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For the love of experience: changing the experience economy discourse

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CHAPTER 2

Where wise actions
are the fruit of life,
wise discourse
is the pollination.

BRYANT H. MCGILL,
A GIFT-GIVER'S MANIFESTO,
2011

Research context

2.1 Introduction

Experiences have been a highly debated topic of discussion in marketing and business literature for more than a decade, but there is still much ambiguity on what experiences are and what their value is or could be. The problems that, as I will argue, originate from the way in which business and marketing scholars have dealt with the concept of experience, have motivated me to look beyond the boundaries of business and marketing literature to find out how experiences can be conceptualized and what the implications of a broader concept of experience are for organisations and individuals. The goal of this chapter is twofold: 1) to get the reader acquainted with the conceptualizations of experience as they are described in marketing and business literature, and 2) to present the reader with the logic which underlies my research objective, which is: to offset the current bias in the experience economy discourse, by constructing a sound and integrative theoretical foundation for the experience economy from the individual's perspective. To attain these goals I will answer my first research question: "What is the current state of affairs regarding theory on the experience economy?" since the answer to this question will not only clarify the discourse on the experience economy of scholars in the fields of business and marketing, but it will also show the gaps that I argue are present in the current experience economy discourse.

The reason that I have decided to use multiple disciplines in this research lies in the fact that the greater part of contemporary literature on the experience economy originates from business and marketing scholars. These seem to have patented experiences as new economic offerings. However, to my knowledge, there exists no clear overview of the experience economy discourse and a broader perspective from which these commercial experiences can be approached is lacking. Because of the amount of different examples of new economic offerings and different interpretations of the term experience, this overview and broader perspective are needed to be able to arrive at a clear discourse on what the value of experiences is or might be, for organisations as well as for individuals.

First of all, in paragraph 2.2, I will give an overview of economic developments that have led to an increased focus on immaterial consumption and the ways in which this dematerialization is expressed in the market; experiences as economic offerings being one of its expressions. To this end, the concept of market has been extended because of the increasing commodification of cultural, social and psychological resources, as I will explain in this chapter. The main reason given in literature on the experience economy for the increasing interest in immaterial aspects of consumption, but also the immaterial aspects of work, design and other areas, is the risk of commoditization. If offerings become commoditized, this means they are so widely available and interchangeable, that the only differentiating factor that a customer can use as a basis for his choice is price. Commoditization thus leads to competition based on price, which in the end will lead to lower profit margins for the organizations involved. By finding new immaterial differentiating factors, organizations hope to escape commoditization and maintain or even increase profit margins.

From the broader context of which experiences are part I will then move on to paragraph 2.3 in which I will zoom in on the concept of experience and how it can be approached. Based on a review of definitions of experience I conclude that there are three approaches of the concept, related to three essential components of experiences. These different approaches are the environment-centred approach, the effect-centred approach, and the encounter-centred approach.
In paragraph 2.4 I will discuss how experiences are dealt with in current business and marketing literature and show how this literature can basically be subdivided into the three approaches of experience mentioned above. Based on the distinction between these three approaches in literature I will explain what I see as important gaps in the current theories on experiences within the fields of business and marketing. These gaps are caused by a biased perspective of business and marketing scholars:

- for the environment-centred approach: by focusing primarily on the role of organizations in producing experiences as economic offerings with the 'right' objective features and hereby neglecting the variety of different conceptualizations of experience.

- for the effect-centred approach: by focusing primarily on the role of organizations in managing and producing predetermined hedonic effects, hereby neglecting the role of the individual and the existence of other effects, and
- for the encounter-centred approach: by focusing primarily on the role of organizations in determining which values should be invested during the experience-encounter, hereby neglecting values that individuals invest in the encounter beyond financial values.

The dominant focus on the role of the organization and the resulting gaps in theory can be related to the search for ways to escape commoditization, as I will explain for each of the three approaches. The exploration and explanation of the three gaps in theory can be found in paragraph 2.4. Finally I will show how the gaps in the three theoretical approaches and my research objective are connected.

2.2 Experiences as a sign of a dematerializing economy

In business and marketing literature, there is a noticeable growing interest in the subject of dematerialization. Already in the nineteen eighties, Herman, Ardekani and Ausubel (1989) began to explore the question of whether the dematerialization of human societies was under way. At that time, dematerialization was defined primarily as the decline over time in the weight of materials used in industrial end products or in the "embedded energy" of the products. More broadly, dematerialization referred to the absolute or relative reduction in the quantity of materials required to serve economic functions (Herman, Ardekani & Ausubel, 1989). A review of different definitions of dematerialization shows that dematerialization is taking place in various areas. Three of these areas, digitization, eco-efficiency and the focus on immaterial aspects of consumption, are receiving much attention in literature.

Types of dematerialization

Digitization means the replacement of a physical or substantial item with electronic signals. By using ICT, formerly physical objects are transformed into non-tangible digital data. Especially in money markets this development can clearly be recognized

(Rifkin, 2000), but dematerialization is happening in every area where objects are being produced or used, that can be translated into bits and signals. This digitization, or virtualization, also has consequences for the relationships between people, e.g. telecommunication services can, within limits, substitute for physical presence (Hilty & Ruddy, 2000).

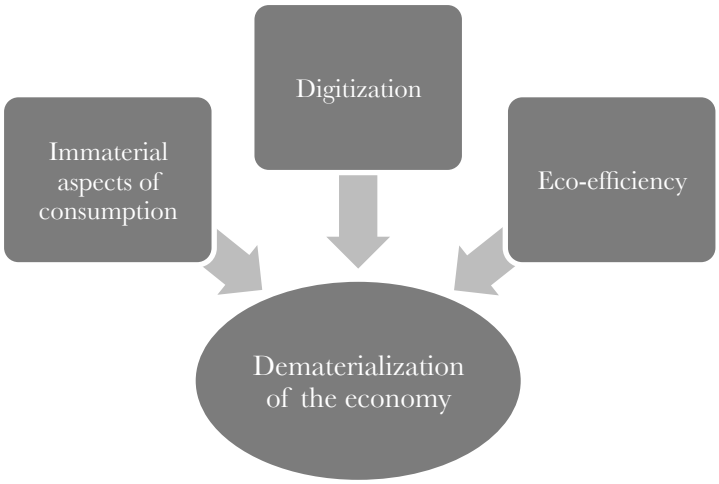


Figure 2.1 – Three processes that are part of dematerialization

Eco-efficient product design is a second area in which dematerialization is a heavily debated topic. In this area the goals are the optimization of processes and products as regards their material and energy efficiency and the redesign of products with the aim to reduce the necessary resource input or to increase the products' life cycle. By inventing new ways to use resources more efficiently and to recycle them, solutions are searched by taking into consideration the finiteness of material resources and the reduction of waste in the world (Hilty & Ruddy, 2000).

A third definition of dematerialization has to do with the focus on the immaterial aspects of consumption. This development could already be seen in the replacement of the agrarian and industrial economy by the service economy, where intangible processes and activities performed by service providers became more important in

terms of value than the physical objects and products people bought from farms and factories. Various authors have speculated that dematerialization is the logical outcome of advanced economies in which material needs are substantially fulfilled (Colombo, 1988; Bernardini & Galli, 1993), while empirical research in consumer behaviour shows that consumers still buy more material products even though their needs are already fulfilled (Wernick, Herman, Govind & Ausubel, 1996). In advanced economies the wants and desires of consumers play a greater role in consumption behaviour than their needs. The transformation from economies with materialized offerings to economies where dematerialization is taking place at a growing rate is shown in figure 2.2.

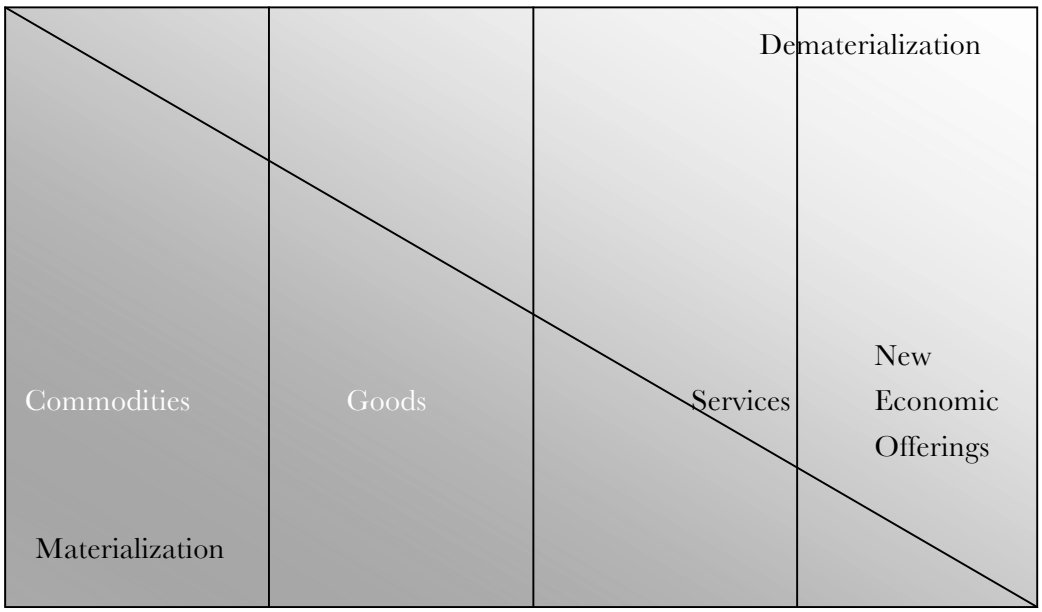


Figure 2.2 – Dematerialization of economic offerings (after Pine & Gilmore, 1999)

The earliest commodity economy was concerned with the extraction of various mutually exchangeable substances from the natural environment. Since these commodities are largely fungible, the markets of supply and demand determine prices. Industrialization made supply numbers increase, causing organizations to search for

ways one could generate higher value returns in a so-called manufacturing economy. In a manufacturing economy the primary economic offerings are goods: tangible items that are produced by using commodities as their raw material. When companies started to standardize these goods for economies of scale, the value returns diminished and companies began to substitute services for goods to yield higher profits. Services are more or less intangible activities performed on behalf of a particular customer. Because of developments like disintermediation and the growing use of ICT, many services are also being commoditized, which is driving down value returns.

This decline in value returns for services and products is one of the main reasons organizations are looking for new economic offerings with higher value returns. The dematerialization of economic offerings means that economic value is embedded in immaterial units, as opposed to offerings in which economic value manifests itself in concrete, physical, and material form (Quah, 1996a; Quah, 1996b). The economic value of dematerialized offerings, like for example stories and ideas, is independent of the physical medium containing them.

Commoditization causes a growing interest in dematerialization

The interest in the dematerialization of economic offerings is reflected in a growing quantity of theories and books that state the importance of doing business differently, or even the necessity of doing business differently. Although the names that different authors have given to the new economic offerings vary (e.g. Attention Economy (Davenport & Beck, 2001), Experience Economy (Pine & Gilmore, 1999), Information Economy (Porat, 1977), the Age of Access (Rifkin, 2000), Support Economy (Zuboff & Maxmin, 2002), Economy of Meaning (Ter Borg, 2003), Emotion Economy (Maes & Parson, 2001; Prast, 2010; Hill, 2007; Piët, 2003)), they seem to agree on the need for taking into account the immaterial aspects of consumption. The main reason that is given for entering a new economy is that since many economic offerings are nowadays similar in characteristics, features, quality, and price, the importance of other differentiating aspects as an opportunity for competitive advantage in the marketplace increases (Dumaine, 1991). Material goods and services will continue to become increasingly abundant which will cause a pattern

of decreasing costs and commoditization (e.g. Pine & Gilmore, 1999). Commoditization refers to a situation in which products become so widely available and mutually interchangeable that consumers cannot distinguish them from each other anymore and make their choices based on price. According to many authors commoditization of economic offerings and the resulting situation in which competition is solely based on price, is the main reason why companies have to add immaterial differentiating aspects to their offerings:

" (…) businesses perish from relying on low prices as a means of hawking their offerings. (…) in industry after industry, that system of competition no longer sustains growth and profitability" (Pine & Gilmore, 1999, p. ix)

" Increased price volatility as market forces take over awaits the sellers of all commoditized goods and services" (Pine & Gilmore, 1999, p. 14)

" (…) the greater part of future consumption growth will be of an immaterial nature. (…) the story connected to the product will play an ever greater role in the purchase decision." (Jensen, 1999, p. 52)

" (…) entertainment content has become a key differentiator in virtually every aspect of the broader consumer economy. (…) Without entertainment content, few consumer products stand a chance in tomorrow's marketplace." (Wolf, 1999, pp. 4-5)

The increasing focus on emotional and other immaterial aspects can be seen in many different areas. Emotions involved in the consumption experience have become an important object of study in consumer behaviour. Examples of studied aspects are affective reactions to consumption situations (Derbaix & Pham, 1991), the relationship between emotions and satisfaction in consumption (Westbrook & Oliver, 1991), and post purchase affective responses (Westbrook, 1987). All of these studies have indicated that emotions are an important component of consumer response. This type of studies may provide insight into how organizations can offer something else to their customers, preventing their offerings from being commoditized. Also emotions elicited by product appearance are an important object of study. It is acknowledged that emotions elicited by products can enhance the pleasure of buying, owning and using them (Hirschman & Holbrook, 1982). These emotions elicited by

products are strongly influenced by the appearance of the product (Desmet, Overbeeke & Tax, 2001), but emotions are in most cases rather elicited by meanings yielded from the product than by the product as such. In those cases, the emotion is not elicited by tangible product attributes but by intangible and highly personal construals of the product (Desmet, Hekkert & Jacobs, 2000). The personal nature of emotions could give insight into how organizations can adapt their offerings to escape the commoditizing effects.

Many findings in studies about product design have also been used to change the way in which service providers develop interactions with customers. Especially the design of the environment in which interactions take place has received a lot of attention lately. In the past, places, physical as well as virtual, were designed on the basis of functionality and usability principles, to render the interaction between customer and company as effective and efficient as possible. These principles are still essential, although designers now have to take into account also the way in which the customer experiences the environment in which the interaction takes place. Shops are now part of "cathedrals of consumption, which point up to the quasi-religious, "enchanted" nature of these new settings" (Ritzer, 1999, p. x), but also public spaces as churches, schools and hospitals are emulating the new means of consumption (Ritzer, 1999). This development in public space is also described by Mommaas (2000) as the increasing decisiveness of the consumptive-symbolic order in directing the functional-morphological order of public space. Besides in designing physical environments, the user experience has become a critical factor to take into account in the design of virtual spaces (Cain, 1998; Alben, 1996; Forlizzi, 1997; Hudspith, 1997; Rhea, 1992). Especially in the fields of website design and virtual reality the affective responses of individuals using ICT have received a lot of attention. One of the research areas in which the experience of users is considered critical is called Presence Research, which is described as "the study of the subjective experience of 'being there' in mediated environments such as virtual reality, simulators, cinema, television, etc." (Presence-research.org, 2006) (also see the discussion of presence in paragraph 3.3.2).

An unmistakable sign that emotional, immaterial aspects have begun to be considered as important in economic science is the fact that psychologist Daniel Kahneman was one of the winners of the Nobel Prize for Economic Sciences in 2002. His studies have shown that economic research often assumes that people are motivated primarily by

material incentives and make decisions in a rational way, following the so-called expected-utility theory, which is the predominant economic theory for decisions under uncertainty. Kahneman has called into question the assumptions of a *homo oeconomicus* motivated by self-interest and capable of making rational decisions, and has shown that in various decision situations, immaterial and irrational elements like perception, mental models, attitudes and emotions have to be included in the process, which resulted in winning the Nobel Prize.

In much the same way that immaterial factors are becoming the focal point of the design of products and places, also the design of activities of individuals is changing in a less material direction. Issues like pleasurable work, emotional intelligence, authentic leadership, play and creativity are a number of the immaterial, psychological aspects of the working situation that have become very prominent in management literature (e.g. Csikszentmihalyi, 1996; 2003; Crofts, 2003; 2005; Gardner, 1983; Cherniss & Goleman, 2001; Grün, 2002; 2005; De Bono, 1992). The examples mentioned above all indicate a search of new differentiating aspects, be it in design, consumption or work, to find ways in which to differentiate what organizations do from what their competitors do, to prevent the commoditization of what they do.

Dematerialized offerings abide different rules

The nature of dematerialized economic offerings has serious consequences for the way in which people can perform tasks related to the offerings (Quah, 1996a). First of all dematerialized economic offerings are claimed to be infinitely expansible. An economic object is said to be infinitely expansible "when its use by someone does not physically detract from its usefulness to someone else" (Quah, 1996a, p. 3), more or less like a public good. The two concepts, dematerialized economic offerings and public goods, differ in that infinite expansibility itself says nothing about the legal structure or property rights surrounding the economic object in question. A public good, by contrast, is not owned by any private agent. This raises questions about how people should behave in relation to intellectual property rights, who is the owner of the object and who can sell it, what is the right or fair price to be paid for the

immaterial object etc. These are important issues in a time of dematerialization and I will explore them in-depth in chapter 5.

Dematerialized objects cannot be transferred but at most merely replicated, which causes a situation in which an agent in a transaction cannot physically gain ownership of the object. For these objects, trade is not exchange, but at most reproduction and/or recombination. When neither the economic offering being shared nor the corresponding payment can be measured, economic value will have no clear points of physical entry and exit and tasks like buying, spending, paying, investing, importing and exporting get a different meaning. Questions about these issues are the focal point of debates in industries where dematerialized objects are inherent to the business.

One can also see a need for a shift in attention from the supply-side to the demand-side. In the case of attention for example, an important scarce resource (Davenport & Beck, 2001), it is not the organization that manages who gives attention but it is the individual who is in control over what he or she pays attention to and what not. In the same way also trust, an aspect of commercial relationships that has grown in importance in the dematerializing economy (Bryant & Colledge, 2002), is not under the control of organizations but it is the individual who determines whether to trust something or someone. One cannot force an individual to pay attention, to feel a certain way, to trust someone or to love something, in the way that individuals could be forced to accept or reject the options that organizations presented to them in earlier times of mass-production.

Dematerialization will continue to cause problems for every industry that tries to hang on to the rules of the traditional model, that was invented for tangible objects, while offering 'objects' that lend themselves to the so-called reversed trade model or superdistribution (Cox, 1996). In such a model, ease of reproduction of the object becomes a virtue, not a disadvantage, and the object itself can be given away freely because the maker of the object receives financial and other benefits each time it is used. These objects thus become more valuable when more people use them. However, one can immediately see the problem with this model and this mode of thinking for organizations that are used to be in control. One first has to give away the object, without the guarantee that people will in fact start to use it and therefore

without a guarantee of the benefits that it will provide. The same issue goes for trust, attention, feelings, etc. that will either grow or not, a process that is not in control of the organization.

After this review of different examples that show an increasing dematerialization of the economy, the reader has a broader view of the context of developments of which the experience economy is part. In the next paragraph I will focus more specifically on how the concept of experience economy is dealt with in business and marketing literature.

2.3 Three approaches of the concept of experience

To be able to understand the research problem I deal with in this thesis, it is necessary to have knowledge of the context of the problem. For this reason I wish to give an overview of literature that has appeared on the subject of economic experiences in the recent years, after which I will present an overview of different approaches and definitions of experience in general. Insight in how the concept of experience has been dealt with and discussed in recent literature, helps in understanding which assumptions authors in the field seem to have in relation to the concept of 'experience' in the fields of marketing and business. The overview of different approaches and definitions of experience in general, by exploring how the concept has been defined and described in various dictionaries and encyclopaedias, will show how broad the concept of experience really is.

Confusion and inflation in the experience economy discourse

When reviewing the vast quantity of articles and books in the fields of business and marketing that have experiences as their subject, the amount of use of 'ex-post rationalization' (Williamson, 1999) found is remarkable. Ex-post rationalization means that the author shows a success story, and then filters out the aspects or competences that according to the theory in question are responsible for the success. This strategy is often part of marketing management texts (Hackley, 2003). Also Glaser and Strauss (1967) notice this phenomenon, which they call 'exampling', or

opportunistically finding cases that fit the proposed theory. The reasoning usually resembles the following: the author predicts that the economy will shift from an A economy to a B economy. An explanation is given of the necessity of this shift and the risks of not coming along. Factors that are important for success within the B economy are listed and examples of successful companies are used to prove the effectiveness of the factors. However, anecdotal evidence of the financial success accompanying experiences, though perhaps inspiring, not always helps one understand the building blocks of successful commercial experiences (Poulsson & Kale, 2004). There can even be risks involved in copying successful elements without the appropriate understanding of how this success has come about (Bills, 2003; Carbone, 2004; Ransom, 1998).

The growing recognition of the importance of experiences, of the dynamic nature of customers and what they value (Hamel & Prahalad, 1994; Woodruff, 1997; Morrison & Schmid, 1994) and of experience-based perceived value, causes a greater need for research in this area (Mathwick, Malhotra & Rigdon, 2001; Poulsson & Kale, 2004) since there is little evidence that organizations understand these phenomena (Flint, Woodruff & Gardial, 1997; 2002; Hamel & Prahalad, 1994; Woodruff, 1997; Woodruff & Gardial, 1996; 2002; Hamel & Prahalad, 1994).
According to Poulsson and Kale (2004) the area of experience creation suffers from poor conceptualization and fuzzy directions. There is a lack of understanding of what experiences exactly are, how they differ from services and goods, in what way they create value for companies and customers and what the impact is of each element on the overall value of an experience.

Experiences in the business and marketing literature are often linked with concepts as fun, excitement, meaning, nostalgia, identity, authenticity, hedonism, engagement and especially many concepts from theatrical science, adding to the definitional confusion. According to Hackley (2003) authors use this tactic for reasons of 'extra-disciplinary legitimization' with the aim of conferring upon their texts a sense of 'quasi-scientific plausibility', but Gronhaug (2000) warns of the risks involved in using concepts from other disciplines without a consideration of their disciplinary context or theoretical assumptions.

When reviewing the business literature on experiences, it is difficult to extract a clear and concise definition of what exactly is an experience. Some authors even claim that a definition of an experience is nowhere to be found in marketing literature and that there has been no attempt made to systematically define what exactly constitutes an experience (Poulsson & Kale, 2004). A reason for the lack of a definition could be the dynamic, personal and unique nature of experiences, which makes it difficult for someone else to know what someone's experience has been like (Battarbee, 2004). In this sense experience is considered to be private instead of public, it cannot be shared with other persons.

However, without a clear definition of what an experience is and what it is not, the term can suffer from inflation. In fact, the problem is not that there is no definition to be found, but that with all the definitions and descriptions given in literature and all the different distinctions made between different types and kinds of experiences based on many different dimensions, it is not clear what experiences are and what they are not. Inflation of the term has already set in which has encouraged Forlizzi and Battarbee (2004) to make a distinction between different kinds of approaches of the term: the product-centred, person-centred, and interaction-centred approach.

Product-, person- and interaction-centred approaches of experience

The product-centred approach aims to connect product features to experience and aims at creating elaborate checklists with criteria describing the product-related experience contexts. This approach is focused on practical ways in which experiences can be defined, distinguished, designed, evaluated and produced. There are many examples of experience theories within this approach, usually having titles containing the words managing, building or delivering experiences. Person-centred approaches on the other hand, take the perspective of the individual and focus primarily on the individual's experience and the elements that contribute to this. Instead of giving product-centred checklists, they usually give descriptions of general characteristics of experiences that are relevant. For example, the inherently personal nature of the effects of experiences is a salient characteristic in definitions belonging to this category (e.g. Nijs & Peters, 2002; Schmitt, 1999).

The difference between the product-centred approach to experience and the person-centred approach to experience can be clarified by using the distinction that Van Gool & Van Wijngaarden (2005) have made between two meanings of the term experience. The first way in which they define experiences is as the stimulus that can be sent or directed by a provider (for example an event, an attraction or an environment). The second meaning of the term experience is the reaction to this stimulus. The focus in the first definition is on the 'something' the individual is experiencing, and for this reason it belongs to the product-centred category. The second definition is focused on the effect on the individual, the reaction of the individual, and therefore belongs to the person-centred category.

The third, interaction-centred category is not specifically focused on the product, nor on the person, but on the relation between these: the interaction. Experiences within this category are described with terms like interaction, co-creation and participation (e.g. Poulsson & Kale, 2004; Millet & Millet, 2002; Shaw & Ivens, 2002; Shaw, 2005; Battarbee, 2004). The interaction, or the reciprocal relationship between the individual and the product, is what determines the experience within this approach. In fact, for the interaction-centred approach to experiences the product is merely the connective node in a network of the individual and his surroundings. The product is something around which people have experiences. Some have even conceptualized a product as "no more than an artifact around which customers have experiences" (Prahalad & Ramaswamy, 2000, p. 83). Forlizzi and Battarbee (2004) consider the interaction-centred view as the most valuable perspective for understanding experiences. By visualizing an experience as an act of co-creation, one is encouraged to consider the interaction of both the individual and the object the individual is experiencing in any discourse on experiences (Poulsson & Kale, 2004).

THE TRIPARTITE COMPOSITION OF THE CONCEPT OF EXPERIENCE

The distinction that Forlizzi and Battarbee (2004) have made between three approaches of experience which respectively focus more on the product, or what is experienced, the person, or the effects for the person having the experience, and the interaction, or the encounter between individuals and their environment, is not reserved for the description of experiences alone. Also in descriptions of concepts like

creativity (e.g. agent, process and product in Couger, 1990), the distinction between objectivism and subjectivism (e.g. subjects, being part of or separated from, changing and being changed by and the environment in Huizing, 2007) and learning (e.g. organism, interaction and environment in Bateson, 1972 and Neuman, 2006) the triad of an individual, something in an environment and the encounter between these two can be recognized. However, an exploration of the three components in definitions of experience can help in conceptualizing the concept of experience. This tripartite composition of the definition of experience, can for example be seen in the writings of John Dewey (1938), who states: "An experience is always what it is because of a transaction taking place between an individual and what, at the time, constitutes his environment" (p.43). Also various dictionaries, thesauri and encyclopaedias show three different components in the definition of experience. In the remaining part of this paragraph various definitions of experience are presented, grouped on the basis of whether the focus is on what is experienced, the effects that the individual experiences and the encounter between the individual and the environment.

FIRST COMPONENT OF EXPERIENCE: WHAT IS EXPERIENCED

As can be seen in the definitions in table 2.1, these all begin with stating 'what' it is that is experienced: events, activities, occurrences, things, and so on. However, in the definitions also certain conditions to these events, activities, occurrences, things, etc. have been defined. To be able to call them experiences, they should affect one in some way, cause someone to learn something and /or have been personally lived though. Not every event, activity, occurrence or thing in the individual's environment should be called an experience according to these sources, but only those that satisfy the conditions.

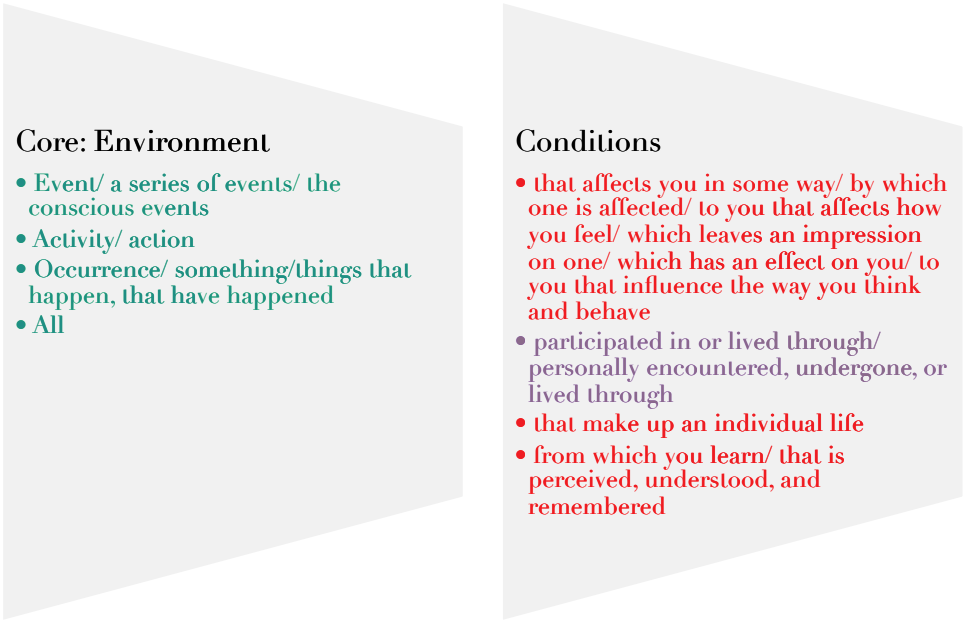
In the following figure (figure 2.3) I have distinguished the core of the definitions in table 2.1 from the conditions. I have colour-coded every part of the definitions, to clarify which parts of the definitions refer to 'what' is experienced (green), the effects the individual experiences (red) and the encounter between individuals and their environment (purple).

Definition
an event or activity that affects you in some way (OAL)
An event or a series of events participated in or lived through (AHD)
An event or action from which you learn (OD)
an event or occurrence which leaves an impression on one (OC)
an event by which one is affected (OED)
something that happens which has an effect on you (CD)
something personally encountered, undergone, or lived through (MW)
something that happens to you that affects how you feel (CALD)
the things that have happened to you that influence the way you think and behave (OAL)
the conscious events that make up an individual life (MW)
all that is perceived, understood, and remembered (D)

Table 2.1 – Definitions of experience that are focused on what is experienced[11]

The core of the definitions, on the left side of figure 2.3, consists of green entries, since 'what' in the individual's environment is experienced is the focus of the definitions named in table 2.1. All statements referring to effects (red) and encounters (purple) are placed on the right side, since these can be considered as conditions that the 'what'-components have to satisfy for them to be called experiences.

[11] AHD: The American Heritage Dictionary of the English Language; CALD: Cambridge Advanced Lerner's Dictionary; CD: Cambridge Dictionary of American English; D: Dictionary.com; MW: Merriam Webster; OAL: Oxford Advanced Learning; OC: Oxford Compact; OD: Oxford Dictionary; OED: Oxford English Dictionary



SECOND COMPONENT OF EXPERIENCE: THE EFFECTS THAT AN INDIVIDUAL EXPERIENCES

Not all definitions in the dictionaries, thesauri and encyclopaedias that were consulted are focused on 'what' is experienced. All the sources give multiple definitions of experience, and in table 2.2 the definitions focused on the effects the individual experiences are presented.

The definitions in table 2.2 can be analyzed based on their core, which is focused on the effects on the individual, and the conditions these effects have to satisfy according to the sources. In figure 2.4 the distinction between core and conditions for these definitions is presented. Again I have used the same colour-codes, with all the red text, representing the core of the definitions in table 2.2 that refer to the effects that the individual experiences, on the left-side of figure 2.4.

Definition
knowledge or skill which is obtained from doing, seeing or feeling things (CALD)
knowledge or practical wisdom gained from what one has observed, encountered, or undergone (D)
knowledge or skill acquired over time (OC)
Knowledge or skill gained over time (OD)
the knowledge and skill that you have gained through doing sth for a period of time; the process of gaining this (OAL)
The knowledge or skill so derived (AHD)
Knowledge resulting from actual observation or from what one has undergone (OED)
practical knowledge, skill, or practice derived from direct observation of or participation in events or in a particular activity (MW)
Personal knowledge derived from participation or observation (R)
the impression on a person or animal of events (CE)
the totality of the cognitions given by perception; all that is perceived, understood, and remembered (D)
The fact of being consciously affected by an event. Also an instance of this (OED)
the fact or state of having been affected by or gained knowledge through direct observation or participation (MW)

Table 2.2 – Definitions of experience that are focused on the effects for the individual[12]

[12] AHD: The American Heritage Dictionary of the English Language; CALD: Cambridge Advanced Lerner's Dictionary; CE: The Columbia Encyclopedia; D: Dictionary.com; MW: Merriam Webster; OAL: Oxford Advanced Learning; OC: Oxford Compact; OD: Oxford Dictionary; OED: Oxford English Dictionary; R: Roget's II

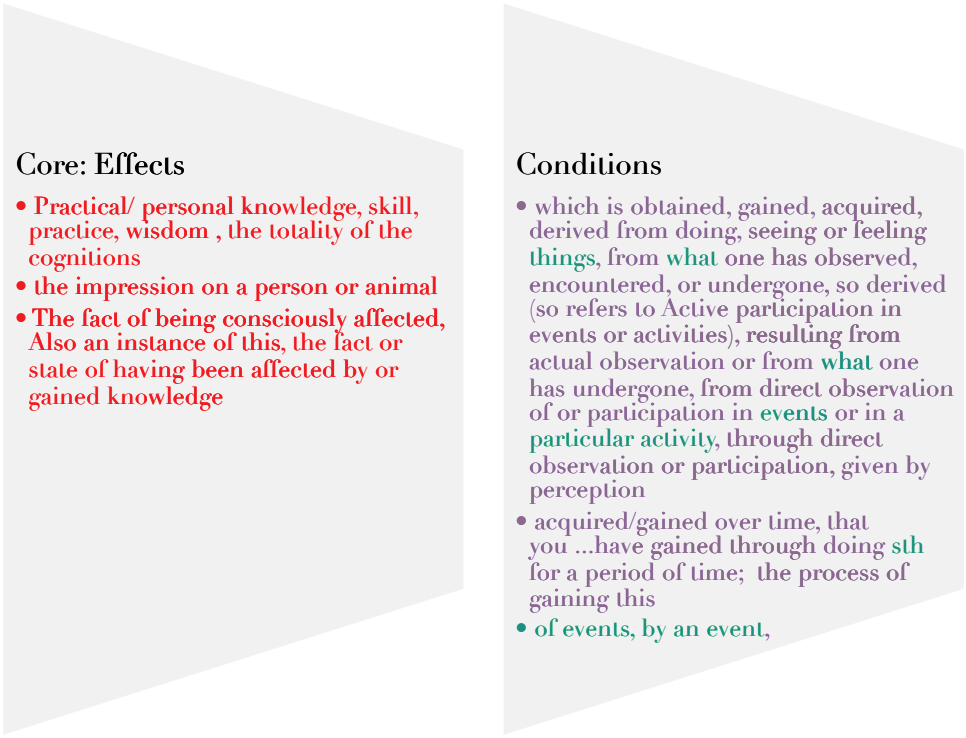


Figure 2.4 – Effect-centred definitions of experience, with distinction between core and conditions

THIRD COMPONENT OF EXPERIENCE: THE ENCOUNTER BETWEEN INDIVIDUAL AND ENVIRONMENT

Besides definitions that are focused on 'what' is experienced and definitions that are focused on the effects that individuals experience, there are also definitions that focus mainly on the process of an individual interacting with, or encountering the world around him. In table 2.3 these definitions are presented.

Again, parts of the definitions were colour-coded to separate the core, the part that is focused on the encounter between individual and environment, from the conditions. Figure 2.5 shows the core and conditions for the definitions in table 2.3.

Definition
(the process of getting) knowledge or skill that is obtained from doing, seeing, or feeling things (CD)
(the process of getting) knowledge or skill which is obtained from doing, seeing or feeling things (CALD)
a particular instance of personally encountering or undergoing something (D)
Active participation in events or activities, leading to the accumulation of knowledge or skill (AHD)
direct observation of or participation in events as a basis of knowledge (MW)
encounter or undergo (an event or occurrence) (OC)
living through events (CE)
practical contact with and observation of facts or events (OC)
Practical involvement in an activity, event, etc. (OD)
the act or process of directly perceiving events or reality (MW)
The actual observation of facts or events, considered as a source of knowledge (OED)
The apprehension of an object, thought, or emotion through the senses or mind (AHD)
the observing, encountering, or undergoing of things generally as they occur in the course of time (D)
the process or fact of personally observing, encountering, or undergoing something (D)
To be physically aware of through the senses (R)
To participate in or partake of personally (R)
Undergo or be involved in (OD)

Table 2.3 – Definitions of experience that are focused on the encounter between individual and environment[13]

THE THREE COMPONENTS OF EXPERIENCE: ENVIRONMENT, EFFECTS AND ENCOUNTER

As has been shown in figures 2.3 to 2.5, although definitions can be grouped together based on the focus they have on a certain approach of experience, they also contain elements of the other approaches that serve as conditions for what may be named an experience. To construct a sound and integrative theoretical foundation for the experience economy, all three aspects, the environment, the effects and the encounter

[13] AHD: The American Heritage Dictionary of the English Language; CALD: Cambridge Advanced Lerner's Dictionary; CD: Cambridge Dictionary of American English; CE: The Columbia Encyclopedia; D: Dictionary.com; MW: Merriam Webster; OC: Oxford Compact; OD: Oxford Dictionary; OED: Oxford English Dictionary; R: Roget's II

should therefore be taken into account. Figure 2.6 summarizes what has been presented in figures 2.3 to 2.5.

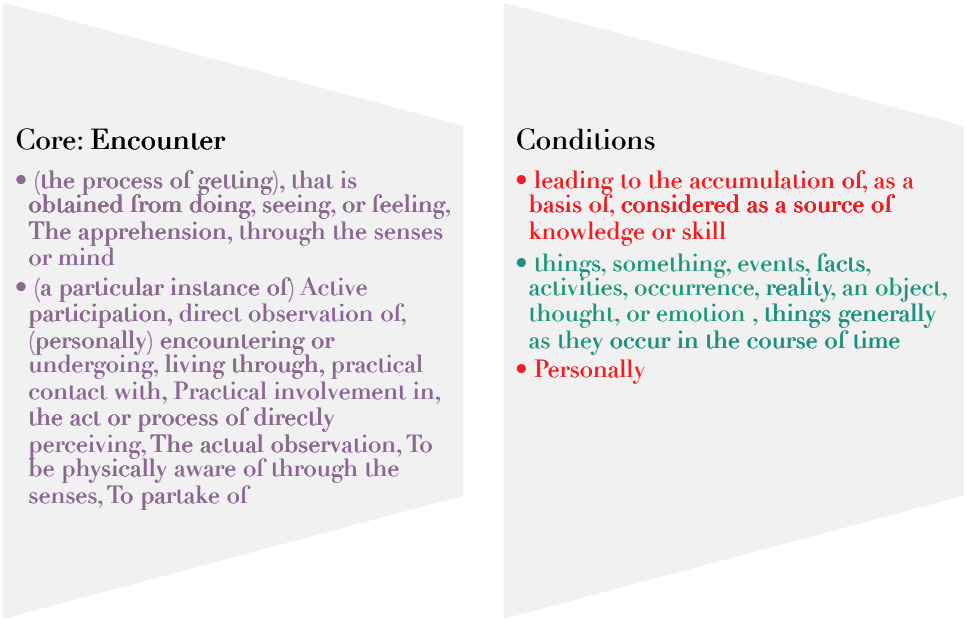


Figure 2.5 – Encounter-centred definitions of experience, with distinction between core and conditions

Before exploring how the three components of the concept of experience can be recognized in current business and marketing literature, it is good to take a step back to see how the different concepts that have been discussed so far are related with each other. Figure 2.7 shows the relations between the different concepts that have been discussed in this chapter.

Environment

- Event/ a series of events/ the conscious events
- Activity
- Action
- Occurrence
- Something/things that happen, that have happened
- All
- things, something, events, facts, activities, occurrence, reality, an object, thought, or emotion , things generally as they occur in the course of time

Encounter

- participated in or lived through/ personally encountered, undergone,
- obtained, gained, acquired, derived from doing, seeing or feeling, observed, encountered, given by perception, acquired/gained over time
- the process of gaining this, the apprehension, through the senses or mind
- (a particular instance of) Active participation, direct observation of, (personally) encountering or undergoing, living through, practical contact with, practical involvement in, the act or process of directly perceiving, The actual observation, To be physically aware of through the senses, To partake of

Effects

- that affects you in some way/ by which one is affected/ to you that affects how you feel/ which leaves an impression on one/ which has an effect on you/ to you that influence the way you think and behave
- that make up an individual life
- from which you learn/ that is perceived, understood, and remembered
- Practical/ personal knowledge, skill, practice, wisdom , the totality of the cognitions
- the impression on a person or animal
- The fact of being consciously affected, Also an instance of this, the fact or state of having been affected by or gained knowledge
- leading to the accumulation of, as a basis of, considered as a source of knowledge or skill
- Personally

Figure 2.6 – Three components of the definition of experience

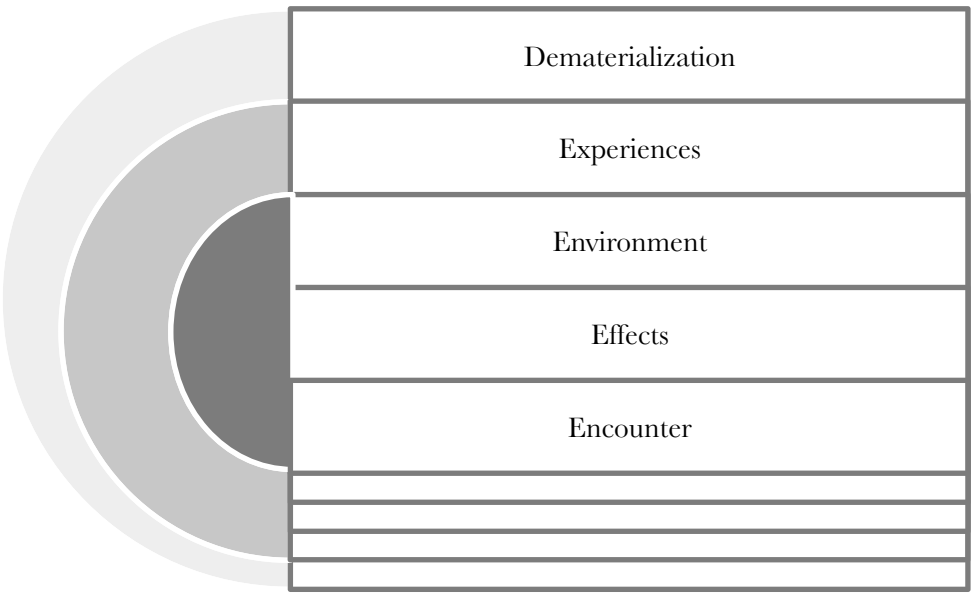


Figure 2.7 – Aspects of experiences in a broader context of dematerialization

Experiences are one of the expressions of the development in the economy I have called dematerialization, and there are three components to be distinguished within the definitions of experience, each representing a different approach of the concept, each with a different perspective on the phenomenon. The perspective that is taken in the environment-centred approach is on 'what' is experienced in the individual's environment. The effect-centred approach focuses on the effects that this individual experiences. Finally, the encounter-centred approach focuses on the encounter between individuals and their environment. In the next paragraph I will show how these three approaches can also be recognized in current business and marketing literature and how the way the concept of experience is dealt with within each approach in this literature causes a bias in the discourse on the experience economy.

2.4 Research problem: Experience economy as a means for decommoditization

When recent literature on experiences within the contexts of business and marketing is viewed in the light of the three different approaches described in paragraph 2.3, a bias in the discourse on experiences becomes apparent for each of the three approaches. As I indicated in paragraph 1.1, the reason that is usually given for the emergence of an experience economy, is that goods and services have been commoditized and that new ways for differentiating one's offerings have to be found to prevent competition based solely on price. Commoditization means that products become so widely available and mutually interchangeable that consumers cannot distinguish them from each other anymore and make their choices based on price. By finding ways to add value to the offerings, one can prevent this commoditization and maintain or even increase profit margins. Or at least, this seems to be the assumption in the experience economy discourse if one studies current literature in the fields of marketing and business. Whichever of the three approaches in literature one looks at: one can clearly recognize a bias towards an organizational perspective, in which the focus lies on what the organization can and should do to add value to the offerings and prevent commoditization. In this paragraph I will give an overview of how experience is interpreted in each of the three approaches in current literature on the experience economy, and indicate how commoditization has caused a bias towards the organizational perspective, which in its turn causes a gap in the existing knowledge on experience. I will present the gaps I notice in the way experiences are dealt with in current business and marketing literature and argue that incorporating the individual's perspective offsets the bias in each of the three approaches.

2.4.1 Bias and gaps in the environment-centred approach of the experience economy

As was explained in the former paragraph, the environment-centred approach is focused on 'what' (events, activities, objects etc.) is experienced. In the current experience economy discourse there is still much debate on whether experiences are enhanced products, enhanced services, distinct economic offerings or bundles of features, which causes confusion on what in fact is an experience. Another topic of

debate is whether experiences are produced by organizations or not. By neglecting the individual's perspective, experiences are dealt with as if they were physical products with objective features which can be managed by organizations and it will remain unclear what the organization is exactly offering as I will show.

EXPERIENCES AS ENHANCED PRODUCTS OR SERVICES OR AS DISTINCT ECONOMIC OFFERINGS

In business and marketing literature on experience, experiences are often seen and dealt with as if they are products. The focus then is on the features and internal processes within the organisation that can be managed in order to produce an experience. Literature is for example focused on connecting product features to experience, creating elaborate checklists with criteria describing the experience contexts, and practical ways in which experiences can be defined, distinguished, designed, evaluated and produced. Books that belong within this approach, for example contain self-assessment tests (e.g. Shaw, 2005) or tests and 'lessons learned'-sections at the end of each chapter (e.g. Ford & Heaton, 2000). Other books present a toolkit that readers can use to design an experience (e.g. Smith & Wheeler, 2002) and subdivide the experience into manageable stages (e.g. the Driving Improved Customer Experience model (Shaw & Ivens, 2002)), levels (e.g. the Customer Experience Pyramid™ (Shaw, 2005; Shaw & Ivens, 2002)), touch points (e.g. the Experience Touchpoint Charts and Pallettes (Millet & Millet, 2002)) or moments (e.g. Moment Mapping® (Shaw, 2005)).

In a way, organisations are doing what they have always done: they try to avoid commoditization and create new ways of differentiating themselves from competitors. The alleged commoditization of products and services is exactly the reason that is given in theories within this approach for paying attention to experiences. The staging of memorable experiences, using goods as props and services as a stage to engage customers, is what Pine and Gilmore (1999) see as the solution to the problem of commoditization. In fact their solution appears to be convincing to business since the richest fifth of the world's population now spends almost as much of its income accessing experiences as on buying manufactured goods and basic services (Rifkin,

2000). Pine and Gilmore (1999) see the staging of experiences as distinct economic offerings as a logical new economic phase in the progression of value, after the phases of commodities, products, and services.

According to Pine and Gilmore (1999), experiences are distinct economic offerings, distinct from services, as services are distinct from goods, and goods from commodities. However, not in all literature within the environment-centred approach this distinct nature of experiences is present. To use the categorization of O'Sullivan and Spangler (1998), there appear to be three kinds of organizations active in the experience industry: experience makers, experience enhancers, and experience infusers. Experience makers create experiences as entities in themselves. Here we find companies that create experiences as distinct offerings. Examples would be the amusement, leisure, and entertainment industry, plus certain segments of the hospitality industry. Experience enhancers use experiences to enhance the viability and attractiveness of their services. Enhancers are generally found in the more personalized segments of the service industry, for example hospitals, airlines, shopping malls, etc. An example of this idea is the Experience Engagement Process (LaSalle & Britton, 2003, pp. 47-69) in which the stages of the decision-making process a consumer has to go through are analyzed, and in each stage negative cues are removed and experiential elements are added, helping the consumer go through the stages more smoothly.

Experience infusers deal with experiences in yet another way. They infuse elements of experiences into their products to increase sales. They identify the experiences their clients find desirable and the psychic needs their clients have and then connect to these. Usually infusers incorporate these elements in the marketing mix. One way of doing this is by incorporating one or more of Schmitt's (1999) 'Strategic Experience Modules': Sense, Feel, Think, Act, and/or Relate (p. 64), respectively with the aim of appealing to the senses of the individual, to his mood and emotions, to his intellect, to his behaviour and lifestyle, or to his desire to belong to a certain group. Jensen (1999) on the other hand, speaks of connecting stories to the offerings. By connecting stories about adventure, love and friendship, care, self-identity, peace of mind, or beliefs or convictions to the offering, value is allegedly added to the offering.
The environment-centred approach thus consists of three very different types of experiences: experiences as distinct economic offerings, services enhanced by

experience and even products infused with experience, all considered to be parts of the experience economy. When the economy shifted from a goods or industrial economy to a service economy, it was also difficult to draw a straight line between pure goods and pure services because of all the offerings that were neither in a pure form. For this reason scholars have made a continuum of goods and services depending on their mix of tangible and intangible aspects (e.g. Rathmell, 1966; Shostack, 1977; 1987; Zeithaml, 1981), which is shown in figure 2.8. As this continuum indicates, "teaching services might be at one end of such a scale, *intangible or I-dominant*, while salt might represent the other extreme, *tangible or T-dominant*"(Shostack, 1977, p.75, italics in original).

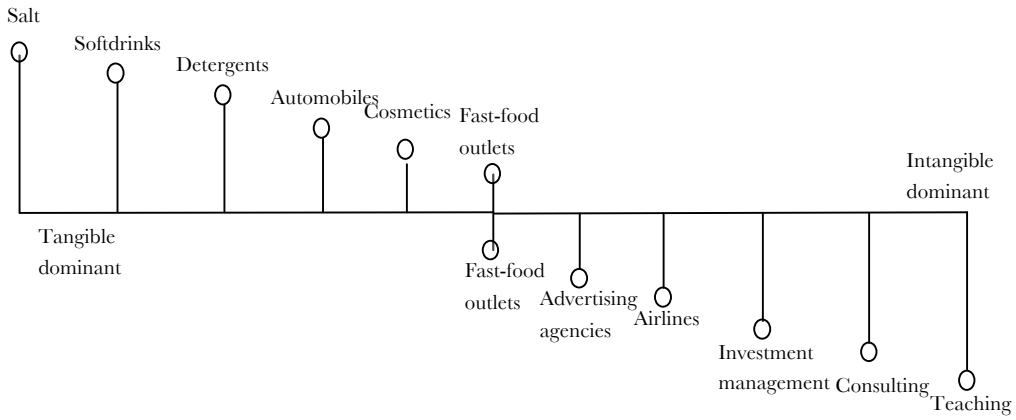


Figure 2.8 – Scale of market entities (Shostack, 1977, p. 77)

The scale of market entries, or the goods-services-continuum as it is also named, has been expanded to also apply in the experience economy. The location on the continuum shown in figure 2.9 is determined by the extent to which the benefits of goods take precedence over the benefits of services and the extent to which the elements of experience take precedence over the components of services.
However, it remains difficult to understand experiences when the term experience is used for products, services as well as distinct economic offerings. With many of the post-rationalized examples that are found in literature and considering the fact that many authors see products, services and experiences as lying on a continuum, one can

ask oneself if the alleged success of cases was indeed caused by the experiential elements or instead by exceptional functional features of products or service benefits.

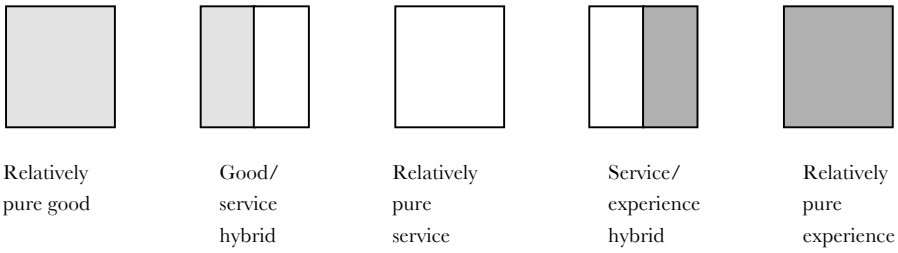


Figure 2.9 – Goods-Services-Experience Continuum (O'Sullivan & Spangler, 1998, p. 19)

EXPERIENCES AS BUNDLES OF FEATURES

According to many authors, every time a customer comes into contact with a product or a company, he has an experience; the only thing that has changed is that companies should now focus on managing the experience and all elements, or clues, that are part of it (Adcox & Wittenstein, 2003; Carbone, 1999; 2004; Shaw & Ivens, 2002; Shaw, 2005; O'Sullivan & Spangler, 1998; Schmitt, 1999; Millet & Millet, 2002; Jones, 1999). Improving the experience by managing experience clues can be done in two ways: by improving the breadth and by improving the depth of clues (Carbone, 2004). Experiential breadth refers to the boundaries of the system used for managing the experience. Are the clues in every phase of the experience managed or only in some phases or parts of the phases? Experiential depth, on the other hand, refers to the quantity, uniqueness and sensory diversity of clues. In this theory, the more phases that are managed and the more clues that are incorporated, the better the experience.

However, a problem with this way of dealing with experiences is that if exceptional experiences can be offered to people by exceptional management of experience clues

and features, then knowledge of these clues and how to manage them would give everyone the same advantage in the experience economy and destroy the differentiating function of experiences. Benchmarking, checklists and blindly copying elements from competitors in practice rarely help in becoming successful in the experience economy (Carbone, 2004). Indeed, success of economic offerings will also be dependent on what the customer finds important in the specific situation and context he finds himself in.

In some situations consumers are primarily interested in what they can gain from the physical characteristics or technical performance of a product, from the so-called objective features of the product that are under control of the organization. The relevant features of the product in this case are a big influence on the functional benefits for the consumer. Products that primarily provide this type of value are called utilitarian, since it is their use, their utility, that motivates individuals to buy and consume them. Examples are many use products, such as cooking oil, detergent and cartridges. These are all products that are instrumental to some goal outside of themselves, which is why we call the motivation for consuming these products 'extrinsic'. These products are functional, and this functionality is the core value of consuming them. Functionality is mainly dependent on the objective features of the product and the subjective response of the individual usually has little or no influence. "If we are upset about something or especially nervous or unusually happy, our feeling has no impact on the way the flashlight works" (Addis & Holbrook, 2001, p. 59). Extrinsically motivated experiences that mainly have utilitarian value are often called errands or work (Batra & Ahtola, 1991; Holbrook & Hirschman, 1982). They are 'productive experiences' that have a practical goal (Shedroff, 1994) and the consumer is often just glad when the transaction is over and done with (Babin, Darden & Griffin, 1994).

However, this view that the value or quality of an experience is dependent on the objective features that are under the control of the organization is not shared by everyone. Many claim that quality is not what the organisation puts in, but what the customer gets out; quality or value are not objective features of an object but depend on the perception of an individual (Heskett, Sasser & Schlesinger, 1997; Zeithaml, Parasuraman & Berry, 1990). The inward focus of the environment-centred approach

in marketing and business literature on the role of the organization in producing experiences as economic offerings with the 'right' objective features is not sufficient for understanding the experience economy, because it causes the organization to neglect the various possible conceptualizations of experience.

THE PRODUCTION OF EXPERIENCES

Much attention is given to the fact that goods and services have been commoditized and that it is time to find new differentiators to create value. Focusing on aspects as reliability and functional quality is not enough anymore, these are taken for granted nowadays, and organizations should make, infuse or enhance experiences. Still, many organizations are focused on the supply-side of the experience and on the internal production processes. They want experiences to be measurable and repeatable so they invent elaborate systems for managing the stages of the exchange as they see them (e.g. Shaw, 2005; Ford & Heaton, 2000; Smith & Wheeler, 2002; Shaw & Ivens, 2002; Millet & Millet, 2002). However, if the quality or value of an experience is 'in the eye of the beholder', is determined and judged by individuals, knowledge on the supply of experiences and on the internal production-procedures for producing an experience is clearly not enough for understanding experiences. By trying to manage and standardize all aspects in the process, for example by describing specific clues and themes that organizations should use in the experience, organizations are standardizing their offerings, which leads to commoditization. This development has led to more and bigger experience environments and the phenomenon of spaces that are "over retailed" (Adcox & Wittenstein, 2003, p. 89), which means that there now is more space per capita than ever dedicated to retail, movie theatres and amusement centers. Retail has become a stage or 'Brand Theater' (Beck, 2003) and a 'pleasure periphery' has emerged, which refers to areas just outside cities where huge multifunctional leisure centers have been built to 'give' people experiences (Metz, 2002). Another term for these centers that combine retail, cinema, restaurants, and attraction projects is 'Location Based Entertainment' (Beck, 2003), in which the focus on the environmental aspect of the experience is clear. With all the passive entertainment elements and architecturally-based décor that is integrated into the environment to attract and entice individuals, everything is starting to look the same

(Bills, 2003; Lengkeek, 2000), which has caused some people to plead for 'experience-diversity' (De Vries, 1999).

Another problem is that organisations that script and stage complete productions for their customers and that try to maximally stimulate the senses of their customers, run the risk of eventually boring their customers. Overwhelming sensory experiences may excite curiosity but not loyalty (Ransom, 1998) and they are associated with superficiality (Norton, 2003). Experience is not about presenting something, however exciting as it may be, in the environment of the individual, but it is about real engagement of the individual (O'Sullivan & Spangler, 1998) and about connecting to the individual's value system and worldview (Nijs & Peters, 2002). In fact, in 2003 Van der Loo and Rohde have done research into the attitude of young people towards the experience economy. Only 17% claimed to have a positive attitude towards experiences, 13% stated that they thought experiences contributed to a meaningful life. A majority (51%) indicated that their attitude towards experiences had become more negative compared to one year earlier. The research was focused on 'first generation experiences', experiences that are related mostly to entertainment and escapism. When panel members were asked for positive associations they had with first generation experiences they named terms like Attractive (e.g. young, fresh, dynamic), Active (e.g. adventurous, will to fight), Interesting (e.g. exciting, playful), Kicks and Fun. Negative associations were: Incredible (e.g. manipulative, exploitative, hypocritical), American (e.g. artificial, commercial, superficial), Commercial (e.g. expensive, not your money's worth), Uniform (e.g. boring, restrictive, all the same), Aggressive (e.g. pushy, loud, bluff), and technical (e.g. cold, uninterested, insensitive) (Van der Loo & Rohde, 2003, pp. 32-33). These associations, the positive as well as the negative, do not indicate a connection to the individual and his or her values and worldviews. When the respondents were asked for what characteristics their ideal experiences would have, they indicated that they did desire this connection. They preferred small-scaled, intimate and personal experiences. However, to be able to connect to the individuals' values and worldviews and offer these intimate and personal experiences, it is necessary to understand how individuals experience the world (Ford & Heaton, 2000; Sheth, Newman & Gross, 1991).

From an organizational to an individual's perspective on experience

What happens when the organizational perspective is replaced by the individual's perspective is that knowledge that was first neglected comes into view (Addis & Holbrook, 2001; Falk & Campbell, 1997; Hirschman & Holbrook, 1982). For example, from the viewpoint of an organization, products can be seen as fixed bundles of functional features, but from the individual's perspective a product may have a narrative (Forlizzi, 1997), symbolic (Levy, 1959; Addis & Holbrook, 2001; Hirschman & Holbrook, 1982; Solomon, 1988; McCracken, 1988a; Belk, 1988; Dittmar, 1992) and dynamic (Battarbee, 2004; Rhea, 1992) nature. Also, the distinction between products, services and experiences is a distinction that may be useful from an organization's perspective, but it is doubtful that individuals care much about it as long as they receive what they want. This change of perspective also has implications for the roles that organizations and individuals play in the experience economy.

Focusing on the context of consumption, the individual's role traditionally consisted of two phases: the transaction, and the use of products transacted for. This second role has often been neglected but is attracting much attention nowadays (Cain, 1998; Margolin, 1997) in an attempt to arrive at a clear understanding of the 'whole system' (Boyd & Levy, 1963). Authors speak of 'inging the thing' to divert attention away from the object and toward the use-phase (Pine & Gilmore, 1999, p. 15), and the need for creating 'holistic' experiences in which companies don't sell soap, cars and lipsticks, but cleanliness, transportation, and beauty (Kotler & Levy, 1969; Schmitt, 2003; Goossens, 2000). More attention is required for the rituals surrounding the use of products (Hudspith, 1997; Hummels, 1999), and the meaning these products have for individuals (Gengler & Reynolds, 1995; Holbrook & Schindler, 2003). The growing recognition of the importance of the meaning of products and use of the product beyond the point of purchase causes a greater need for knowledge about the individual's perspective on experience and the value experiences may have for individuals. With this shift of attention from the organization's perspective to the individual's perspective, comes also more attention for the influence that individuals have on the experience. The techniques used for gaining an understanding of the individual's perspective are also radically different from the ones that are used in traditional inward focused organizations (Carbone, 1999; 2004; Zaltman, 1997;

Zaltman & Higie, 1993; Adcox & Wittenstein, 2003; Levy, 1981), which lead to self-referential results (Fornell, 1976; Baudrillard, 1983). "Customers don't break their experiences down into twenty-seven different operational-based processes, analyze the execution of each process, and tabulate and average the results to determine whether they've had a great customer experience," (Millet & Millet, 2002, pp. 42-43). Customers don't care about the fact that "we can build multiattribute models that predict preference toward toothpaste; we can generate complex multidimensional spaces that represent perceptions of cigarettes; we can construct devilishly clever procedures that trace the acquisition of information on cereal brands; we can — with our bare hands — construct mighty regression analyses that relate detergent usage to 300 separate life-style variables. In short — when it comes to factors of least importance to the consumer's emotional, cultural, and spiritual existence — we excel" (Holbrook, 1980, in (Christensen & Cheney, 2000). Research, to provide meaningful results, should make use of techniques found in for example ethnography (Adcox & Wittenstein, 2003; Berthon, Holbrook & Hulbert, 2003) and most importantly, it should view the experience as a whole, as a Gestalt, not as a series of distinct components (Chartrand, 1987; Holbrook, 1986).

Some authors speak of a customer revolution (Seybold, 1998) or even a Copernican revolution that is happening (Zuboff & Maxmin, 2002), changing the approach to business as a whole (Yastrow, 2003). Organizations, from the individual's perspective, are not the centre of the universe. The individual is the centre of his or her own universe, and organizations are part of his or her environment, part of society. Not only does this mean that organizations should reconcile their self-enhancing values with other values (Kotler & Levy, 1971; Schumacher, 1973; Norton, 2003), but it also means that organizations should disembed from their own viewpoint to see what the individual sees. Individuals, for example, "intuitively look at a function being performed, such as checking in at an airport, and ask themselves why their supermarket will open another checkout if there are more than three people queuing, but the airline doesn't: a reasonable question. This means you have to look across industries" (Shaw & Ivens, 2002, pp. 31-32).

Of course, knowledge about the viewpoint of the individual may be used in different ways. Millet and Millet (2002) speak of customer-focused and customer-manipulative

organizations in this respect. A customer-focused organization uses the knowledge to provide customers with the offerings and experiences they need and want. Customer-manipulative organizations on the other hand use the knowledge to convince customers to buy whatever the organization wants to sell. Of course this distinction between orientations does not have to do per se with companies and customers, but it can just as easily be applied to teachers and students, politicians and citizens, or in whichever situation one party tries to manage, control, and influence what the other party does. The problem with the manipulative orientation is that it is completely inward focused and the connection with the outside world is lost.

THE BIAS IN THE ENVIRONMENT-CENTRED APPROACH OF EXPERIENCE

According to literature in the environment-centred approach organizations in an experience-economy should be focused on producing experiences as economic offerings with the 'right' objective features and experiences are seen and dealt with as products by focusing inward on production processes. Within this perspective, the focus remains on the organisation. The organisation offers the experience, it manages all elements of the experience and it is the organisation that creates value. When one focuses exclusively on the elements that are under control of the organisation, a large part of what makes an experience valuable is not recognized. Experiences are not under complete control of the organization and therefore one should doubt the usefulness of how-to guides for producing, staging and building experiences with the goal of combating commoditization. Furthermore there is more and more critique on the commodification that goes along with certain parts of the experience economy as I have shown in this paragraph. To be able to deal with this critique and to be able to really face commoditizing forces in the economy, the perspective of the individual will have to be accounted for in the experience economy discourse. The experience economy discourse should be broadened by not just focusing on the organizational perspective on what experience is, but by incorporating other conceptualizations of experience from an individual's perspective.

2.4.2 Bias and gaps in the effect-centred approach of the experience economy

As was shown in paragraph 2.3, the effect-centred approach focuses primarily on the effects the individual experiences and the role of organizations in managing and producing predetermined hedonic effects. In this paragraph I will explore what kinds of effects the current literature on experiences is focused on and what role organizations play in the experience economy according to this literature. The assumption that the experience economy is an answer in preventing the commoditization of economic offerings, has caused a bias towards the organizational perspective of managing hedonic effects and a neglect of the influence that the individual has on the effects he or she experiences (for example in terms of the intensity of the effects, the type of emotions he experiences and the meaning he attaches to what happens to him). Incorporating the individual's perspective will offset the bias towards the organizational perspective and will make clear that there are other types of effects individuals can experience besides hedonic effects.

In search of new differentiators

As I explained in paragraph 1.1, the commoditization of goods and services is presented as the cause of the rise of the experience economy. The perception of value is therefore seen to consist of more than a trade-off between quality and price nowadays. Satisfiers, aspects of products or services that, when present, should cause satisfaction, have become dissatisfiers, aspects that are expected and taken for granted and can only cause dissatisfaction when absent (e.g. Green & Jordan, 2002). According to many authors there is a lack of attention for the emotional and irrational aspects involved in experiences and an excessive focus on functional and utilitarian aspects (Schmitt, 1999; Snowden, 1999; Mathwick, Malhotra & Rigdon, 2001; Sheth, Newman & Gross, 1991). Quality, reliability, pricing, brand, or for that matter any of the traditional differentiators "have become unspoken requirements, tickets to entry" (Shaw & Ivens, 2002, p. viii). When viewing value from a traditional inward perspective, it is usually interpreted narrowly as a tradeoff between traditional differentiators like quality and price (Dodds & Monroe, 1985). But while most authors agree that value involves trading off benefits against sacrifices, they consider the

benefits to consist of more than quality (Flint, Woodruff & Gardial, 2002; Bolton & Drew, 1991; Sweeney & Soutar, 2001).

Many models have been developed to show the different kinds of benefits individuals can receive besides the functional quality. Examples of these types of 'extra benefits' are Sheth, Newman and Gross's (1991) social, emotional, epistemic and conditional value, Schmitt's (1999) values of Sense (entertainment), Feel (self-actualization), Think (learning), Relate (social relationships) and Act (participation), and Campbell Jr.'s (2002) symbolic and experiential benefits. These 'extra' benefits are often presented as the connection between the attributes of objects and the values of individuals. According to procedures like the Means-End theory, laddering technique and Meaning Structure Analysis (Gengler & Reynolds, 1995; Goossens, 2000; Reynolds & Gutman, 1988; Woodruff, 1997; Clemons & Woodruff, 1992) individuals translate attributes into benefits. The features of objects are thus interpreted by individuals as symbols of the associated benefits or consequences. Based on the goals and values of the individual, he or she attaches importance to these benefits. Using these procedures one can gain an understanding of why an individual attaches a certain meaning to certain objects and how he or she arrives at certain choices. The basic structure of attributes, benefits and values can be made more specific by distinguishing between concrete and abstract attributes, functional and psychosocial consequences and instrumental and terminal values, to gain an even deeper understanding of the relationships between these construals (Bagozzi & Dabholkar, 2000; Bagozzi & Dholakia, 1999).

A FOCUS ON HEDONIC EFFECTS

In search of new differentiators many assumptions have been made about what individuals value and what their desires are. A review of literature on this subject provides a myriad of potential, mostly hedonic, differentiators. Individuals allegedly want to be surprised, mesmerized, seduced, enhanced, enriched, pampered, entertained, inspired, scared, touched, amused, shocked, stimulated, dazzled, enthralled (Dagevos, 2001; Jensen, 1999; Wolf, 1999; Mommaas, 2000; Schulze, 2000; Cauter, 1995; Scheerder, 2000; Goossens, 2000; Poulsson & Kale, 2004; Postman, 2005) and this list is not exhaustive.

The effects that individuals are claimed to search for in the experience economy do not merely consist of good results and a qualitative process anymore, but also of effects like fun, surprise, seduction etc. De Cauter (1995) sums up the growing concern with hedonic effects by stating that the late modern society we live in is characterized by 'experience hunger'. Even in churches people are claimed to be looking for kicks, events and entertainment, and reading the bible should be fun and personally engaging (Oevermans, 1999). Agritainment, edutainment and entertailing are some of the other terms that show that entertainment is pervasive nowadays. Everything seems to revolve around entertainment:

"For all practical purposes, the U.S. today is a 24- hour, TV entertainment society. Everything in contemporary America is an entertainment, from sporting event to big business, politics, certainly religion, and even academia. If it isn't fun, cute, or packaged in a ten-second sound bite, then forget it. If it can't be presented with a smiling, cheerful, sexy face, then it ain't worth attending to" (Mitroff & Bennis, 1989, p. 7).

"The creative and technical prowess of entertainment has escaped the theme park and now services an international marketplace hungry for experiences, not things... The entertainment agenda has exploded in the last decade, influencing the character of commercial, leisure, cultural, and educational design projects. Entertainment attractions have leapt out of their traditional locations to become the new anchors for retail centers, or stand alone urban development magnets. Museums and Science Centers now seek entertainment technologies to tell their stories" (Beck G. , 2003, pp. 2-4).

With everything becoming entertainment the question is whether pleasurable emotions and moods are even the effects organisations should strive for. With the growing critique on the superficiality of spectacular staged experiences (e.g. Van der Loo & Rohde, 2003), one could better aim for other kinds of effects. According to Norton (2003) the largest unmet need consists of meaningful experiences in which one can participate. Wolfe and Snyder (2003) speak of 'being experiences' that facilitate personal growth and development. If one looks at the objects that people are most attached to, one sees that these are indeed the objects that are imbued with personal

meaning and that have become symbolic of meaningful experiences and personal concerns of the individual (Csikszentmihalyi & Rochberg-Halton, 1981; Holbrook & Schindler, 2003).

However, organizations go out of their way to invent even more, even bigger and even more impressive spectacles, turning feelings into commodities (Debord, 1994). The problem is that the connection with the individual is often missing. Only the kick, the immediate stimulus, the rush of the moment, is of importance (Scheerder, 2000). Also, with so many choices between possible kicks and rushes and a fixed amount of time at one's disposal, efficiency and effectiveness become important criteria for experiencing, and the experiential return-on-investment should be guaranteed upfront to individuals (Mommaas, 2000). However, evoking all those feelings and emotions in individuals through staged experiences is not as simple a process as is often argued. There is a human being involved and emotions and other effects are the result of a complex psychological process, in which the individual him- or herself plays a big role.

The individual's influence on hedonic effects

In hedonic consumption experiences, the relative weight of the individual's subjective response is greater than that of the objective features of the product. While "If we are upset about something or especially nervous or unusually happy, our feeling has no impact on the way the flashlight works" (Addis & Holbrook, 2001, p. 59), our feelings do have an impact on our hedonic consumption experiences when consuming for example products like ice cream or dinners in one's favourite restaurant. These products and the value they elicit are called hedonic since the motivation for consuming them has to do with the, hopefully pleasurable, feelings the experience provides. Figure 2.10 shows the relation between products in which the objective features are dominant in determining the value and products in which the subjective responses are more dominant.
Gamelike (Deighton & Grayson, 1995) or 'creative experiences' that allow individuals to create, make, entertain, or do something themselves (Shedroff, 1994) .
The emotions, expectations and motivations with which individuals enter the experience, have a great influence on their experience. Understanding the nature of

the individual's motivation is important for many reasons. Fun, in opposition to work, is intrinsically motivated (Hassenzahl, 2004). In fun the process itself, the activity, is important and the goals are subservient to the activity. They serve only to frame the action. Conditions that are exciting and challenging in a fun situation will cause stress when one is working and in the same way conditions that are beneficial in a work situation may spoil the fun in a fun situation according to Hassenzahl (2004). Holbrook and Gardner (1998) noted comparable effects. Their research on the duration of consumption experiences has shown that pleasure only contributes positively under intrinsically as opposed to extrinsically motivated orientations. When the individual is extrinsically motivated he wants to achieve his goal in the most effective and efficient way possible, whereas an intrinsically motivated individual is enjoying the process and would like it to last. To understand what an organization should and should not do one therefore should have a clear idea of the nature of the individual's motivation. The difference between extrinsic and intrinsic motivated orientation can even account for seemingly strange behaviour in which an individual subjects himself to a very negative experience. Usually one wants to 'collect' positive experiences (nice dinners, listening to the music one likes, enjoying a movie) and avoid, or at least not repeat, the negative ones (travel delays, unpleasant interaction with personnel). But sometimes, when there is a strong enough extrinsic motivation, one deliberately searches out negative experiences. One could think of aversion training (negative experience) to overcome a phobia or addiction (strong extrinsic motivation).

The intensity of effects

Just like there are some motivations that are stronger than others (compare buying a pencil to write something down, with the abovementioned aversion training to overcome an addiction) there are also more and less intense effects that an experience can have. Many smaller emotional responses build up to yield larger experiences over time. As time passes by the smallest experiences are forgotten or become sub-conscious. One typically only remembers the larger experiences, the extremely emotional experiences and experiences that connect to other experiences (Forlizzi & Battarbee, 2004). These experiences can be said to be highly involving; they become

'events' in people's lives, and may provide grounds for talk and even critical reflection (Christensen & Cheney, 2000).

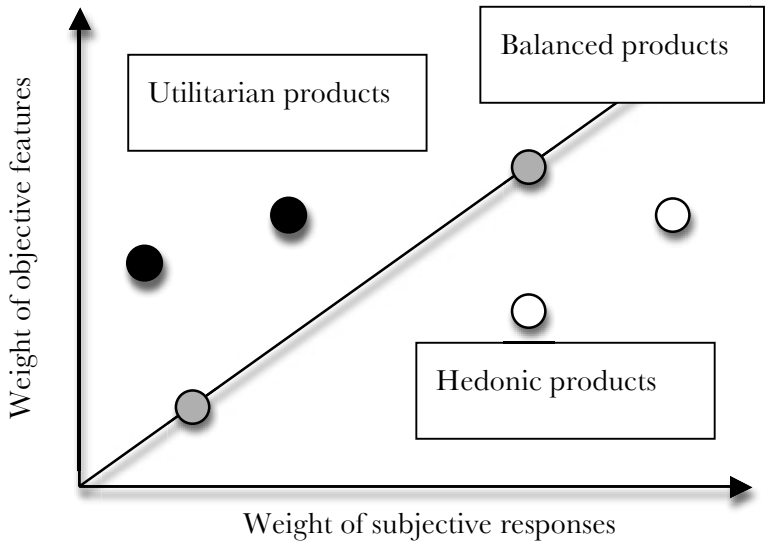


Figure 2.10 – The weight of objective features versus subjective responses in consumption experiences (Addis and Holbrook, 2001, p. 58)

Also Van Gool and Van Wijngaarden (2005) distinguish levels in the effects a person can derive from experiences, ranging from basic to transforming. The impact of a basic experience is low, it is not strong enough to change the person or have him remember the experience for a long time. They mention some possible reasons for the lack of impact: prior expectations may not have been satisfied, the engagement or involvement of the individual in the activity may have been insufficient, or the experience was not sufficiently connected to the relevant personal values of the individual.

Memorable experiences are on a higher impact-level. They are more intense than the basic experience, and are remembered for a longer time partly because personal engagement is higher, the experience is sufficiently challenging or the experience connects to the personal value system according to Van Gool and Van Wijngaarden (2005). Although the impact of a memorable experience is greater than that of a basic

experience, it does not have to lead to permanent change. Permanent change in the individual is what characterizes 'transformations'. The life-shaping effect of these experiences seems to go beyond the level of memorability that is often stated as the goal of experiences (e.g. Pine & Gilmore, 1999; Nijs & Peters, 2002). According to Van Gool and Van Wijngaarden (2005) transformation is the highest level of experience, a claim that also Pine and Gilmore (1999) make. The transformative experience causes a permanent personal change or enrichment in which emotions are very important. The individual is highly involved personally, and he feels connected to the experience.

The fact that the transformative experience is said to be the 'highest' level experience definitely does not mean however that permanent change of the individual should be the effect that providers should always strive for. In most cases experiences that have a higher impact involve high levels of engagement and involvement by the individual, and great expenditures of what Hirschman and Holbrook call "imaginal-emotional energy" (1982, p. 97). Not everyone is always willing to get completely involved in an experience with the resulting maximum investment of energy so there are cases in which a life-changing cathartic experience is not the optimal solution. Again this will depend on the person and the context. Not every person in every context is prepared to have the same emotions and also the type of emotions that individuals feel are personally determined.

How emotions come about

Although emotion is considered to be one of the most central aspects of human experience (Ackerman, 1990; Davidson & Cacioppo, 1992; Battarbee, 2004), there is not yet a definition, theory, or approach of emotions that has been universally accepted. There are theories on the historical origination of emotions, on the social and cultural function and origination of emotions and on the emotion process, how the perception of a stimulus leads to emotion. For the purposes of this research the latter theories are most relevant, since they deal with the way in which stimuli in the environment of the individual or internal stimuli like thoughts or memories are supposed to lead to effects. Theories that deal with the emotion process generally can

be divided into two groups, cognitive and non-cognitive theories. The main difference between these two theoretical stances is whether they consider the cognitive processes needed for the judgment and evaluation of stimuli as part of the emotion process, as the cognitive theories do, or not, as the non-cognitive theories do. The fact is that non-cognitive theories see emotions as separate from rational and cognitive functions of the mind and deny that cognitive functions like judgment and evaluation are necessary for emotions (Johnson, 2009). However, some observations lead the cognitive theorists to conclude that the way an individual judges and evaluates stimuli is a determining factor in what kind of emotions he or she will experience. For example, different individuals may experience different emotions when confronted with the exact same stimuli. Two friends can go to a concert together and one may enjoy himself while the other does not.

Also, an individual may experience different emotions when confronted with the same stimulus at different times. For example, it is common that when an adult watches the favourite TV show of when he or she was a child, the emotions that watching this TV show will evoke may be very different. One can also simply think of the first ride in a new rollercoaster and the tenth time, these experiences will evoke different emotions, while the individual is confronted with the same stimuli. There also exist many seemingly unrelated stimuli that may result in the same emotion. One can feel happy about just about anything, one's birthday, good news at the doctor's, losing one's job, finally understanding how a piece of software works, etc., all depending on how one evaluates the event. Based on these observations one has to conclude that how the individual judges and evaluates the stimulus is a determining factor in what kind of emotions will be experienced. Based on the individual's knowledge, past experience, context and worldview for example, he will become angry when someone insults him, or he will not. In the end, it is the judgment and evaluation of the situation that will determine the emotions that the individual experiences. Based on these judgments, emotions regulate behaviour in the sense that they attract the individual towards beneficial stimuli and direct him away from detrimental stimuli (Desmet, 1999). What happens is that a stimulus elicits an emotion when the individual appraises it as important for some personal concern. Figure 2.11 shows this emotion process.

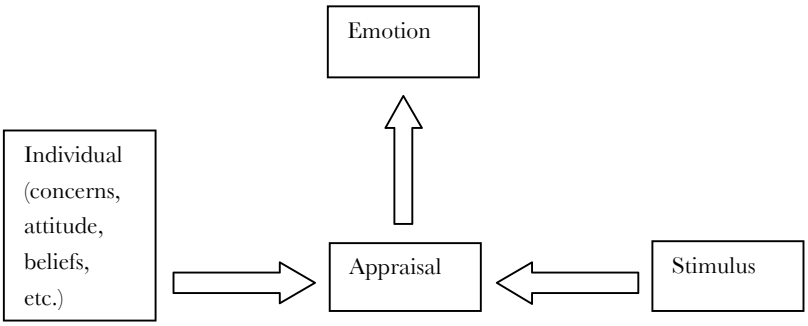


Figure 2.11 – The emotion process (based on Desmet and Hekkert model of product emotions (Desmet et. al., 2001))

A concern is "a more or less enduring disposition to prefer particular states of the world. A concern is what gives a particular event its emotional meaning" (Frijda, 1988a, p. 351). The difference between positive and negative emotions can then be explained in terms of a difference between appraisals that correspond or conflict with the concern, that favour or harm the concern. Frijda (1988a) argues that we will try to approach the stimuli that give rise to positive emotions and likewise we will try to avoid stimuli that collide with our concerns and thus evoke negative emotions. An intriguing characteristic of aesthetic products is that individuals may also choose to consume them even with foreknowledge that they will evoke negative emotions, as for example in the case of sad movies (Suomi and Harlow, 1976). The search for negative emotions is especially clear in the growing interest in touristic experiences associated with death, atrocity and disaster, described under the names of "dark tourism" (e.g. Lennon & Foley, 2000), "thanatourism" (Dann & Seaton, 2001), where thana refers to Thanatos, the Greek mythological figure that represented death, "holidays in hell" (O'Rourke, 1988) and "milking the macabre" (Dann, 1998).

Since concerns are personal, also the appraisals based on the concerns will be personal, as will be the resulting emotions. It is thus not merely a matter of designing a 'one size fits all'- stimulus that will magically evoke the same intended emotion for everyone. Mood management, or the use of stimuli to influence or evoke specific moods, suffers from the same problem. Research shows that there are many variables

one has no control over that play a strong moderating role in the influence of stimuli on moods (e.g. Swinyard, 1993). At the same time research has for long failed to address the complexity of the process in which individuals create meaning (Bengtsson, 2002). This clearly shows in texts in which authors recommend using stories, themes, and theatre to entertain and engage customers in the experience (e.g. Pine & Gilmore, 1999; Schmitt, Rogers & Vrotsos, 2004; Jensen, 1999). Oftentimes these subjects are discussed in terms of scripting, staging, plots, climaxes, dramatic structures, narrative lines, props and actors, without taking into account the fact that experiences are recursive; that the audience, to stick with the theatrical metaphor, actively interprets the event or story and attaches meaning to it. In reality experiences are not passively received or absorbed resulting in predetermined hedonic effects (Battarbee, 2004).

How individuals give meaning to experiences

The way in which individuals interpret experiences does not consist of one activity. To explain this, Wright et al have described this process as the compositional thread of an experience, consisting of different activities (2004). The first is anticipation. An individual will not enter the experience unprejudiced. There are expectations, possibilities, needs, motivations and ways of making sense that are brought into the experience. Connecting is a second activity used for sense making. Individuals will connect every sensation they come into contact with to prior expectations, experience and knowledge and generate some response. The interpretation of the experience, the third activity, consists of placing the experience in a greater context to make sense of it, to find structure, by connecting it to prior experience and knowledge. Within the activities of anticipation, connection and interpretation the individual brings his whole life with him. In fact, the meaning the object experienced has for the individual can be influenced by many factors as diverse as for example their own prior experience, cultural meanings, meanings attached to the category the object belongs to, mass media, tradition and history, contemporary events, politics, stories of other people, fashion and trends and so on. With all these factors to be taken into account, it would be highly improbable that the construals of the individual would match those of the designer of an experience (Desmet, 1999; Huizing, 2007).

Three other activities of sense making, reflecting, appropriating and recounting, go beyond the immediate experience to consider it in the context of other experiences. These three activities are highly interrelated. For example, reflection can cause the appropriation of different elements of experiences, resulting in different accounts of the experience. Recounting the experience can also cause a change in reflection. The main point according to Forlizzi (1997) is that individuals shape their life experiences to form a narrative. In an experience narratives are juxtaposed, creating a tension where values are maintained, tested, or transformed. In this sense the object that has been staged by the organisation is a display of 'raw materials' for a user to consider and interpret. The interaction with the raw materials may lead to new realizations, insights and change and form a new narrative that meshes with the series of extended experiences that shape one's life story (Forlizzi, 1997; Forlizzi & Ford, 2000; Stern, 1995; Stern, Thompson & Arnould, 1998).

Not always does the activity of individuals in experiences lead to life changing realizations. The appropriation of new skills and knowledge has for example been described as the effect of engagement (Laurel, 1993), optimal, or Flow, experiences (Csikszentmihalyi, 1990), and enjoyment (Brandtzæg, Følstad & Heim, 2004). In appropriating an experience it becomes part of the individual. The degree to which an experience changes the individual depends on the extent to which the individual identifies with the experience. It may thus be that the skills and knowledge learned in the experience are so defining for the sense of self of the individual that to him the experience is life-changing.

The bias in the effect-centred approach of experience

With all the factors mentioned above that come into play in experiences and that cannot be controlled or managed by the organisation (e.g. the weight of the subjective response, the individual's concerns, the way in which the individual gives meaning to what happens), it should by now be clear that speaking of managing the effects of an experience or giving people certain emotions or feelings is a too simplistic way of explaining what is actually a quite complex process.

The effect-centred approach is focused primarily on the role of organizations in managing and producing predetermined hedonic effects, hereby neglecting the role of the individual and the existence of other effects. What is needed is insight into what kinds of effects can result from experiences in general, which means that a broader view will be taken than the sole view on hedonic effects. By incorporating the individual's perspective in the effect-centred approach of the experience economy discourse, the bias towards the organizational perspective can be offset.

2.4.3 Bias and gaps in the encounter-centred approach of the experience economy

As was explained in paragraph 2.3, the encounter-centred approach is focused on the encounter of individuals and their environment. There are various ways in which authors have tried to explore the nature of the encounter between an individual and the environment around him or her. The descriptions of experiences that are given in the encounter-centred literature can be grouped based on 1) whether the individual is given an active or passive role in the encounter, 2) whether in the encounter the individual is changed by the environment or the environment is changed by the individual, 3) whether the individual enters the environment or the environment enters the individual, 4) the amount of interaction between individuals and organizations in the encounter, and 5) the values that the organization wants the individuals to invest in the encounter.

The first three topics in the encounter-centred approach are seen from a dominantly organizational perspective as I will show. It is the organization that allegedly determines whether the individual should be active or passive etc., and in what measure. However, because of the increasing interaction between individuals and organizations, the latter have to give up some of the control they traditionally had and allow more initiative for the individuals in some cases. The bias towards the organizational perspective therefore has to be offset by taking into account the individual's perspective in the experience economy discourse. From an organizational perspective the main role of individuals in the encounter is that of paying money for experiences, which causes a neglect of the other values that individuals invest. By

incorporating the individual's perspective these other values become apparent and the gap in the understanding of what actually happens during the experience is filled.

PASSIVITY VERSUS ACTIVITY

The first distinction that can be made in regards to the encounter-centred approach of experience refers to the activity dimension of experiences, ranging from a reactive or passive nature to an active or participative nature. Concepts that are used for describing this activity dimension are presented in figure 2.12.

Figure 2.12 – The activity dimension

Active or participative value implies a heightened interaction or collaboration between the individual and the environment, reactive or passive value on the other hand implies a lesser amount of interaction (Holbrook, 1994). These qualifications are not necessarily dichotomous but are points on a continuum that can be used to indicate the degree of interaction. Also according to Shedroff (1994), interactivity and passivity are two points on a continuum of interactivity (see figure 2.13). The most passive experiences according are activities like reading a book or watching a movie. At the other end of the continuum are highly active experiences like having a debate, cooking a meal or building a house. As an individual shifts from the passive pole of the continuum in the direction of the active pole, he is no longer a passive observant

but an active participant and co-creator of value (Gummesson, 1998; Prahalad & Ramaswamy, 2000; Deighton & Grayson, 1995; Prahalad & Ramaswamy, 2004).

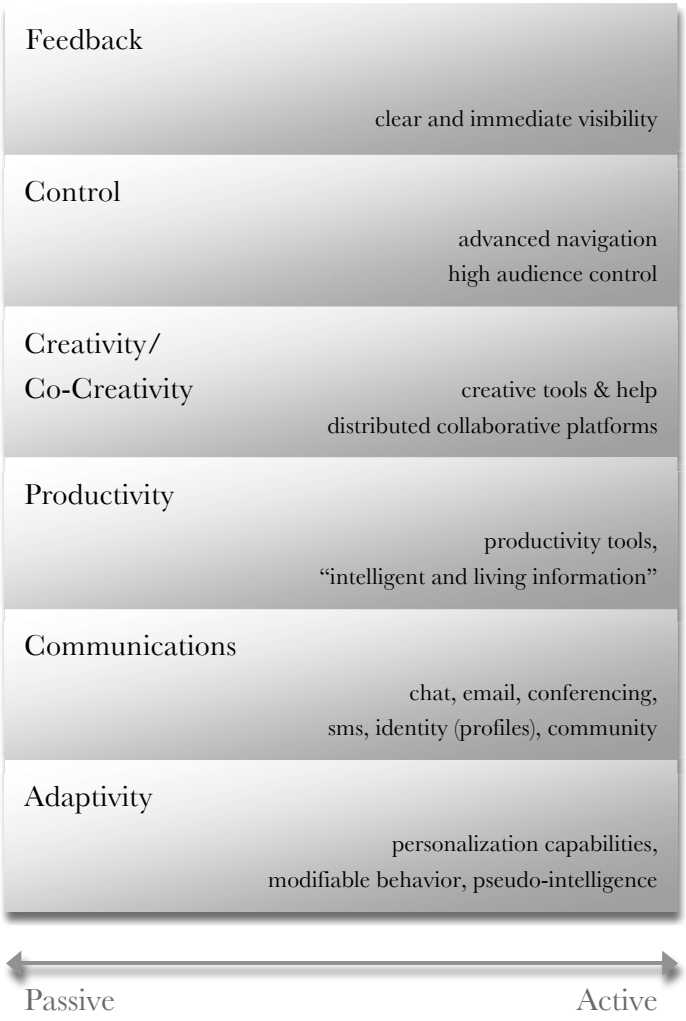


Figure 2.13 – Continuums of interactivity (Shedroff, 1994)

Also Pine and Gilmore (1999) speak of levels of participation that run from passive to active. Passive guests are pure observers or listeners that do not directly affect or influence the performance. Active guests on the other hand are guests that actively

partake in the performance. Between these two levels of guest participation there exists a grey area. However, according to Pine and Gilmore also spectators are in a way active guests, since "simply by being there, they contribute to the visual and aural event that others experience" (Pine & Gilmore, 1999, p. 30).
On the contrary, Deighton and Grayson (1995) include the aspect of invested value by the individual in their description of collaboration, which shows that 'simply by being there' a spectator does not become an active participant. With the shift from passive to active, the individual invests multiple values like cognitive, behavioural and/or financial values in the experience. The expenditure of values is closely connected to the involvement in the experience and the resulting impact of the experience. Experiences that offer more possibilities for interaction and participation are expected to be more involving according to Deighton and Grayson (1995).

One should not confuse the amount of involvement with a normative distinction of a more or less valuable experience. A highly participative experience is not always the best solution. The correct amount of interactivity depends on many factors. The more interactive an experience is, the more control the individual has and the less control the provider has over the experience. One could think of the difference between a play in a theatre that people come to watch versus improvisational theatre in which what happens on stage is determined by the input of the audience. The amount of control and security the provider of the product wants to have will determine how much control will be given to the individuals. But anxiety can also exist on the side of the individuals themselves, which can be offset by offering assistance, help and advice on how to co-create the experience.

In so-called advanced creative/ productive experiences individuals have much control over the activity. These experiences do not only allow individuals to use tools and products to make, do and create things themselves, like in the 'normal' creative experience, but they also allow individuals to make new tools which they can then use (Shedroff, 1994). This degree of interaction can for example be seen in software applications, where the user is allowed to create his own macros, templates, fonts, apps, and even help develop open source software. Communicative experiences allow individuals to talk to each other, share opinions, stories, solutions, give advice, etc. Examples of these experiences are chat applications and low-moderated communities.

Here the individuals decide what they do and say and the product is merely a platform where the experience takes place.

CHANGING THE ENVIRONMENT VERSUS BEING CHANGED BY THE ENVIRONMENT

A second aspect of that is often discussed in literature within the encounter-centred approach of experiences is whether the individual adapts the environment or is changed by the environment. In an adaptive experience for instance, the environment adapts itself to the behaviour of the individual (Shedroff, 1994). When a download is complete, an icon jumps up and down without explicit further actions of the user. When certain results have been attained, the computer game sends the player to a higher level. This type of experience is now also being explored outside of the virtual world, where companies use ambient technology to make certain features in a house adapt themselves to the preferences of the residents.

In 'expressive interactions' (Forlizzi & Battarbee, 2004) on the other hand, the individual is active and deliberately creates or changes something in the environment. Individuals change, modify, or personalize (objects in their) environment, investing effort in creating a better fit between them and the environment. In 'cognitive interactions' (Forlizzi & Battarbee, 2004) the individual has to adapt himself, has to change. Usually in these situations the individual is confronted with a new experience and has to learn a new skill or solution to understand the new situation. Forlizzi and Battarbee (2004) give the examples of encountering foreign toilets, taps and kitchen utensils when abroad. When an experience does not match the available knowledge, the individual has to learn to be able to make sense of the situation. Of course, individuals are not adapting their environment or adapting themselves to their environment consciously all the time. In the context of user-product interactions, Forlizzi and Battarbee (2004) speak of 'fluent' user-product interactions, "the most automatic and well-learned ones... (which) do not compete for our attention" (Forlizzi & Battarbee, 2004, p. 262). Examples of these interactions are using a pen, riding a bicycle or making coffee. Usually these routine interactions are not remembered as much as highly intense and emotional interactions (Forlizzi & Battarbee, 2004). According to Forlizzi (1997) this is because the fluent interactions are part of a so-called rich experience. When everything happens as expected, or fluently, one will

remember the experience of going horseback riding and the memories of the tasks one had to complete like successfully preparing the saddle, placing it on the horse, and leading the animal out of the stable, are less on the foreground. These activities or transactions become components of the larger experience (Forlizzi, 1997).

TAKING IN OR STEPPING INTO THE ENVIRONMENT

Pine and Gilmore (1999) describe the type of relationship that the individual has with the environment in terms of absorption and immersion. They define absorption as "occupying a person's attention by bringing the experience into the mind" (Pine & Gilmore, 1999, p. 31), and immersion is defined as "becoming physically (or virtually) a part of the experience itself" (Pine & Gilmore, 1999, p. 31). By combining the nature of the environmental relationship and the dimension of participation described above, Pine and Gilmore (1999) describe four realms of experience.

As can be seen in figure 2.14, educational and entertaining experiences are called absorbing experiences. In these experiences individuals absorb what happens in their environment. They watch a movie, listen to music, watch a play, read books and listen to lectures. In immersive experiences like escapist and esthetic (sic.) experiences, the individual enters an immersive environment. Instead of watching artists, lecturers or actors on a screen or on stage, in other words: from a distance, the individual enters the theme park, casino, virtual reality, museum, art gallery, nature scene, etc. and becomes part of the environment according to Pine and Gilmore (1999). One should be aware of what Pine and Gilmore (1999) consider as absorption and immersion, since in other literature these terms are used differently. For example Unger and Kernan (1983) claim that playful behaviour is reflected in the intrinsic enjoyment that comes from engaging in activities that are absorbing, to the point of offering an escape from the demands of the day-to-day world. Where Pine and Gilmore (1999) call escapism immersive, Unger and Kernan clearly describe it in terms of absorption. Also in other contexts absorbing experiences are described as experiences in which the individual is absorbed into a different reality (Hirschman & Holbrook, 1982; Swanson, 1978), a state which Pine and Gilmore (1999) would call immersion.

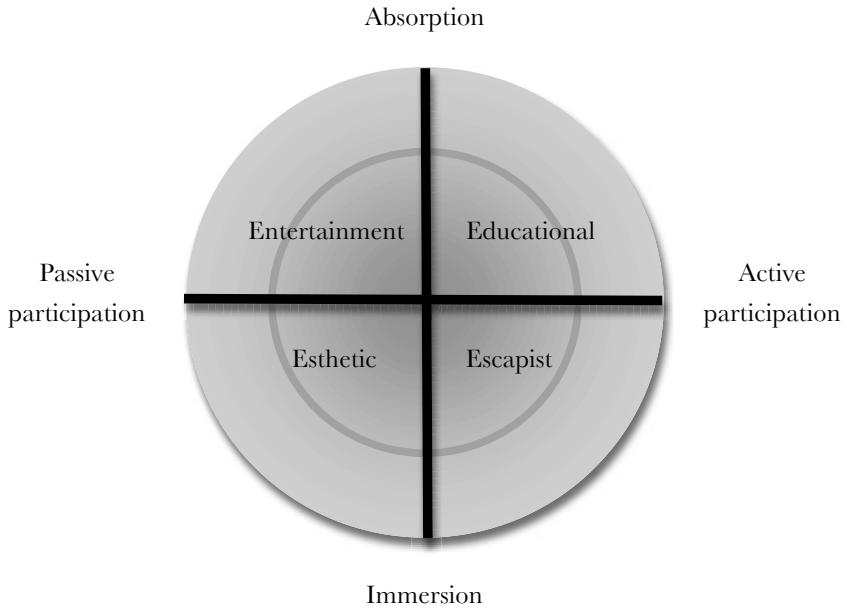


Figure 2.14 – The experience realms (Pine & Gilmore, 1999, p.30)

The question remains whether an objective distinction can be made between with the abovementioned qualifications of absorptive versus immersive. One can however describe the environmental relationship of individuals and their environment as the individual experiences this, resulting in different experiential modes of in- and outsideness (Relph, 1976). In figure 2.15 the seven modes of in- and outsideness described by Relph (1976) are presented.

As can be seen in figure 2.15, the experiential modes or levels of in- and outsideness form a continuum from existential outsideness to existential insideness. Existential outsideness is described as a selfconscious and reflective uninvolvement in the environment. It is a deliberate stance of separating oneself from one's environment. Relph compares this with the condition of a poet or novelist who observes his environment as though he were outside of it. "There is an awareness of meaning withheld and of the inability to participate" (Relph, 1976, p.51). Objective outsideness

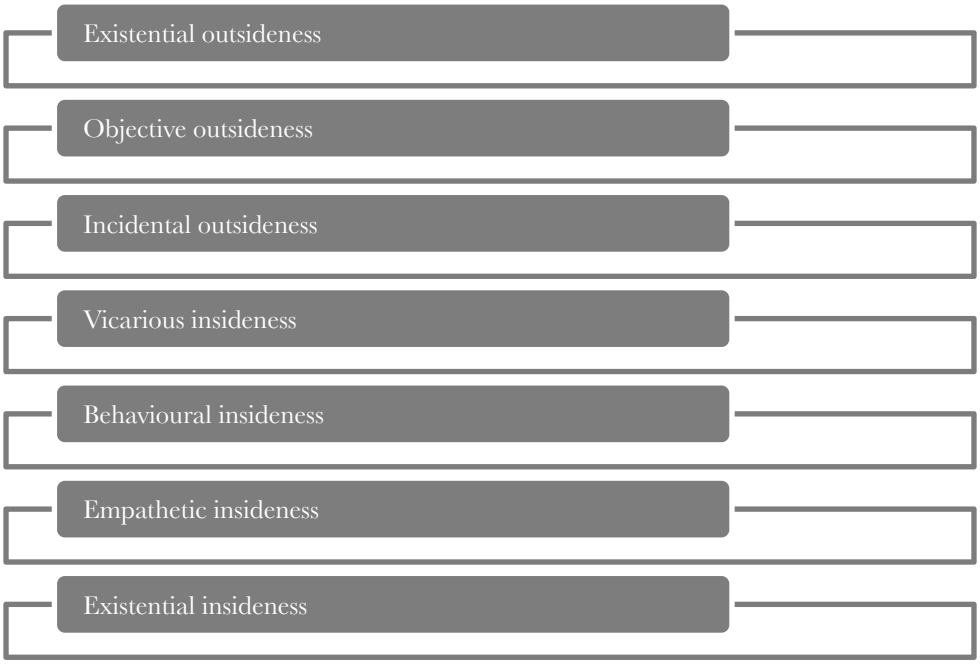


Figure 2.15 – Levels of intensity with which insideness and outsideness are experienced (based on Relph, 1976, pp. 50-55)

can be explained as the condition of a scientist. Again a self-conscious effort is made to separate oneself from one's environment, but now with the intention of explaining one's environment in a scientific manner according to laws of logic and reason. The next experiential mode in the continuum is incidental outsideness, in which the separation between individual and environment is unselfconscious and the environment merely functions as a background against which the individual does what he or she intends to do. The environment in this sense is merely 'there', it is irrelevant to what the individual does. This condition can be compared to the condition of the business traveller, who can travel to places to have meetings, but for whom the specific place in which he has these meetings is irrelevant. Vicarious insideness can be experienced by for example people who read a book. Although they are perhaps at home, they can still feel highly involved in the environment that has

been depicted by the writer and have a sense of what it would be like to live in the depicted environment. Of course the degree in which one can feel vicariously inside depends on the skills of the writer in this example as well as the "imaginative and empathetic inclinations" (Relph, 1976, p.53) of the reader. Behavioural insideness, according to Relph, is probably the most commonly understood experience of insideness. It can be compared to the condition of an individual visiting a monument or museum, when he or she is "deliberately attending to the appearance of the place" (Relph, 1976, p.53). By being surrounded by walls and other physical boundaries, one experiences this behavioural insideness. For empathetic insideness this bodily presence is not enough, but one needs also to make a conscious effort to perceive one's surroundings. The individual in this case is not so much concerned with the physical appearances of the environment he or she is in, as was the case with behavioural insideness, but is more emotionally involved in the environment, "much as a person might experience a holy place as sacred without necessarily believing in that particular religion" (Relph, 1976, p.54). This mode of insideness requires training, to be able to see and understand the environment in itself. Finally, the lower extreme of the continuum depicted in figure 2,15 is existential insideness. This is described as the experience of feeling at home and "knowing implicitly that this place is where you belong" (Relph, 1976, p.55, italics in original). It is the most fundamental relation that an individual can have with the environment according to Relph (1976), in which the environment is part of the individual and the individual is part of the environment.

Relph's descriptions of the experiential modes of in- and outsideness show that it is difficult to determine objectively whether an individual is absorbing things from the environment or immersed in the environment. The experience of in- and outsideness depends not only on the characteristics of the environment but also on the characteristics and intentions of the individual. Also the amount of conscious effort that the various modes of experiential in- and outsideness demand differs. For example, as was described above, objective outsideness, or the condition of the scientist who wants to behave like a neutral observer of the environment, may require much effort, while incidental outsideness requires much less effort; the environment is just there, one does not need to direct one's attention to it. In the same way, empathetic insideness requires more deliberate effort of perception than behavioural insideness. These different states of in- and outsideness require different investments of effort by individuals. However, authors belonging to the encounter-centred

approach to experience that see the individual as a passive receiver who merely takes in what the organisation provides in the environment, are more prone to stress the importance of aspects like surprise, novelty and the unexpected. After all, the first time the individual experiences the staged offering, the experience is new, but if the active role of this individual is neglected, it would seem that the second and third time would consist of exactly the same experience. One could compare this to a theatre play. The play has been scripted and one observes the same play time and again, allegedly resulting in boredom (Bills, 2003). However, the use of terms like sender and receiver does not do justice to the complexity of the interactive process of sense making that takes place in experiences. Rather than being passive receivers of whatever the organisation is trying to transmit, individuals are active co-producers of the meanings that the environment has for them (Bengtsson, 2002; Desmet, 2000).

Interaction between individuals and organizations

Especially now that the number of communication channels and messages has grown explosively, it becomes more and more obvious that not what is provided to individuals, but the attention of individuals is the scarce resource (Davenport & Beck, 2001; Lewis & Bridger, 2001; Simon, 1971; Christensen & Cheney, 2000). Instead of grabbing the individual's attention and informing him what he is supposed to think about something, a process that in the context of marketing has been named 'Brute Force Branding' (Yastrow, 2003), organizations should recognize that individuals are active participants in an experience and construct their own relationships with their environment.

The interaction between individuals and products during consumption is one of the research areas that is getting much attention. People are not only said to use consumption to actively produce meanings (Bengtsson, 2002; Hirschman & Holbrook, 1982; Csikszentmihalyi & Rochberg-Halton, 1981) but this sense making capacity is also claimed to be the primary function of consumption nowadays (Douglas & Isherwood, 1979; Ter Borg, 2003).

These developments make it more difficult to stick with the traditional 'produce and sell'-attitude. Individuals resist being treated as a sales-target anymore and demand dialogues with organisations as valid interlocutors (Duijvestein, 2001; Adcox & Wittenstein, 2003; Vavra, 1995), or even 'multilogues' with organisations and other constituents (Berthon, Holbrook & Hulbert, 2003). This form of communication requires a relationship between the parties, in order that they get to know each other and build trust. Besides a dialogue, Individuals also demand a more active role in the experience itself, as co-producers (Ford & Heaton, 2000; LaSalle & Britton, 2003). In fact, partnerships between traditional consumers and producers are becoming ever more common nowadays (Lewis & Bridger, 2001), which could resolve the issue of not being able to design experience unilaterally (Battarbee, 2004).

The active role in production by individuals is not entirely new. Self-service concepts have been around for quite some time. However, there is now more recognition for the fact that consumers do not just get involved because they have no choice or to save time or money, but that they also can reap personal benefits from the activity and increase their enjoyment (Lewis & Bridger, 2001). The interaction between individuals and organizations can take different forms. Sanders (2003) has identified four levels of activity: doing, adapting, making and creating. 'Doing' means that individuals just use products in a satisfying way, requiring minimal skill and effort from the individual. At this level there is not much interaction. However, when individuals 'adapt' a product, the product is made fit for the context in which the individual wishes to use it. This 'adapting'-level requires higher levels of skills and effort. When the individual 'makes' things, he follows directions or instructions and sometimes invests huge amounts of time, money, and other values to do something he really cares about. The greatest investments are however made by individuals who 'create.' These individuals have no instructions but use the raw materials and the skills at their disposal in a creative way to express themselves.
Besides the fact that this active role often can be enjoyable to the individual, it can also have many benefits for the organisation. People can find new purposes, uses, practices and applications for existing objects that may result in new business opportunities for product development. With all the technology that people have at their disposal, this development is having important implications, positive as well as negative, for businesses (Zuboff & Maxmin, 2002; Von Hippel, 2005; Godin, 2000; 1999).

VALUES INVESTED IN THE EXPERIENCE BY THE INDIVIDUAL

The fifth issue related to the encounter-centred approach is the type of values that the organization wants the individual to invest in the encounter. Commodification refers to a situation in which practically everything is being treated as a possible commodity and market value replaces other kinds of values. By focusing on the market value of experiences and the financial value that the individual should invest, marketing and business scholars are claimed to be responsible for the commodification of experience. Rifkin (2000) for example, even describes the experience economy as "a world in which each person's own life becomes, in effect, a commercial market" (p. 7). Space in the physical environment is drastically changing because of this development (Rifkin, 2000; Mommaas, 2000). "Global travel and tourism, theme cities and parks, destination entertainment centres, wellness, fashion and cuisine, professional sports and games, gambling, music, film, television, the virtual worlds of cyberspace and electronically mediated entertainment of every kind are fast becoming the centre of a new hyper-capitalism that trades in access to cultural experiences" (Rifkin, 2000, p. 7). But where space and material have always been more or less commodified according to Rifkin (2000), today many more aspects of life have come under the influence of commodification, such as time, signs and symbols, human practices, culture, human relationships, shopping and identity and even happiness and life itself (Rifkin, 2000; Galle, 2004; Richards, 2001; Dagevos, 2001; Falk & Campbell, 1997; Hackley, 2003).

This has led Peñaloza (2000) to add another dimension to the term commodification, which she sees "rather in the semiotic sense of marketers' and consumers' tendencies to imbue and attribute meanings and status to market offerings and practices... The term "commodification" thus describes the ways cultural meanings and values are produced through marketing activities" (p. 83). In fact, this side of commodification receives much criticism. Norton (2003) uses Bourdieu's (1986) distinction between economic and cultural capital and claims that selling or putting a price on, and buying or paying for cultural capital is not only meaningless but also wrong. However, this is exactly what is happening in business today. In the end, Pine and Gilmore (1999) argue, businesses are defined by that for which they collect revenue. "You're not truly selling a particular economic offering unless you explicitly ask your customers to pay for that exact offering" (Pine & Gilmore, 1999, p. 62). According to the authors the whole "history of economic progress consists of charging a fee for

what once was free" (Pine & Gilmore, 1999, p. 67). Organizations are not active in the experience economy unless they charge a fee for the experiences they offer these authors claim. This sole focus on financial gain by companies is receiving ever more criticism. Jeremy Rifkin (2000) fiercely criticizes this one-sidedness of commerce in his best-selling book The Age of Access, with the subtitle 'The new culture of hypercapitalism, where all of life is a paid-for experience':

"We are making the transition into what economists call an 'experience economy' - a world in which each person's own life becomes, in effect, a commercial market. Selling access to cultural experiences is testimony to the single-minded determination of the commercial sphere to make all relations commercial ones" (Rifkin, 2000, p. 7).

"The capitalist journey, … is ending with the commodification of human time and duration. The selling of culture in the form of paid-for human activity is quickly leading to a world where pecuniary human relationships are substituting for traditional social relationships. (…) leaving humanity with only commercial bonds to hold civilization together. This is the crisis of post-modernity. Can civilization survive where only the commercial sphere is left as the primary mediator of human life?" (Rifkin, 2000, p. 9)

"Cultural resources risk over-exploitation and depletion at the hands of commerce just as natural resources did during the Industrial Age. Finding a sustainable way to preserve and enhance the rich cultural diversity that is the lifeblood of civilization in a global network economy increasingly based on paid access to commodified cultural experiences is one of the primary political tasks of the new century," (Rifkin, 2000, p. 12)

While the influence of commerce on the world and lives of people is ever growing, also the resistance coming from these people whose lives are touched is becoming more and more explicit (Klein, 2002). Some scholars are trying to transcend the opposition between values of commerce and financial gain, and other values in life (e.g. Henderson, 1996; Klamer, 1996; Barber, 1996; Quinn, 2000; Witteveen, 2001). It could seem as if this were a new development, but criticism of the one-sidedness of the focus on financial value of business is not new. In the book 'Small is Beautiful – A study of economics as if people mattered', Schumacher (1973) describes the risks of the singular focus on financial values. The focus on financial gain not only implies risks for the environment, the culture, social structures and the like, but also for business itself. As the experience economy is growing, and more people will pay to

participate, issues like rationalization, efficiency and economies of scale will become more important. This will inevitably lead to "disenchantment", as Ritzer (1999) calls it, causing the loss of "something of great, if hard to define, value" (Ritzer, 1999, p. 96). Enchantment has more to do with the qualitative aspects of experiences than with the quantity of experiences. "An emphasis on producing and participating in a large number of experiences tends to diminish the magical quality of each of them. (…) The mass production of such things is virtually guaranteed to undermine their enchanted qualities" (Ritzer, 1999, p. 98).

What seems to have happened in the encounter-centred approach of the experience discourse is that at first the encounter was perceived in terms of utility provided by organizations in exchange for money provided by customers (see figure 2.16(a)). When commoditization of goods and services urged organizations to think about other ways to add value to their offerings besides offering mere utility, let's call this utility+, for some reason most scholars' reasoning consisted of charging higher prices to the customer (see figure 2.16 (b)) rather than thinking what other values besides money were or could be invested by customers in exchange (see figure 2.16 (c)). Taking into consideration the individual's perspective on the encounter could, and as I will discuss in chapter 5 will, open up an immense variety of potential values that individuals invest in the encounter, which have up to now been neglected in the experience economy discourse.

The bias in the encounter-centred approach of experience

The individual's role does not just consist of investing money, but he or she also invests other values in the experience as was explained above. The sole focus on the monetary investments of individuals even leads to commodification and possible disenchantment. By assuming that the individual has a passive role in the experience, except for the role of paying customer, the view on the experience-encounter remains very restricted and many aspects of the encounter remain out of scope. The primary focus in the encounter-centred approach clearly is on the role of organizations in determining which values should be invested during the experience-encounter, hereby

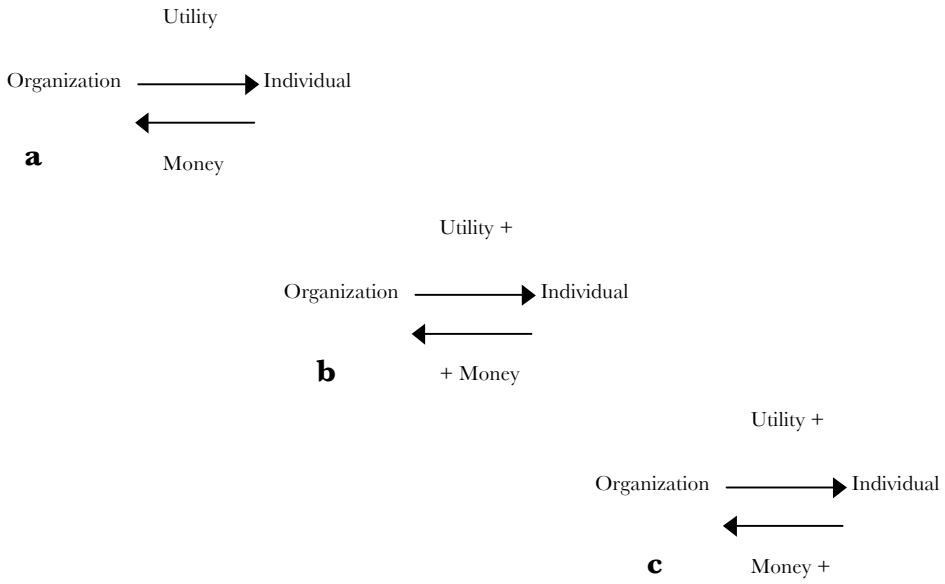


Figure 2.16 – Change in value exchanges between organization and individual

neglecting values that individuals invest in the encounter beyond financial values. By taking into consideration a broader view of what value is and the different values that are invested during the experience, the organizational bias in the experience economy discourse can be offset and an overview can be created of what happens during the encounter can be created.

2.4.4 Towards a sound and integrative theoretical foundation for the experience economy

To find an answer to my first research question, "What is the current state of affairs regarding theory on the experience economy?", I started by depicting the broader context of the experience economy, called dematerialization. I continued by focusing on experiences, which based on the conceptualization of experience in paragraph 2.3, we have seen always consists of three elements: 1) something in the environment that is experienced, 2) an individual enjoying or suffering the effects, and 3) the encounter

between the individual and his or her environment. If one of these elements is missing, there can be no experience, since there always has to be something to be experienced, someone who experiences and an encounter between these two. A review of the current experience economy discourse in business and marketing literature shows that most scholars focus on one of these three elements and therefore take a specific approach of experience. I have named the approach that is focused on what in the environment is experienced the environment-centred approach. The second approach is focused on the effects for the individual and is therefore called the effect-centred approach and the third is called the encounter-centred approach since it is focused on what happens during the encounter between individuals and their environment.

Each approach focuses mainly on just one of the three essential elements of experience, which means that it lacks attention for the other two elements. If one consciously makes the choice to focus on one element and therefore one approach of experience, this does not have to be a problem, but without a clear overview of what experience is one should highly doubt whether this choice for a specific approach is always made consciously. Also within the specific approaches a bias can be noticed. Reviewing the experience economy discourse in current marketing and business literature, there seems to exist a bias towards the organizational perspective in each of the three approaches (see table 2.4). The origin of this bias may lie in the fact that the risk of commoditization of economic offerings is often presented as the main reason for the emergence of the experience economy. By finding ways to add value to the offerings, one can prevent this commoditization and maintain or even increase profit margins. Or at least, this seems to be the assumption of many scholars. By focusing on the role of the organization in each of the three approaches, scholars present ways to escape commoditization by adding value.

In the environment-centred approach it is the organization that produces experiences as economic offerings with the 'right' objective features. In the effect-centred approach it is the organization that manages and produces predetermined hedonic effects. In the encounter-centred approach it is the organization that determines which values should be invested during the experience-encounter. In each of the three approaches the organization is seen as the dominant party in the experience.

However, this bias towards the organizational perspective comes at the cost of a broader perspective on experiences. By focusing primarily on the role of organizations in producing experiences as economic offerings with the 'right' objective features in the environment-centred approach a variety of other conceptualizations of experience is neglected.

In the same way, a variety of other effects besides hedonic effects and the role of the individual in the coming about of these effects are neglected because of the primary focus on the role of organizations in managing and producing predetermined hedonic effects in the effect-centred approach.

Last but not least, by focusing primarily on the role of organizations in determining which values should be invested during the experience-encounter in the encounter-centred approach, most attention is paid to financial value, hereby neglecting values that individuals invest in the encounter beyond financial values. In every one of the three approaches, the role of the individual is restricted to consuming whatever the organization produces for them and paying for it.

The lack of attention for the individual's perspective, reflected in other conceptualizations, other effects and other values of experience than the ones that are focused on now, is a gap in the experience economy discourse that I intend to resolve in this research. The research questions that I will answer in order to resolve this gap are: "How can experiences be conceptualized from an individual's perspective?" (to be answered in chapter 3), "Which kinds of effects can experiences have from an individual's perspective?" (to be answered in chapter 4) and "Which types of values do individuals invest in the experience?" (to be answered in chapter 5). Together, the answers to these questions will offset the current organizational bias in the experience economy discourse.

Approach	Role organization	Focus	Neglecting	Role individual
Environment-centred	Producing experiences as economic offerings with the 'right' objective features	One type of experience concept: experience as economic offering with objective features.	A variety of different conceptualizations of experience	Consumer
Effect-centred	Managing and producing predetermined hedonic effects	One type of experience-effect: predetermined hedonic effects.	The role of the individual and the existence of other effects	Consumer
Encounter-centred	Determining which values should be invested during the experience-encounter	One type of invested value: financial value.	Values that individuals invest in the encounter beyond financial values	Consumer

Table 2.4 – Overview of problems related to the three approaches of experience

In the following chapter I will provide theoretical insights in the different conceptualizations of experience, to offset the bias in the experience economy discourse in the context of the environment-centred approach.