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## **Expressive consumption: Experience as a general business logic**

### **Introduction**

This article is conceptual. It aims at understanding experience as a consumption process building on Pine and Gilmore's seminal work *The Experience Economy*. Prior to its publication in 1999, experience was assumed to be part of the service sector, but according to Pine and Gilmore the experience sector has its own distinctive features and logic in terms of production and delivery. It is argued here that Pine and Gilmore have only gone part of the way to characterising the sector having concentrated on the production side rather than the consumption side. This article concentrates on consumption because an experience is a mental process that happens to the receiver, and its consumption is entirely different from the forms of consumption we see in relation to manufacturing goods or services.

In the article is a particular business logic for experience production and delivery discussed in relation to the service logic (e.g. Gummesson 1991, Grönroos 2000, Vargo and Lusch 2006).

The importance of experience industries is underlined by the fact that these are among the most rapidly growing (Department for Culture, Media and Sport 2001, KK Stiftelsen 2003, Erhvervs- og byggestyrelsen 2008), and its significance has led to several analyses of experience production and the experience sector being undertaken providing empirical support for the general argument (e.g. Schulze 1992, Jensen 1999, Pine and Gilmore 1999, O'Dell and Billing 2005, Sundbo and Darmer 2008).

Innovation – the development of products and processes – is much needed if firms should be able to compete on the market and survive. Thus, the paper discusses the consequences a possible new business logic has for the innovation framework: how innovation should be understood in theoretical terms and how firms work with innovation in practice. A theoretical focus on innovation is a good catalyst for sharpening the understanding of the specific character of experience consumption and the business logic of providing experience products.

### **Background**

The experience economy has recently received increasing attention, particularly in Northern Europe, as an economic growth area that attends increased awareness. In some countries (such as Denmark and Sweden) the attention that it devoted to it is disproportionately large compared to its economic importance. This is probably caused by the aura of stars and celebrities that the field includes. In addition to sociological interest, the experience economy has also received attention from business economists because it is deemed to have great value for the customers and thus can generate high profits. There is an increasing interest in seeing experience as a business field and understanding its business logic that is which type of product an experience is, how it can be produced and delivered and what the problems are in doing so.

Experience is not a new phenomenon in scientific literature. As early as the 1930's John Dewey (1934) discussed experience as a concept in order to understand peoples' impression of art. In his framework experience was about the intellectual and psychic understanding of art. His analysis did not see peoples' impression of art as a business activity and experiences outside traditional art (novels, paintings, theatre etc.) were not included in the analysis.

Experience was re-launched by the German sociologist Gerhard Schulze (1992) as a broader concept that included experiences outside traditional art. However, his analysis was sociological and it was not until Pine and Gilmore (1999) that the concept of an experience economy was introduced as a new business logic distinct from the service logic. Despite their overall convincing argumentation, we still lack a full explanation of how consumer preferences shifted from a service to an experience logic. Pine and Gilmore went part of the way by explaining that while experiences are based in the service production and delivery process, part of this process gets its own life and becomes an independent business logic. However, this still needs an explanation of how this logic is constituted and understood. Thus there is a need for a general conceptualisation of what an experience logic means. This paper attempts to fill this gap by discussing peoples' experience activities in terms of expressive consumption.

### **What is an experience?**

We need to define experience. Besides a formal definition, the section will also include a broader discussion of experience in relation to other consumption phenomena such as goods and services.

There is no authoritative definition of 'experience'. Pine and Gilmore (1999), who have been seen as the founders of the modern business-oriented experience economy theory provide no precise definition. The closest they come to defining experiences is: "An experience occurs when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event. Commodities are fungible, goods tangible, services intangible, and experiences memorable" (Pine and Gilmore 1999, p. 98). Thus they emphasise the provider's side which tells us little about what the consumer buys, why he or she buys it and what an experience is to him or her.

The approach offered here is that an experience is something that happens to the receiver – or the consumer. He or she gets an experience. Experience is an immaterial, mental phenomenon. It may be provoked by physical means such as computers, the TV, theatre coulisses, buildings and their architecture and so forth. Here experience will be defined as a mental journey which leaves something immaterial – a memory or a sensation. Such an experience can be entertaining, but does not need to be so. It can be educational, but does not need to be so. There might be physical remains (souvenirs), however they are not the essential detail.

Experience is created by one event. An event may be defined as a combination of different elements: Acts, artefacts (including technology) and stories. This event can be of many kinds. It can be a planned experience such as a theatre play, but it can also be a coincidental event such as passing by an architecturally remarkable building in a foreign city. The event must be significant; it must lie outside day to day routine events such as taking the train to work. However, it is impossible to state theoretically how significant it should be. There are no scales on which to measure significance. The crucial criteria are that the receiver should consider it as unusual and significant. As to what is unusual and significant varies from individual to individual or, indeed, for the same individual depending, for example, on changes in mood.

An experience is caused by external stimuli. Since the human being is no automat, the external stimuli are interpreted by the receiver. In the interpretation process, he uses his earlier experiences and his psychical and social needs. Thus, the experience is a result of the combination of external stimuli and the experiencing person's past experiences and how he has categorised and interpreted

them.

The business of creating experiences is to provide events, artefacts (such as theatre-coulistes) and stories that can give the receiver (the potential customer) an experience. The provider can only provide events, artefacts and stories that are intended to create the product because the product is created in the mind of the receiver, which the provider cannot fully control (although providers may attempt to do so, for example be using psychological research results). The process of experiencing can be described in terms of the physical electric phenomenon of induction: An electric activity outside an object creates electric activity inside the object.

We may discuss whether a firm can deliver experiences. This is generally assumed when we talk about the experience economy. Some firms have the provision of experiences as their only or main product. This category includes, for example, culture firms or institutions, sports firms (e.g. professional football clubs), town festivals, film and TV companies, forests (that currently is transformed from timber producing entities to experience places), tourism, design and architecture. The experience economy is a notion that characterises the function of these firms plus manufacturing and service firms that provide experience as an add-on to their main product and the market for experiences if we also emphasizes the demand side.

However, if we take the above definition very strictly, an experience happens in the mind of the receiver, or customer. It is not directly delivered as is a washing machine. The firm, or provider, delivers a framework that appeals to and influences the potential receiver, but the experience happens in his or her mind. The provider intends to induce an experience in the mind of the customer. The framework that the experience-provider delivers can, for example, be a cinema with the movie and all the services (such as cleaning, bar, box office etc.). It can be the laptop, the wireless network and the game-file on the computer or a book bought in a bookshop. The experience provider intends to create a more or less specific experience in the mind of the potential receiver. Nevertheless, the provider can not know what will happen in the mind of the actual recipients. The challenge for the experience provider is to create such a framework delivery that the customers experience exactly what is intended by the provider. If the customer experiences something different in his mind, it may be a worse experience than expected, or a different experience or maybe no experience at all. This is not desirable for the providing firm because the product will be out of control – the firm does not know which product it delivers. Of course it may also be considered a better experience by the receiver, but that is not an optimal situation for the provider either. That could imply that it gets less profit out of this situation than it could because the customer is willing to pay a high price for the service/goods/experience package.

### **Experience as a general aspect of business**

Experience is of course the crucial element for firms to whom experiences are the only or the main product – what can be termed the primary experience sector which includes cultural firms, tourist firms, architects and computer game firms amongst others. To them the most adequate business logic of experience production and delivery is a crucial issue. The primary experience sector is similar to what has been termed creative industries (e.g. Caves 2000). Yet, Caves' conceptualisation is inadequate for two reasons. One is that experiences are also important elements in other firms, such as manufacturing firms. Another is that this sector has no monopoly on creativity; one may argue that creativity exists in manufacturing and service firms as well, for otherwise they could not innovate.

To firms whose primary products are not experiences, the business logic of experiences may also be important, although not crucial since they have other products and thus other sources of income. Experience is an important element for many, if not all, firms outside the creative industries in a similar way in which services are an aspect present in all business sectors because it concerns a

general personal customer relation. Thus one may look for a general experience business logic, valid for all business sectors just as the literature has suggested a general service logic (Grönroos 2000, Vargo and Lusch 2006, Gummesson 2008). Seen from the perspective of understanding the utility of experiences, firms that have experiences as “add ons” to their core products can be classified as the secondary experience sector (to use the method and vocabulary employed by Porat’s (1977) in his analysis of the information economy). The secondary experience sector includes all types of firms outside the primary experience sector, i.e. raw material producing firms (agriculture, fishery, forest, mining etc.), manufacturing, service and the public sector. To be included in the secondary experience sector requires that the firm has experience functions (i.e. that it has a capacity to produce events that can generate experiences in the potential customers’ mind).

One may suggest that the secondary experience sector can be divided into two sub-sectors. One comprising traditional goods or services in which experiences are added to sell the core products. Examples of these include promotion, design, inviting customers to events and so forth. The other sub-sector is experience-dominated goods or service production in which experience dominates both in terms of income and in the customers’ consciousness. Here the experience element is decisive for customers’ purchase, examples of such firms in this sub-sector are advanced design furniture and cars, canteens that have been transformed into gastronomic experience-places and social services (such as elderly home service) where the conversation and interaction between the service personnel and the client has become the most important part. Retail is a service sector that to a large part has become an experience-dominated production as is the case with IKEA (Edvardsson and Enquist 2008).

### **Why has experience consumption come on to the agenda?**

The economic explanation of why experience has come into focus is made in terms of market maturity. Basically the argument is that many products now satisfy our basic and even intellectual needs. The consumer is not really worried about whether or not there will be, for example, enough food products or knowledge services in the future, nor that new products will not be introduced. Though this has not removed the demand for goods and services, it has made them relatively uninteresting for the consumer. The procurement of goods and services has become a daily routine that may be boring. Their everydayness and availability have decreased their value and consequently customers do not want to pay more than necessary for these products and the profit margin is shrinking. If these firms add experience elements to the core products, the value to the customers increases tremendously because the customers demand experiences, find them interesting and are willing to give a high price. This is Pine and Gilmore’s (1999) argument.

Thus consumers have begun to concentrate their interest on experiences. This moves the fulfilment of needs to another level. After having struggled for centuries to have first the physical needs, then the mental ones fulfilled, people now turn to other needs. They want an interesting life. Experiences will give them such a life. The new focus on experience logic can be explained as moving up in the needs pyramid. If we apply Maslow’s (1954) model we may say that the focus now has come to the upper level of the needs pyramid, what he calls self-actualisation. People become very occupied with having a life that is more characterised by engagement, fun, discovering new sides of life and so forth – all characteristics of experiences – and less occupied by solving material and intellectual problems. Without becoming too pathetic, simplistic, one may say that people are seeking mental happiness. The Hungarian-American psychologist Mihaly Csikszentmihalyi (2002) has written a book about how people attempt to achieve happiness. He takes his point of departure in psychic entropy – disorder in one’s mind, information or events that conflict with existing intensions. This gives a disorder in one’s consciousness and is not a happy situation. The opposite situation of disorder in one’s consciousness is one of happiness. It is a

situation where people can reach their goal without any disorder to solve and no threat to fight against. This, Csikszentmihalyi calls flow. Flow is related to experience, you experience flow. The individual reaches what he strives for. This gives a feeling of happiness and the individual will say that she or he has “had an experience”.

We have arrived at what Jensen (1994) calls a dream society. We have become occupied with engagement, meanings, discovery, un-stressing (that experience also can do) – all parts of experiencing. The designation “dream society” implies that it is a little outside real life – a parenthesis in the necessary consumption of goods and services to fulfil fundamental needs. However, it is not a dream or a parenthesis. It becomes a part of real life.

Others (Jantzen and Vetner 2007) have attempted to use a neurophysiological approach to explain why people seek and get experiences. The neurophysiological level is where the individual feels physical satisfaction or dissatisfaction, for example hunger or satiety, sexual desire or satisfaction. These physiological conditions are also factors in peoples’ experience. They must be taken into consideration when we attempt to explain why people get experiences and why trivial events can be transformed into experiences. If the designed event includes elements that appeal to the neurophysiological level – such as sex, hunger, psychic, love and the accept of other people, intellectual and physical challenges and so forth – it will have greater chances of giving people an experience (a sequence of events and interactions they can remember).

Although neither the flow concept nor the neurophysiological approach fully explain why people actually seek experiences, they can be elements of such an explanation. They must be combined with economic aspects, i.e. market maturity for traditional products including services and with sociological aspects. Social factors such as taste (cf. Bourdieu 1984), social norms for good and bad experiences etc. influence the customer’s formation of experience. Social norms and the interaction with other people in the moment of consumption (e.g. Mossberg 2003) also influences what the recipient experiences. The sociological aspects include social innovation meaning that if some people change their behaviour, i.e. become occupied by experience such as being tourists in exotic places, consuming experiences on the Internet or the mobile phone, others will imitate this behaviour. It becomes a kind of normal social behaviour that the individual must live up to if they want to be accepted as core members of social groups. Further, experience is connected with the increasing focus on celebrity. This focus is both a normative social factor – people are socially forced to become interested in celebrities because other people are so – and a social status factor. People want to have a high status and they therefore attempt to expose themselves in public. That can best be done by giving other people an experience. They have learned from the celebrities who have achieved a high status by being exposed in the press and thus give other people an experience.

### **Expressive consumption**

Experience changes consumption patterns. Normal consumption is instrumental meaning that the process of buying a commodity or a service has the goal of fulfilling another need. It may be a physical need (for example the need for getting satiated or being moved to another place) or a mental need such as building new knowledge. This way of thinking divides the buying process and the need-fulfilment into two distinct acts. Such an approach can be discussed and it could be argued that consumption covers both acts. For example, within service theory it has been maintained that a service is consumed in the moment of production. However, the situation is more complex. I will argue that the need fulfilment is only met after the buying-delivery phase. Let us take a cleaning service as an example. One may say that in the moment of buying the service, the cleaning is taking place. However, that is the instrumental act. The recognition of the fulfilment of the cleaning need will only take place afterwards when the consumer recognizes that the room is clean. The goal of the purchasing process is not the cleaning process, but that the room is clean. The purchase is an

instrumental act aimed at getting a clean room. The instrumental character of consumption is even clearer in goods purchase. Nobody wants a washing machine just to have a machine, but to have clean clothes.

The argument of expressive consumption is connected to this fact. Expressive consumption is when the consumption activity, which means the buying-delivery act, is the goal in itself. In contrast to instrumental consumption, expressive consumption does not aim to solve any other problems or meet any other needs such as goods and service consumption is supposed to do. The aim of expressive consumption is the buying-delivery act in itself. Expressive consumption moves the crucial core-point of the delivery-consumption process even further into the mind of the consumer, even compared to service consumption. In service management and marketing theory (the service logic), the service product that the customer buys is a solution of a problem. In the experience consumption there is no problem to solve. The reception of the delivered performance activity is the goal.

This point pushes the focus on the provider-customer interaction even further. In service theory, the behaviour of the service personnel and the interaction between the service personnel and the customer is a core point. In service marketing theory (e.g. Grönroos 2000), subjective customer satisfaction at the time of the interaction process is emphasized as an important marketing factor. However, in the sale of experience, this subjective experience is no longer a decision variable for the purchase of the product or not. It *is* the product. Service marketing theory talks about customers' experience of the service. This experience is composed by what Grönroos calls "technical quality" (the function of the service, i.e. that it solves the problem) and the functional quality (the way in which it is delivered). The customer's experience is his perception of this combined technical and functional quality. This experience is a result of the actual service activity that the customer gets (e.g. a cleaning act) and how he considers the content, quality and so forth of this act. The latter depends on the service personnel - their kindness, willingness to adjust the act and so forth. Experience means here the perceived quality of the instrumental act of delivering service activities.

In the experience economy, experience is what is produced, it is not the experience of the fulfilment of another need. Experience becomes the core of the production act. The experience is produced in the moment of delivering the act and there is no more in it. The concept of experience changes character compared to service delivery. It is no longer a means to secure a good solution of a problem for the customer, it is the product in itself. It may therefore be called expressive consumption. The act of buying is the goal in itself.

An example to illustrate the difference between instrumental and expressive consumption is retail services. Earlier, shopping was an instrumental consumption act. It had the purpose of buying goods that were needed in the household. Increasingly shopping is an end-goal in itself. People go to shopping malls to have an experience and pass their Saturdays. They experience concerts, aesthetics in the shop facades and other artefacts and events. Maybe they will buy goods of which some are not needed - just another set of drinking glasses because they have a special design. Consumption becomes increasingly less instrumental and more expressive.

### **Expressivity and hedonism**

The emphasis on hedonistic consumption behaviour is an old issue in marketing research (e.g. Kerr, Fujiyama and Campano 2002). Hedonism is psychologically based behaviour where the person seeks enjoyment and avoids pain (Mees and Schmitt 2008), and is conceptualised within the psychological theory on happiness, pleasure and well-being (e.g. Higgins 1997, Johnston 2003, Kahneman and Diener and Schwarz 1999). Hedonism is seen as more impulsive behaviour connected with emotions than the rational and planned behaviour that consumers are supposed to

have according to economic theory. It may thus be used, for example, to explain impulse purchase (e.g. Herabadi, Verplanken and van Knippenberg 2009). Experience has been discussed as an expression of hedonism (e.g. Hirschman and Holbrook 1982, Campbell 1987). Some analyses (e.g. Kerr, Fujiyama and Campano 2002) distinguish between serious (meaning instrumental) and hedonistic (meaning expressive) leisure activities (in this case sport).

Kerr, Fujiyama and Campano (2002) describe experience in terms of the experiencing individual having a spontaneous behaviour, he is impulsive and sensation-oriented. He seeks pleasure from the immediate situation, for instance, when skiing or surfing. This may suggest that experience is hedonistic behaviour. There are many common traits between expressive consumption and hedonism, but these two concepts can not be considered equivalent when we talk about experience. The consumption of experience is more hedonistic than, for example, the consumption of goods and services, but not all experiences are hedonistic. Experience may be pure hedonism such as when one goes on a sun-and-beach holiday or to a concert, but may also be connected to serious aspects of life, for example watching a movie that makes one reflect upon life or doing sports activities to remain healthy. The definition of experience might be established inductively, i.e. by investigating what people consider an experience. When undertaking research, we have asked people to define which events they consider an experience. Usually people define, for example, a funeral as an experience. A funeral can hardly be said to be hedonistic (in the definition of this concept that says it is enjoyment and avoidance of pain).

Sometimes experience is a social demonstration of one's status and thus not hedonistic. Since exposure connected with experience is one determinant of people seeking experience, it may not necessarily involve emotions, but be more a demonstration of social belonging or power and status. In this case there is more instrumentalism in experience because the experience must ensure future status. Nevertheless the experience is primarily an expressive act because it is important to demonstrate that one experiences.

Further, experience involves, generally speaking, more emotions than the consumption of goods and services and expressive consumption thus is more emotional than instrumental consumption. However, experience and expressive consumption are not necessarily more impulsive than instrumental consumption as Kerr, Fujiyama and Campano (2002) suggest. Expressive consumption can be planned and conscious, as when one plans one's holiday a year in advance. It can also be impulsive, but probably not more than the purchase of a good. The purchase of a service is probably more planned than the purchase of a good because services are rarely offered in an open marketplace such as a shop.

### **Construction of experiences**

We may suggest a scheme with three forms of experience

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|--------------------------------------|--|
| 1. Hedonistic experience             | This leads to purely expressive consumption  |
| 2. Meaning-creating experience       | This leads to a mainly expressive consumption, however, with some instrumental aspects (learning aspects)                  |
| 3. Social status-creating experience | This leads to a mainly expressive consumption, however, with some instrumental aspects (future social positioning aspects) |

In more detail, experiences, based on different characteristics, can be:

- Entertaining (e.g. TV show),
- Relaxing (or un-stressing) (e.g. spa-holiday),

- Learning (e.g. info-training web sites) or meaning-creating (creating a way or understanding of life, e.g. a serious novel)
- Social (being together with other people, e.g. weekend in a holiday-house with friends)
- Basic need fulfilling (combined with extra aesthetic elements, e.g. pornography or a gastronomic meal)
- Cultural capital creating (gives the consumer a cultural knowledge and position cf. Bourdieu, e.g. by visiting museums)
- Social status giving (demonstrates a high status, e.g. to be seen in the VIP seats at an important sports event)
- Personal health improving (or felt like that, e.g. running in the forest or visiting a Chinese herbal doctor)

One may descriptively and prescriptively theoretically suggest that goods, service and experience delivery will – or should – attempt to maximise the experience element. The experience element could be:

- The core element  
*For example going to a cinema and watching a movie or buying a Ferrari that is not registered because of the aesthetic, the inner feeling of owning the car and the demonstration of power and social capital)*
- A built-in added element  
The experience is an integrated element of the goods or service provision. One gets the experience in the moment of consuming the good or service.  
*For example. a cleaning company cleans your home and leaves a bouquet of flowers and bends the corner of the toilet article*
- An addition to the good or service  
*For example. you get a free ticket to a show when you buy an insurance, author evening in your bank or you may also get a gastronomic receipt and demonstration when you buy food in the supermarket*  
The added experience can be delivered instantly in the moment of consuming the good or service, or it can be delivered later. The instant carrying out may be the most efficient from a marketing point of view, because it connects the experience with the good or service most directly.
- A story told about the good, service or core experience product.  
The story is told outside the moment of consumption. This element includes traditional advertisement, but also articles in the press, TV broadcasting etc.  
*For example, the way LEGO toys are used by architects, children and so forth, stories about Virgin airlines (the business concept, the owner and his life, discussion of security etc.)*

All these elements of experience may be combined in the sales and consumption process. One may suggest that the more central the element of experience is, the greater value it creates for the consumer.

Generally one may theoretically suggest that the element of experience has greater value for the customer, the more it is meaning-creating (cf. Weick 1995) or gives social status (for example by creating social capital or demonstrates the consumer's social status. Well-knownness or celebrity gives social status in itself (cf. Alberoni 1972) and celebrity is created via storytelling about them in the media. This story telling gives other people an experience and they thus give social esteem to



the people that become celebrities.

The character of the experience varies among individuals. What is meaning-giving for one person is just entertaining for another. The character may even change throughout the process of experiencing. A TV broadcast that one watches to relax can suddenly attract your attention and become instructive or vice versa. An author evening in the bank can end by being not meaning-giving, but just entertaining. The more instant the experience is in relation to the consumption of the good or service, i.e. the more expressive the consumption, the greater it is supposed to be (i.e. the longer and stronger it will remain in the receiver's memory). An experience is always connected with emotions. Emotions are often observed to be connected with purchase (e.g. Frijda 1999). Thus this observation is not new, but emotions mean even more than before that experience became an important part of a purchase. Experience is, however, not only based on emotions. Physiological processes (e.g. olfactory factors, sexuality, hunger) are important too. Experience is also connected with conscious intellectual considerations. For instance meaning-creation is a fairly conscious process.

All this makes it difficult for a marketing department of a firm to create an exact, planned experience for the customer. The experience depends on the concrete context and situation of the customer in the moment of experiencing, and that cannot be controlled by the providing firm. The firm may do research or base its marketing on research of how different consumer groups experience in different situations. Nevertheless, the value of the expressive consumption is the determinant for potential customers' willingness to buy the product (whether or not it is an experience product, a good or a service) and for their willingness to pay a high price for the product. It is therefore essential that the firm attempts to create a consumption situation that gives the customer the best possible experience.

How one creates good experiences for the customers is a research and development field of its own. Traditional arts and culture and advertising methods can be aspects of this, but there can be more. Traditional arts elements can be created and combined in different ways (should for example the bank customers be invited to an authors' evening or given tickets to a rock festival, or should the bank branch be provided with a play ground for children and café for the adults?). New arts elements, for example web sites or music or pictures via mobile phones can be used. This opens up the possibility for new academic and practice fields. For example the design of multi-media experience has become a large practical field and gradually also an academic field. New academic fields concerning how to create and manage events are developing (e.g. at some universities a new discipline called Performance Design has been developed). All these attempts often involve artists, but it is not a matter of just involving artists. The course of events that the customer goes through in expressive consumption must be planned in all detail by the provider. This involves more than just artistic creativity (which may be a part of it), for example knowledge about what psychologically happens to the customer when he feels that he gets a valuable experience and how he interacts with other people in the moment of expressive consumption (or before and after this moment). Storytelling as an expectancy-creating activity before the expressive consumption can be a means to increase the value of the expressive experiencing consumption for the customer (Mossberg and Johansen 2006).

### **Experience and service**

How does the experience logic that dominates in expressive consumption differ from the service logic? Are the elements of experience just peripheral services (cf. Normann 1991)? Experiences may have been considered peripheral services by academics and practitioners before, but in fact they are different from services, a fact which becomes still clearer as firms work with these elements in practice and the more they are analysed theoretically from this perspective. Experiences

may be additions, but they are not services. The activities that lead to what we now call experience may have existed before and been termed peripheral services, but by introducing the concept of experience and the notion of expressive consumption, we have got a new and better understanding of these activities and what they do to the customer. Further, these activities may grow and take over, thus the experience becomes the core of the consumption instead of the service (or the good).

This change in perspective and understanding from service to experience also leads to another perspective on some of the classic service delivery parameters such as quality, customer relations and so forth.

The issue of co-production where the consumer participates in the production of the “product”, which has been emphasized much in service management theory (service prosumption cf. Eiglier and Langeard 1988) has a different character to experience consumption. The experience is created in the mind of the consumer by acts and artefacts that the provider provides. In expressive consumption, the customer may be an active partner in the production process. He may participate in the acts and presentation of artefacts, but very often, and traditionally (e.g. in theatres, watching TV etc.), he is not: he does not contribute to the act of delivering the “product” and is thus not an active producer as he is in the classic service production. However, the consumer is always the object of the experience production meaning that the creation of the “product” always takes place in the mind of the consumer. Without the consumer’s mind there will be no experience and thus no product. We may also say that the consumer is the psychological material in which the experience is created. Further, the creation of experience can not be re-done because the experience is produced, consumed and assessed in the same moment; expressive consumption failures can not be saved by re-doing any act or correcting failures as one can in instrumental consumption – goods as well as service delivery.

Quality, which means so much in service delivery and production, changes character when we come to experiences. One could claim that the concept becomes irrelevant, that we can not talk about quality of an experience. Quality as a notion is connected to instrumental consumption and is a perception of the “objective” quality of the service or good delivered. Experience is an expressive process where the experiencing person decides whether the process was good and therefore valuable. “Good” is an intuitive decision, mostly based on emotion, but also on rational, conscious assessment. Experience providers also want customers to come back and, more important (since people most often do not want to repeat the same experience, but a new one), they want other people to buy the experience product. Experience is connected with much exposure and PR (storytelling in the press thus a good experience product (e.g. a movie, sports matches) will be well-known). To get more customers to an expressive consumption event primarily demands originality (the unique experience), not quality as meant in relation to goods (zero failures, cf. Juran, Gryna and Bingham 1979) and services (customer-perceived quality cf. Edvardsson, Thomasson and Øvretveit 1994). Further, the assessment can change according to the situation, the actual mood of the person and other external factors. The attempt to create quality measures such as the famous SERVQUAL scale within services (Parasuraman, Zeithaml and Berry 1988) is meaningless. Expressive consumption is assessed situationally (i.e. in the concrete situation) and intuitively. Even if one could develop a corresponding scale for experience, it would be difficult to formulate the variables and questions. We know too little about what a situational experience is to people. Of course marketing research has studied the relation between emotions and consumption (e.g. Frijda 1999) and these results could be used to construct scales for measuring the individual and situational value of an experience, but such a project has hardly been carried through yet.

This means the personal customer relation, which has been emphasized as important in services (Gummesson 2008) is much less – if at all – important in experiences. An experience and expressive consumption is a complex instant mental process. One can assume that a person

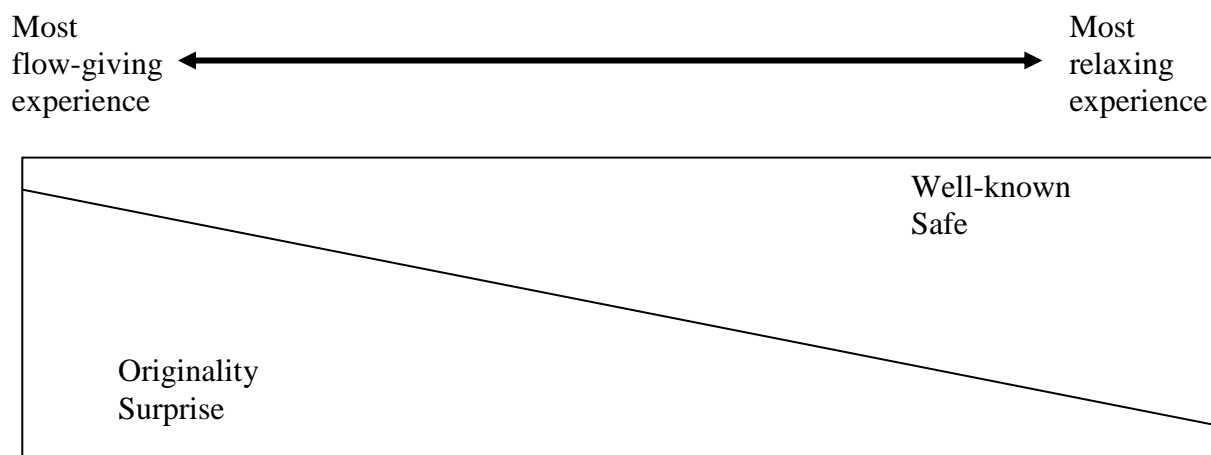
normally does not have the competence to really control and understand that psychic process (for example what gives flow cf. Csikszentmihalyi 2002). The direct interaction between personnel and the customer is rarely crucial for the value that the consumer ascribes the experience. The back-office creation of the experience event and situation including, for example, storytelling is more crucial. Many elements that create experiences are delivered without any personnel present (e.g. all elements via web-net, mobile phones, TV etc.). The “back-office” creation of the experience elements and possible stories are more crucial than the personal customer relation.

Quality can not in expressive consumption be used as a factor to assure that people come back and become loyal customers. Customer loyalty obtains another character when we talk about experience. In services, loyalty often means that the customer comes back and buys the same service. An experience should normally be new every time to really be of high value. Thus loyalty, meaning that the customer comes back and buys the same event, will often not be anything to aim at. A firm could of course aim to ensure that the customer returns and buys some other events that could give him a new experience. That does not require that the delivered event was as expected and perceived as good quality, but that it is new. Creativity and innovation becomes the crucial parameters for creating loyal customers, not quality.

The relation to the customer in expressive consumption is a matter of originality. Does the customer think the event of the consumption is a new experience that meets his instant demands? If he does, he will be a satisfied customer. He may even come back – not necessarily for the same experience, but for another one delivered by the same firm or institution. Empathic creativity matters. Empathic creativity is the development of new and original events that fit with the mood of the customer in the moment of consumption.

However, not all experience is about originality - a journey into unknown land. As we have seen, some experience is about relaxation, social interaction and social status. These experiences are more characterised by something well-known, or at least not exciting or new. Nevertheless, even in these experiences the creative element, and thus something original, is important. The creative and innovative should not be too much, but it should be there. One may state a hypothesis of experience is a matter of both the unknown and original and the known and safe. If the latter were not present, one would not even understand the un-known and original because any frame of reference would be missing. Experience can be seen as based on originality and safe as a kind of yin-yang that both must be present, but in different mixes. The more the original and element of surprise is present, the more the experience produces flow (cf. Csikszentmihalyi 2002). The more the well-known and safe element is present, the more relaxing is the experience.

### Scale of experience forms



The production and delivery of original, new elements of experience can not be done by “artistic momental intuition”, it demands a long-term business plan and strategy if it is to be more than small, semi-amateur business activities. The elements relating to experience must be planned and the customer segment defined, there must be systematic innovation that not only emphasizes artistic creativity, but also the market possibilities and marketing. The marketing of experiences is particularly characterised by storytelling about celebrities connected to the experience event (such as actors being connected to a movie, sports stars to a TV broadcast or a sports event and so forth). The stories are not paid advertising, they are told by journalists and other communicators. The storytelling is neither traditional mass advertising marketing, nor the particular personal customer-relation marketing that has been emphasized as being characteristic of service deliveries.

Expressive consumption may be impulsive for the consumer, but it is not for the provider. For the provider a successful expressive consumption process requires strategy, planning, creativity and empathic understanding of customer segments.

#### **Innovation and expressive consumption**

Innovation is always important in business because it develops the business and ensures its survival on the market. In experiences innovation is particularly important because the consumers most often want the experience to be new every time. Is innovation in experiences which is connected to expressive consumption different from innovation in services which is connected to instrumental consumption? Within the last decade, research has tried to describe the specificities of innovation in services (e.g. Sundbo 2001, Andersen et al. 2000, Gallouj 2002, Aa and Elfring 2002, Tidd and Hull 2005). Several empirical studies of innovation in services have been conducted (e.g. Brentani 1993, Finch et al. 1994, Sundbo 1996, 1998, Evangelista and Sirilli 1998, Vermeulen 2001, Fuglsang 2002, Gallouj 2002, INNO-Studies 2004, Howells 2004, Hipp and Grupp 2005).

As a consequence of this work, an understanding of the special character of service innovation has emerged. Innovations in services are often small improvements integrated with daily work. The innovation process in services is generally very interactive involving many managers and employees. It involves employees bottom-up and strategy-making top-down (Sundbo 1996). The latter means that the firm strategy both is a guideline for and a control of the innovations. Service innovations are rarely R&D based. By contrast, they are often market or customer based. Service

innovations seem generally less technologically-driven than manufacturing innovations (Sundbo 1996, Aa and Elfring 2002). However, ICT is an exception that becomes increasingly important to service innovations (Evangelista and Sirilli 1998). Service innovations become increasingly more systematic (cf. Miles 2004, Sundbo 2008). The development of service innovations becomes very market and customer based. Since the service firm can not exactly tell what customers want in the future, they need to guess and create a strategy for how the firm should develop in relation to the most probable market development. The strategy becomes the framework for innovation. Innovations must be kept within the strategic framework and the strategy also becomes an inspiration for innovation.

There have only been a few studies of innovation in experiences for example innovation in tourism (Sundbo, Orfila-Sintes and Sørensen 2007). One may therefore ask the question: Does the description of service innovation as customer-driven, interactive and strategic apply to experiences? How are products like experience that are dedicated to expressive consumption innovated?

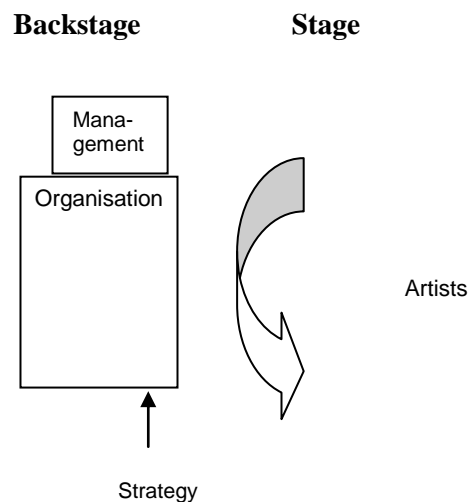
When experience as a unique or relaxing event is the factor that makes customers buy the product, creativity and artistic traditions become important. If it concerns experience based on ICT-deliveries, creative development of ICT-elements, such as web-pages, mobile-entertainment and so forth are elements in experience innovation. Creative work with developing these elements, for example multi-media design, becomes important, as does understanding how people receive stimuli and build their mental experiences. This understanding can be achieved via existing knowledge, but also by studying peoples' reaction in laboratory experiments. One can say that the laboratory is back. The laboratory must here be understood broadly as artist workshops, creative processes and laboratories with ICT-equipment where user-reactions are observed. Innovation for expressive consumption is more laboratory-based compared to service innovation.

Innovation in experiences follows the development of service innovations by becoming more strategic. The development of new elements of experience (events, artefacts, stories) also becomes increasingly oriented towards the probable development of a selected market segment and thus more strategic. This means that the innovations directed towards expressive consumption must also become more strategic (the so-called backstaging of experience production, cf. Sundbo and Hagedorn-Rasmussen 2008). Firms demand psychological and sociological knowledge about how experiences are formed in the receivers' mind. Such knowledge is valuable input to innovation. However, science has not yet delivered all the necessary knowledge thus more research of this is needed.

Innovation of experience elements thus is characterised by two developments that seems to be contradictory: A strengthening of the creative laboratory push and a strengthening of the market- and customer-oriented pull. The contradiction seems to be solved by the strategic pull orientation becoming the superior, but the strategic framework is filled by artistic, technological and other creativity. Below is a model of the innovation organisation within experiences:

## *Innovation and artistic creativity*

### Innovation      Artistic creativity



Further, since storytelling is an important part of marketing, but also the product (i.e. the production of an experience in the mind of the consumers), the creation of new stories and new ways of telling the stories is an important field of innovation. New elements of products are often combined with new stories. Celebrities such as artists (preferably actors in the product (e.g. a movie)) play one of the main roles in the stories. The stories can also be told about the firm, the managing director or other managers or employees.

### **Practical impact of the conceptual discussion: Experience management**

The production of elements for expressive consumption also leads to a new management discipline, which could be called experience management (Horn and Jensen forthcoming, Mossberg 2003). This management discipline includes the management of creative employees and artists in a way that supports their creativity but leads it in the direction of the chosen strategy (including which type of experience should be induced in which customers). The aim of the management is focused on the moment of consumption that also is the moment of production of the experience. Of course the interaction between the personnel and the customer is important as in service deliveries, but more important is the mental process that happens in the mind of the customer. Furthermore, the non-creative employees should be managed so as to create the intended experience in the mind of the customers. Their behaviour is also part of the experience-inducing act. The firm should study the psychological and social process that take place when their customers get an experience. The experience-creating process is primarily psychological, but it is also social. In most cases the experiencing person interacts with other persons in the moment of expressive consumption. Experience management has also to create the stories that should be told as marketing and the first stage-part of the product and to ensure that the stories are communicated to the public. Sometimes the manager must play a role in the stories and thus expose his or her personal life.

## Conclusion

Experience has become increasingly valuable for the consumers. Aspects that can give the consumers an experience are increasingly emphasized, both as the primary product such as is done within creative industries and as additions to goods and services. Experience is produced in expressive consumption, which is a contrast to the instrumental consumption of goods and services. The emphasis on experience has created a new logic of expressive consumption. This logic is characterised by:

- The provided event is meant to be fully consumed in the moment of delivery. The consumption is not an instrumental act that should solve another problem, neither with a time lag (as goods according to the service marketing theory should) nor instantly (as services should according to the service marketing theory). The consumption is the experiencing end-act.
- The consumer is the object of the experience production meaning that the experience is induced in the mind of the consumer by acts and artefacts that the provider provides. The consumer may or may not participate in the provision of acts and artefacts.
- Customer satisfaction depends on empathic creativity of the provider (not on product or service quality).
- The successful production and delivery of experience elements for the expressive consumption act is a strategic and planned process
- The particularity of marketing of expressive experience elements is storytelling about celebrities connected to the experience.

Innovation in experiences has become a combination of a superior market-based strategy and artistic and other creative laboratory work. The latter is a particular feature of experience innovation. This innovation model has developed because of the problem that it is difficult to create the surprising, unique experience in the moment of expressive consumption. The reason is partly that it is difficult to create something surprising, partly that it is difficult to predict how people, in their mind, will react to external stimuli. The model is combined with the innovation of stories about the product, the firm and persons involved in the product (typically artists or other celebrities).

The expressive consumption logic has grown out of the service logic and is still influenced by that, but it has gained its own life. We need to understand that if we want to understand the new business conditions of experience-based consumption. Research has only started to study and understand the logic of experience-based expressive consumption.

The differences between service and experience production and delivery can theoretically be stated in the following table:

**The experience and service logics**

<i>Characteristics</i>	<i>Experience</i>	<i>Service</i>
Consumption act	Expressive	Instrumental
Marketing	Storytelling	Customer relation
Customer satisfaction means	Originality and safe	Quality assurance
Innovation	Laboratory based and strategic	Ad hoc employee based and strategic

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