

THE EXPERIENCE ECONOMY

Today we will talk about the experience economy, the history of its development, the reasons for its emergence, and we will also look examples based on real companies.

The experience economy is a new concept that is becoming increasingly important for business. In 1998, Joseph Pine and James Gilmore stated in their book *The Economics of Impressions* that companies should focus not only on goods and services, but also on selling emotional experiences. They argued that traditional models are insufficient for economic growth, and impressions should be separated into a separate economic product, as they can create additional value in a world saturated with monotony. The main reasons for the emergence of the experience economy include:

1. Enhanced personalization, thanks to data analysis technologies, which allows you to develop customized solutions for customers.
2. The influence of social media, where every customer can become a critic, which encourages companies to create vivid impressions and actively work on their image.
3. The transition to digital technologies, which allows you to create online experiences comparable to offline events and engage customers through e-commerce and virtual reality.

Pine and Gilmore identify four types of experiences that organizations use to enrich goods and services or as stand-alone offerings: entertainment, education, aesthetics, and escape. Entertainment has a lot to do with escapism. An example is Walt Disney, who set high standards in the field of customer experience. Disney started calling its customers “guests”, which changed the relationship between employees and customers. All 75,000 Disney employees are aware of their responsibility for the guest experience, which supports and enriches the interaction with the brand. Entertainment requires the client to absorb the impression of, for example, a movie or an attraction. The educational aspect comes in various forms, including learning new skills. Many people combine their studies with recreation, for example, in rally car driving or fishing courses.

The Internet offers many learning opportunities, from paid courses to free textbooks. Aesthetics draws attention to the sensory perception of the brand. For example, Starbucks and Costa use attractive interiors to raise the value of their offerings. Modern companies like Apple create their aesthetic appeal by focusing on design and packaging, which makes their products desirable despite the technical advantages of competitors. We cannot accurately measure how this affects our feelings, but we realize that we are willing to pay more. This explains why in the last three months of 2019, Apple generated a profit of \$22.2 billion—almost two billion dollars per week. Computer games have become particularly popular among forms of escapism, such as skiing and scuba diving, and they often cross the line between entertainment and addiction. Initially available only on specific platforms, the games can now be played on phones and tablets, attracting almost half of the UK population.

Let's look at companies that have managed to increase customer loyalty by creating unique experiences:

The Lego company offers children and adults not only toy sets, but also the opportunity to participate in events in its stores where you can build, create and share your creations.

The company went even further, it developed an entire learning system based on educational kits. It is now the most common solution used in world schools to raise interest in learning, creativity, engineering and science. The LEGO Education Programmable Builders have become the technical base for robotics education classes in schools, children's creative centers and private robotics clubs. This direction helps to strengthen the relationship between clients and brand and makes them more loyal.

The Ritz-Carlton chain of hotels is known for its exceptional service. They have a rule called the "3 Steps of Service." If an employee is unable to resolve a customer's issue on the spot, they may spend up to \$2,000 to satisfy the customer's request. This creates a unique experience for guests, building loyalty.

The examples above show how companies can increase customer loyalty by investing in creating unique experiences. Understanding customer needs, personalization of service and attention to detail will help create brands that customers not only choose but also gladly recommend to others.

As a result, we can provide several strategies to avoid this tendency. First of all, take care of the quality of your products or services. If customers are happy with your offer, they will be less likely to look for experiences elsewhere. Secondly, it is worth giving feedback regularly. This will help you better understand what the customer likes and what they don't. Thus, you will be aware of your possible mistakes. Thirdly, Customers appreciate transparency and may prefer you to other companies that are not so sincere. So be honest with your customers.

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