraints, such as low staffing levels, may preclude some firms from providing such benefits to their guests. More importantly, do guests always want to develop friendships with their hospitality service providers? The answer to this question is most surely no—at least in some contexts (Oliver,

1999). How, then, can such hospitality sectors as high-volume airlines, QSRs, or limited service hotels achieve customer loyalty absent the empathy component that determines service quality in more high-touch service contexts?

### **Service Experience Management**

In Chapter 21, LeBel et al. argued that experiential brands must care for consumers' physical and psychological well-being, as well as deliver a memorable experience. Though successful experiential branding may *sometimes* involve memorable experience, it may also involve the lack of memorable experience. For example, a recent "reinvention" effort for Marriott International's Courtyard brand was based on the idea that Courtyard's core business customers want a lodging experience that is functional, not flashy: "Exactly the room they need—no more, no less." The ideal Courtyard is one that offers guests comfort through a "protective and caring environment, consistency of quality and guest experience, and order and control creating a space that is clean and safe" (Lambert, 2002). The central idea is that the Courtyard experience develops commitment not through emotional bonds or evocative facilities and amenities, memorable experience, or personal recognition but through reliability in supporting the functional needs (and reduced stress and uncertainty) of frequent business travelers.

The Courtyard example stands in contrast to the ideas advocated by LeBel et al. (in Chapter 21) that emotional bonding is required for successful experiential branding and customer loyalty. Courtyard is not an anomaly, as other hospitality companies—restaurants (e.g., McDonald's), transportation companies (e.g., Ryanair), distributors (e.g., Expedia), limited-service lodging firms (e.g., Hampton Inn)—are strong brands with loyal customers who may not exhibit high affective commitment. This suggests that there are nonemotional paths to satisfied, loyal customers, an idea consistent with the theory that consumer attitudes are based on the sum of *beliefs* about a target object (Fishbein & Ajzen, 1975). Similarly, beliefs about the benefits of loyalty to a hospitality company can lead to positive attitudes and intentions; underlying these beliefs are the customers' perception of value in the service exchange—an evaluation that may lack an emotional component (Zeithaml, 1988).

The study of restaurant-guest repurchase intentions (the "comeback" factor) by Gupta, McLaughlin, and Gomez (in Chapter 25) underscores the importance of service fundamentals in driving value. They find that guests' comeback decisions are most affected by delicious food, appropriate costs, a cheerful greeting, and attentive service; in other words, it's more about the steak than the sizzle. Similarly, in Chapter 22, Skogland and Sigauw's study of hotel guest loyalty (or lack of loyalty!) suggests that satisfaction with hotel ambience (hotel design and amenities) and with employees (by affecting

guests' perceived involvement) most influence loyalty attitudes and behaviors. In a somewhat different vein—though with the same underlying principle about the need to get the basics right—Dickson, Ford, and Laval's Chapter 23 discussion of managing real and virtual waits highlights strategies that mitigate the potentially memorable—and unpleasant—aspects of waiting for service. By reducing real or perceived waits, hospitality firms enable guests to do more of what they want and have paid to do—visit more attractions, spend more time enjoying a meal, check in faster to their hotel room, etc. As Gilmore and Pine (2002) note, "The easiest way to turn a routine service into a memorable event is to perform it poorly—thus creating a negative experience of the most unpleasant kind" (p. 87).

The featured chapter on experiential branding (Chapter 21) augmented by the research in the other chapters and elsewhere on customer loyalty, presents a coherent story—though one that is easily misinterpreted. That is, experiential branding is not about injecting flash and entertainment into a service to create a memorable experience; rather, the essence of experiential branding is excellence in delivering the basics that customers expect from a well-designed, customer-driven service promise. My colleague Gary Thompson and I call this *service experience management* or the alignment of the promises made by service marketing and the capabilities of service operations (Kwortnik & Thompson, 2009). We have found, though, that efforts to differentiate services by making extraordinary promises often creates a gap between customer expectations and the ability of operations to deliver. Exacerbating this problem is the typically siloed nature of hospitality services, with distinct marketing and operations functions and little cross-discipline coordination, let alone communication. We argue that firms that focus on service experience management as an integrative system with the promised guest experience at its core will be best positioned to benefit from experiential branding.

## **Conclusion**

Consumer experience is multidimensional and reflects a blend of cognitive-functional and emotional-hedonic needs and wants. Research is needed to examine how different hospitality firms can best build experiential brands' (i.e., through emotional bonding and the provision of pleasurable and memorable experiences, through calculative commitment and a more functional provision of value in satisfying needs, or through some weighted combination of these paths). Another path may be through self-brand congruency—when target customers (e.g., business travelers) identify with the brand (Courtyard by Marriott). When a brand becomes self-relevant, when customers feel that "this brand is me," it creates attitudinal loyalty—and signals successful strategic experiential branding.

Opportunities exist for scholars and practitioners to make a significant contribution to hospitality-management knowledge by identifying boundary conditions or contexts where strategic experiential branding should focus more on emotional bonding or calculative commitment— or both— to enhance the customer's connection to the brand. Likewise, hospitality managers can contribute to knowledge in the consumer-experience domain by striving to better understand their customers' consumption motivations and leveraging this information for developing the service promises that guide strategic experiential branding. Finally, the new domain of service experience management is untapped and ripe for examination. It is my hope that this commentary, by linking the conceptual ideas and case examples articulated by LeBel et al. in Chapter 21 with the empirical findings provided by various scholars publishing in the *Cornell Hospitality Quarterly* (CQ), offers readers direction for more rigorous study of and knowledge creation for the dynamic area of strategic experiential branding.

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