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Is Luxury Today all about Experiences Rather than Products and Services?

Introduction

When Pine and Gilmore published *The Experience Economy* in 1999 the world changed! Their ideas challenged the traditional views of both marketing and consumer behaviour.

The concept of an experience focused attention on the consumer and their ability to have something customised to meet their desires rather than having to accept a standardised product designed by industry suppliers. In this respect it shifted the balance of power, in theory, between suppliers and consumers in favour of the consumer.

This desire for customised experiences has also been reinforced by the rise of the Internet and smart devices. These have given far more choice to the consumer in terms of the products and services they may wish to purchase, but also in relation to where, when and how they make the purchase.

Until recently it appeared that only the rich had much choice about what they purchased and were treated as individuals rather than as units in a mass market. This very fact served to clearly identify them as a separate segment, a luxury segment. However, the rise of the Internet and mobile devices has created a new world in which virtually anyone who can afford to travel can customise their vacation 'experience'. In doing so, perhaps the idea of the 'experience economy' has mortally wounded one of the traditional pillars of luxury, namely exclusivity and rarity, by saying what used to be a privilege for a few can now be a reality for virtually everyone.

However, before we get carried away by this idea let us still remember that some travel experiences cost tens of thousands of Euros and/or require weeks of available leisure time or great physical fitness!

Nevertheless, the concept of the experience economy is one which is of particular importance to tourism, hospitality and events, where every purchase is based on a desire for benefits such as pleasure, fun and self-actualisation. None of these purchases are essential for our physical existence or day to day comfort. Indeed it could be said that all tourism, hospitality and leisure purchases are a luxury regardless of how much they cost. This is in contrast to many other purchases which we have to make, whether they be food and drink, clothes, modes of transport, accommodation and so on. While some of these purchases bring pleasure as well as more utilitarian benefits I would argue that, in general, there is much less pleasure involved than there is in a vacation.

In terms of experience there is another characteristic of the consumption experience that sets tourism, hospitality and events apart from most other types of purchase, and that is that most take place over a very limited period of time. Cars, furniture, and clothes should last for years, but in our industries the consumption phase may last several hours, such as a concert, or at most two or three weeks, in the case of a vacation. This makes these consumption experiences particularly intense and rich.

Consumption experiences in tourism, hospitality and events are also distinguished from those in other sectors as they take place away from the home, in places the consumer may never have visited before. This also adds a 'frisson' to the overall experience.

In an effort to catch up with both the theory of the 'experience economy' and trends in consumer behaviour, many suppliers have taken the idea of 'experiences' on board, or apparently so. Perhaps, in reality, most have paid lip service to the idea rather than understanding what it means, and being prepared to immerse themselves in the ideas and take the risk of running with them to their logical conclusion, wherever that might be. Instead the term has often been used as a marketing gloss on a continuation of traditional approaches, designed to suggest empathy with the target market consumers.

In this chapter I will argue that the idea of 'experience' has become a new 'currency of luxury', but one which is available to everyone regardless of what they pay and who they are.

Every tourism, hospitality or event experience has always been unique because of the impossibility of homogenising service delivered by human beings with all their moods and inadequacies. Other factors also guarantee each experience is unique, including the expectations and attitudes of each consumer and the people they consume the experience with, such as the other guests in their hotel.