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Defining an experience: A call for research

While speculation about what constitutes an experience abound, the complex relationship among value, service quality, satisfaction, and experience is in its infancy. Before this relationship can be fully examined, dimensions of these four critical components need to be incorporated into a unified, holistic model that includes the three primary constructs of Service Quality, Value, and Satisfaction. This article calls for the development of a model and offers some direction to encourage future research about the experience construct in hospitality and tourism.

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In 1970, futurist Alvin Toffler (1970) pointed to a paradigm shift that would deeply affect goods and services in the future and would lead to the next forward movement of the economy. Calling it a strange new sector, he named it the experience industry. Three decades later, Pine and Gilmore (1999) echoed his belief by arguing that we have moved out of the service economy and into what they identified as the *experience* economy. They also proposed that engaging customers through experiences, rather than just servicing them, is necessary to create value in an increasingly competitive business environment.

Assuming that experience industries will provide the economic momentum for the future, we need to better understand the dimensions of the experience construct. As with the concept of service quality, experience is an elusive and indistinct notion. It is a difficult construct to define, let alone measure, because of its multiple elements and individualized nature.

The notion of the experience economy has developed with the convergence of three major forces: [1] new technology to fuel innovative experiences; [2] a more sophisticated, affluent, and demanding consumer base; and [3] escalating competitive intensity. Is it any wonder, then, that experience venues such as Las Vegas theme hotels, “eatertainment” restaurants like Rain Forest Café, or spas like Canyon Ranch increasingly populate the hospitality landscape?

Experiences are a distinct economic offering, but one that has until recently gone largely unrecognized and unstudied. Pine and Gilmore (1999) point out that there are clear economic distinctions between experiences and commodities, goods (products), and services. Commodities are fungible materials extracted from nature. As such, they are only differentiated by price, as determined by supply and demand. Businesses use commodities to make and inventory goods, thus adding the ability to differentiate products, and add value. The 1980s was the era of the product or goods economy. The mantra was on customer satisfaction, with zero-defects, quality initiatives, and product innovation at the forefront of business strategy to achieve a competitive advantage (Bell, 2002).

The bar was raised in the 1990s and the focus switched from goods to services. Services are intangible activities customized for individual consumers (Pine and Gilmore, 1999). Providers began wrapping services around their core products, launching the decade of personalized service, customized services, or “customerization” (Bell, 2002). Organizations began using technology to “data mart” and “data mine” large amounts of information about the customer -- demographics, psychographics, and behavior patterns. Service quality replaced product quality as the strategy for differentiation.

In this first decade of the 21st century, goods and services have moved from being satisfiers to being dissatisfiers. That is, offering quality products and service are no longer enough to establish a competitive advantage. They are expected; they are the price of entry into any market segment. Thus, with the three converging factors previously mentioned in place – technology, more demanding consumers, and increasing competition -- we enter the era of the experience economy. “While commodities are fungible, goods tangible, and services intangible, experiences are *memorable*” (Pine & Gilmore, 1999, p. 12). “Companies stage an experience whenever they engage customers, connecting with them in a personally memorable way.” (Pine & Gilmore, 1999, p. 3).

While speculation about what constitutes an experience abound, the complex relationship among value, service quality, satisfaction, and experience is in its infancy (Cronin & Taylor, 1992). Before this relationship can be fully examined, however, dimensions of these four critical components need to be both [1] incorporated into a unified, holistic model that envelopes the

three primary constructs of Service Quality, Value, and Satisfaction; and, [2] identified and measured. To date, three components have been well researched and documented. First, for example, Zeithmal, Parasuraman and Berry (1990) found that service quality is comprised of five dimensions: Reliability, Assurance, Responsiveness, Tangibles, and Empathy and can be reliably measured via a pair of 22-item surveys – one for expectations, and one for perceptions. While some researchers have questioned the “gap theory” used to build SERVQUAL, it stands as a widely used hallmark of service quality.

Secondly, value has been defined by relative preferences and can be measured by degree of preference (Holbrook, 1994).

Finally, while researchers have developed a myriad of satisfaction measures, the American Customer Satisfaction Index (ACSI) is perhaps the most widely cited index.¹ The ACSI is a valid national economic indicator of customer evaluations of the quality of goods and services in the US. It is a weighted index of three imbedded components: [1] Overall Satisfaction; [2] Expectancy-Disconfirmation, which measures the degree to which the guest’s expectation fell short or exceeded his or her expectations, and [3] Comparison to an Ideal, which measures how close the experienced product compares with the ideal product.

To date, the dimensions of the experience construct have not been extracted – only assumed. While the literature suggests various sets of “clues” for an experience, these clues have not been subjected to empirical research. Only through rigorous study can they be validated, refuted, or modified as dimensions of the experience construct. If the experience factors can be extracted, identified and measured, much like Zeithaml et al (1990) were able to do for service quality, the fourth piece of a holistic model will be in place and we will be able to calculate the relationship among these various components. This will give us a clearer understanding of guests’ decision-making process relative to their hospitality purchases. It will likewise provide management with additional direction for managing the guest’s experience.

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¹ For a more detailed description of the ACSI, visit the ACSI website at <http://www.theacsi.org>.