Designing experiences strategically

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A B S T R A C T

Companies willing to enter into the experience economy have available procedures for experience design and evaluation but not for strategic decision-making on what experiences to incorporate into their offering. This study presents a procedure for identifying experiences and for assessing their customer value. The fieldwork consists of a logbook technique for experience identification and their subsequent strategic assessment considering people’s perceptions of the influence each experience has in their quality-of-life, their interest in living each experience, and their previous knowledge of each experience. The paper focuses on experiences related to environmental design. In that setting, the procedure led to the identification of 13 different experiences. A clustering analysis identified six groups of experiences accordingly to the perception of 142 persons interviewed: experiences that have a ready market, experiences with a market to captivate, experiences with a potential market, experiences indifferent for a given market, experiences with lost clients and experiences that need a better adjustment to the market.

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1. Introduction

Pine and Gilmore (1999) propose the experience economy as the necessary evolution of a services-based economy. They argue that technology and increasing competition would significantly reduce the costs of services, which together with increasing expectations of consumers, would make it very difficult to add value to services as well as to differentiate them in the market. In that new economy, customer experience appears as the new paradigm for added value and differentiation.

The moment of experiences is here. The idea attracts the interest of many researchers. A significant number of studies, mainly in retail and hospitality realms, show the influence that sensorial stimulus coming from the physical context have in customer experiences (Carmel-Gilfillen, 2011; Davis, Wang, & Lindridge, 2008; Jang & Namkung, 2009; Machleit & Eroglu, 2000; Morrison & Beverland, 2003; Park & Farr, 2007; Pullman & Gross, 2004; Sherman, Mathur, & Smith, 1997; Summers & Hebert, 2001; Turley & Milliman, 2000; Ward, Davies, & Kooijman, 2003).

With this respect, companies willing to enter into the experience economy have available different methods for developing experiences but not for strategic design. Several authors propose procedures for experience design, production and evaluation (Boswijk, Thijssen, & Peelen, 2005; Hayes & MacLeod, 2007; Pine & Gilmore, 1999; Shedroff, 2009).

Most of these procedures consist of a series of steps with practical recommendations and tools. As an example, Pine and Gilmore (1999) procedure consists of five steps or principles for experience design: first theme the experience, then harmonize impression with positive cues and eliminate negative ones by managing any element issuing sensorial and cognitive information to the user, next mix in memorabilia (goods that convey memories of the experience) and finally engage all five senses.

Knowledge from different fields of science can be used in any of the steps. Regarding the last step, the role of senses in experience eliciting attracts the interest of many researchers. A significant number of studies, mainly in retail and hospitality realms, show the influence that sensorial stimulus coming from the physical context have in customer experiences (Carmel-Gilfillen, 2011; Davis, Wang, & Lindridge, 2008; Jang & Namkung, 2009; Machleit & Eroglu, 2000; Morrison & Beverland, 2003; Park & Farr, 2007; Pullman & Gross, 2004; Sherman, Mathur, & Smith, 1997; Summers & Hebert, 2001; Turley & Milliman, 2000; Ward, Davies, & Kooijman, 2003).

However, strategic design of experiences receives less attention in the academic field. In this phase, companies have to make strategic decisions to answer crucial questions like: what business should we be in? and what should we make/offer? (Shedroff, 2009). In other words, companies need first to identify experiences potentially interesting for them and then, decide which ones to incorporate into their business.
Regarding experience identification, companies may opt for treating experiences as any other product and use traditional methods for strategic orientation and design. Several authors follow this approach applying user-centered techniques as focus groups, questionnaires, scenarios, etc. to identify (Boswijk et al., 2005; Shedroff, 2009) and to design (Boswijk et al., 2005; Pine & Gilmore, 1999; Shedroff, 2009) experiences.

However, approaches and methods diverge, to a great extent due to the fact that there is not a single and widely accepted definition of experience. Pine and Gilmore (1999), from their marketing approach and services focus, and coinciding with other authors (Cupchik & Hilscher, 2008), define experience as what leaves a print in the person, something memorable and unique. Desmet and Hekkert (2007), issue a more complete definition of product experience as “all possible affective experiences involved in human–product interaction”. This definition is further completed by Hekkert and Schifferstein (2008) as “the awareness of the psychological effects elicited by the interaction with a product, including the degree to which all our senses are stimulated, the meanings and values we attach to the product, and the feelings and emotions that are elicited”.

Boswijk et al. (2005) focus in what they call meaningful experiences and survey them by asking people about experiences that changed their lives in different contexts. By contrast, Shedroff (2009) emphasizes the co-creation of experiences in a process of five essential stages starting with the creativity and the innovative capacity of people in creating a vision on moments of contact and meaningful-experience settings and the concepts that develop because of these. The idea Shedroff (2009) proposes is to conceive of and bring about new concepts in a creative way and learn from earlier meaningful experiences, converge and co-create them.

Pine and Gilmore (1999) call to this step to theme the experience. They suggest a simple idea, which actually is behind many experiences in the market: take a verb and convert it in an experience by adding “ing experience”: driving experience, shopping experience and so on.

On the contrary, few studies focus on strategic decision making on experiences. At that stage, to make a decision, companies need assessing the market potential of identified experiences. Market potential is given by different variables among which value stands out. However, probably arising from differences in the definitions of experience, there is not a clear definition of the value of experiences and, in consequence, a method to estimate it.

With respect to market value of experiences, outstanding authors advocate for taking the individual as the source of value (Boswijk et al., 2005; Prahalad & Ramaswamy, 2004; Shedroff, 2009; Zuboff & Maxmin, 2002). That proposal is fundamentally, a user centered approach in which experiences are co-created between companies and customers in a way that end users lead value creation (Prahalad & Ramaswamy, 2004). Pine and Gilmore (1999), in the transformation economy, and Boswijk et al. (2005) for meaningful experiences, state that value aligns with people’s perceived benefit of experiences.

The central argument of their proposal is that customers value experiences according to the benefit they perceive they obtain. In this context, assigning a value to meaningful experiences that by definition, are unique and memorable, and that may or should lead to a personal change by the individual having the experience, is rather difficult (Boswijk et al., 2005; Diller & Rhea, 2005). Therefore, at this stage of strategic design, the challenge is to define what the benefit is and then measure it.

O’Sullivan and Spangler (1998) present an instrument to measure the perceived quality of experiences. They identify five dimensions of experience quality (physical surroundings, service providers, other customers, customers’ companions, and the customers themselves) but do not examine the relationship between experience quality and outcome variables such as customer satisfaction, loyalty, and purchase intention.

Pine and Gilmore (1999) propose a framework for assessing the richness of an experience for the customer. Their approach consists of four realms given by people’s participation (passive or active) and people’s connection or environmental relationship (immersion or absorption) in the experience. However, Oh, Fiore, and Jeong (2007) report a poor relationship between the results of this framework and consequences of tourist experiences related to market outcome, such as satisfaction or overall quality. The authors (Oh et al., 2007) conclude that this framework is of little help in strategic decision making.

Generalizing the statement by Oh et al. (2007) is possible by saying that company managers and product marketers are still needing methods and procedures for a practical approach allowing them managing and benchmarking their offerings into the experience economy.

In this sense, this paper presents a procedure to help strategic decision making in companies willing to enter into the experience economy. The procedure consists of two stages: first, identification of experiences and second, assessment of their market value considering people’s perceived benefit for their quality-of-life.

This article demonstrates the procedure using a practical case to assess the Spanish Association of ceramic tile manufacturers, together with a group of ambient intelligence, lighting and sound companies, in strategic decision making regarding experiences to offer by environmental design as a new market. In this context, Environmental Design, as defined by Nathan Shedroff, in their glossary of experience design (http://www.nathan.com/ed/glossary/index.html), refers to the field of developing physical, spatial environments (interiors and/or exteriors) to solve a particular need or create a specific experience.

2. Material and methods

The work presented in this paper follows a two stages procedure for strategic design of experiences: identification of experiences and experience assessment from the point of view of end users.

2.1. Identification of experiences for environmental design

Identification of experiences relies on a logbook technique. In this way, 35 volunteers took part in the first part of the experiment. They were balanced in gender whereas age ranged between 28 and 45 years old.

The purpose of the technique was explained to them in a first meeting at which they were handed a paper logbook, in which every person was instructed to freely report, for the following week, any experience he/she lived or wished to.

Volunteers were asked to write down in the logbook any experience pleasant or unpleasant, lived or desired, describing the instant of the day as well as their physical and emotional status. They were encouraged to include as many details as possible of the sources of the experience as well as about the environment in which it took place (sounds, colors, objects, etc.) and emotions, feelings and sensations related.

All reported experiences were put together eliminating those very similar. As the interest of the study is in environmental design, those experiences originated mainly from stimulus coming from the environment.

2.2. Assessment of experiences from users’ point of view

The second step consists of a field survey to assess people’s opinion about the value of experiences. Generally perceived benefit is measured as the perception people have on the influence of identified experiences in their quality-of-life (QOL).

People’s interest in having the possibility of living each experience whenever they would like is collected as a measure of interest.

Finally, how often people live these experiences was asked to control people’s familiarity with experiences.
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