

13th INTERNATIONAL "COMMUNICATION IN THE NEW WORLD" Congress

THE EXPERIENCE ECONOMY: PROVIDING MEMORABLE EXPERIENCES TO CUSTOMERS¹

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ABSTRACT

Maintaining a competitive edge for a business requires providing relevant and customized consumer experiences. An experience is a psychological process that people can go through, and its economic value can be measured. Customer experience (CX), is the sum of all that a company or organization does to prioritize its customer needs and manage their journeys. It is now essential for businesses to emotionally engage with their customers at every stage of their journey in the digital age. In addition to being the moral thing to do for consumers, providing excellent customer experiences boosts profits for stockholders, as well, this is known as the experience economy. The fundamental tenet of the experience economy is that customers are looking for experiences that will stick with them and have an emotional impact, rather than merely purchasing products or services. Consumers' hearts and minds are shaped by experiences, which also foster loyalty. Experience purchases provide longer-lasting enjoyment than material purchases, according to research. Because of this psychological link, the experience economy represents a paradigm shift in consumer behaviour rather than merely a marketing strategy. It is anticipated that the experience economy will keep expanding over the coming years, emphasizing local experiences, technology, and sustainability more than before. Still, there are always unforeseen events and causes that could affect the economy's direction, just like with any forecast.

Keywords: Experience Economy, Customer Experience (CX), Marketing Strategy.

1. INTRODUCTION

The term "experience economy" refers to a market where a lot of products and services are marketed with a focus on how they might improve people's lives. Just as products and services have their own category, so do experiences. In general, businesses require a mix of products or services to provide an experience (Localist, 2021). Experience is recognized as a powerful economic output that has the ability to significantly influence nations via the "experience economy." Experiences have the power to accelerate cultural exchange, promote conversation, increase value, and increase GDP growth (Imagination, 2023).

Experience happens when a business purposefully engages each client by using goods as props and services as the stage (Pine & Gilmore, 1999). It's difficult to dismiss the consumer experience economy's (digital and physical) persistent staying power for investors who are constantly searching for the next great thing. This economy is predicted to reach \$2.1 trillion by 2032 (Cullather, 2024). 78% of millennials would rather spend money on an experience than a commodity, demonstrating the increasing value of experiences over material possessions. Increasing accessibility to experiences, the emergence

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of social media, and technology advancements are some of the drivers propelling the experience economy's expansion. In order to maintain continued growth and excitement, we may anticipate seeing even more innovation in this sector as more companies put their attention toward producing distinctive and unforgettable experiences (Lesroches, 2022). Businesses in the experience economy must realize that, in addition to offering services, they also need to establish the conditions necessary for generating greater economic value and provide memories rather than just products (Pine, 2021).

2. LITERATURE REVIEW

Experiences represent a fourth economic offering that has, up to now, mainly gone unacknowledged (Pine & Gilmore, 1999). Relationships between businesses that provide various experiences in one location and where the broader "atmosphere" eventually becomes an essential component of what the separate companies offer can likewise shape experiences (Lorentzen, 2009). Impressions are related to both goods and services. The user feels specific emotions when utilizing a service. If customers had a positive experience, they would be eager to utilize the service once more, which makes it a valuable tool for building loyalty (Pine & Gilmore, 2013).

Experience businesses are inherently customer-centric, constantly looking for new and unique ways to impress the people they serve. This can be accomplished in a variety of ways, but some popular tactics include providing unique and personalized experiences, establishing an emotional connection with clients, providing great customer service, or providing a distinctive location or environment. As customers' expectations rise, businesses must discover new methods to differentiate themselves and provide an unforgettable experience (Lesroches, 2022). The service economy gave way to the experience economy for a variety of reasons, including: a) the experience economy's strong driving forces are individualization and authenticity; b) the rise in need for clients to have more sensations and emotions when making purchases; c) the tendency toward individualizing client problem-solving techniques (for example, certain products are made one-of-a-kind); d) customizing preferences for clients of service-oriented companies. Businesses typically research consumer issues and provide a suitable solution for each situation (Pine et al., 1995).

Eventbrite's survey indicates that the "experience economy" is being driven by British 18-to 34-year-olds. Among those surveyed (a sample drawn from the relevant age group), 66% stated that having live experiences gave them a greater sense of fulfilment than buying an equivalent item. Over the course of the following year, 62% of respondents intended to spend more money on experiences rather than material goods (Guerrero, 2020).

Interestingly, after participating in events and experiences, 91% of consumers said they feel better about businesses, and 80% of consumers said they are unlikely to interact with a company that doesn't provide personalized experiences (Creativegroupinc, 2019). Travelers are favouring experiences over indulgent buying when on vacation, according to a 2023 Mastercard survey. Travelers spent 12% more on goods as of March 2023 globally than they did in 2019. However, this is nothing compared to the 65% rise in expenditure on experiences (Hinton, 2023).

Several distinct industries provide examples of the new experience economy, including: a) pop-ups - by putting on surprises and delights for attendees and onlookers alike, events and trade exhibitions can become unforgettable. Today's audiences can still enjoy a portion of an event by being able to record these moments and share them on social media, even if they are unable to attend; b) travel - travel agencies are included in the experience economy if they provide lodging, real-world experiences, tours, and classes in different locations across the globe; c) store layouts - a store's atmosphere and first impressions can influence customers' perceptions of the brand and help them remember it; d) virtual reality (VR) - as a good example of experience economy services, video games and captivating digital encounters with VR components let people make lifelong memories; e) theme parks - companies like Disney have survived for decades after their founding, among other reasons, because amusement parks by nature provide thrills and unforgettable experiences (MasterClass, 2022). Creating sensory experiences and cognitive identification from real-life circumstances, grabbing consumers' attention, altering their consumption patterns, and discovering new uses and markets for products are the cornerstones of the experience economy. Services are the stage and commodities are the props to draw clients into the experience (Jiao, 2022).

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Four subcategories of experience economy can be distinguished by the degree of customer involvement, encompassing both active and passive participation, and the degree of customer connection to the scenarios, encompassing absorption and immersion. a) Aesthetics is categorized as immersion and passive involvement. It deals with how consumers interpret their surroundings in light of their unique worldviews. They lose themselves in observing their surroundings and do not take action to change them (Hosany & Witham, 2010). b) Entertainment is a broad term that has to do with people's capacity for enjoyment and their interests. It is a type of passive engagement and absorption. Stated differently, consumers find an encounter amusing when they get to witness and participate in a situation (Pine & Gilmore, 1999). c) Education is categorized as active engagement and absorption, with the goal of fulfilling the need to learn something new or to acquire knowledge that was not previously known. Unlike an entertainment experience, this one has clients actively participating in a certain setting, making it an active experience (Chen & VG, 2022). d) Escapism is defined by active engagement and immersion, and it addresses the need of contemporary people to decompress from the stresses of their hectic everyday life. In contrast to aesthetics, which is a passive kind of immersion and engagement, clients actively engage in an escape experience with this notion (Mayo & Jarvis, 1981).

The idea that the experience economy is growing is also widely held, and it appears to be strongly tied to the acceptance of the social media in mainstream society. The ability to tell everyone about how wonderful our lives are is a feature of social media culture. Many think that because it makes us compare and stay up to date, this phenomenon reinforces the tendency of the experience economy. According to a recent Eventbrite survey, 7 out of 10 millennials suffer from FOMO (the fear of missing out), an anxiety disorder that is, according to the Oxford Dictionary, largely fuelled by social media and drives their need for experiences (Pan, 2019). The virtual experience economy is the next version of the experience economy and will speed up the fusion of digital and real events. With event planners constantly searching for innovative methods to enhance the experience and boost attendee happiness, the virtual experience economy is a logical development of perceived guest value (Fletcher, 2024). Consumers can access immersive technology today through a range of devices, but regardless of format, its purpose is to augment or add more visual information to the actual world. Immersion experiences have revolutionized the way companies and customers interact. Given that they enable customers to test goods and services in a virtual setting, it is anticipated that their influence will be greatest when making a purchase or selecting a service (Baltezarević, 2023).

In today's marketplaces, customer experience, or CX, is seen as a key source of competitive advantage (Holbrook & Hirschman, 1982). CX encompasses more than just satisfied consumers and well-designed processes. Customers' sensory, emotive, cognitive, relational, and behavioural responses and reactions to any direct or indirect encounter with the service offering, across many touchpoints during the whole customer journey, are collectively referred to as customer experience in the context of services. To put it another way, factors that are under the service provider's control, like atmosphere, selection, price, and service interface, also contribute to CX, as does the influence of other customers (Becker & Jaakkola, 2020).

In the digital age, businesses can more successfully shape consumers' perceptions of their brands and communicate with users more quickly and easily (Baltezarević & Papakonstantinidis, 2023). Due to restrictions on in-person encounters, organizations have recently had to quickly shift to offering digital experiences. They have also engaged in intense competition based on the customer experiences they provide, and have made large investments in the newest CX technology. Voice of the Customer (VoC) programs will soon be transformed by artificial intelligence (AI) technology from measuring techniques into the heart of the experience enhancement role. With AI support, the emphasis will shift from measurement to action. Massive data analysis, including the analysis of unstructured and unwanted comments, is already greatly aided by AI. VoC programs will alter course in 2024 and concentrate on bringing about company transformation and a customer-centric culture. In order to improve customer experiences, artificial intelligence will forecast consumer behaviour, sentiment, and churn, enhance insight interpretation, and suggest actions (Disse, 2024).

In the coming years, the experience economy's use of AI will fully realize its potential. Since AI technology is still in its infancy, more time will be required for both its advancement and the resolution of all current issues (Baltezarević & Baltezarević, 2024). With the use of mobility, AI, and the cloud,

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businesses in the "Intelligent Experience Economy" will be able to radically rethink how they interact with their customers. This extends to interactions that are far more beneficial to the client than simple and easily accessible experiences. The meaningful experiences that organizations produce and the speed at which they bring them to market will be the defining characteristics of this new era (PWC, 2024).

3. CONCLUSION

The concept of the experience economy is a relatively recent area of research that centres on the creation of experiences and the means by which companies can offer consumers priceless and unforgettable encounters. This phrase describes the modern trend of individuals placing a higher value on experiences than tangible belongings. A new economy built around offering distinctive, unforgettable experiences has emerged as a result of this change in consumer behaviour.

The present global experience economy will be dissected in this essay, along with its salient characteristics, prevailing patterns, and obstacles. The researchers found that experiences provide longer-lasting happiness because they enhance social ties, are more likely to be positively interpreted, and tend to become more significant components of an individual's identity. Spending time and money on experiences is a wise decision because they aid in our development, learning, and interpersonal connections.

People evaluate experiences differently from one another. Nonetheless, high-quality products typically have a few things in common: they should function as intended, endure a respectable length of time, look well, etc. Although it's not always the case, positive encounters are typically interspersed with ease and customization. Positive feelings are usually left in the buyers after a positive experience. A product or service should, at the end of its use, leave a pleasant impression on users. The focus of marketing has switched from what a product can do to how it can affect consumers. Retailers and customers alike benefit from offering outstanding experiences along with world-class products. While it's understandable that buying new products may not always be the default going forward, consumers still want to engage with and support the businesses they adore.

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