

Measuring the Experience Economy and the Visitors Behavioral Consequences: An Empirical Study on Veishea Event

Aikaterini Manthiou
Iowa State University
Hospitality Management

Seonjeong Lee
University of Massachusetts
Isenberg School of Management

Liang (Rebecca) Tang Ph.D.
Iowa State University
Hospitality Management

ABSTRACT

Experience is a core product of the events and plays a crucial role in surviving and achieving a competitive advantage within the industry. Four dimensions of event experiences (4 E experience) are discussed in the study, including entertainment, education, esthetics, and escapism. The authors propose a theoretical model which investigates the impact of 4 E experiences on visitors' emotions, and consequently the satisfaction and behavioral intention. Structural Equation Model is employed to test the validity of the conceptual model. The study provides event organizers with guidance on the improvement of event activities and suggests promotional strategies for event marketers to attract attendees.

Keywords: *experience economy; emotion; satisfaction; behavioral intention; event*

INTRODUCTION

People visit events in order to satisfy and fulfill certain goals and needs. As one of the fastest expanding types of tourism attractions, events have seen rapid growth with regard to number, diversity, and popularity since the 1980s (Crompton & McKay, 1997; Thrane, 2002). According to Zeithaml, Parasuraman, & Berry (1985), events, within the realms of service marketing, are characterized by intangibility, inseparability, heterogeneity and perish ability.

Visitors have varying motivations of attendance in the events. According to Nicholson & Pearce (2001), people attend events for different reasons and that the majority is going to a particular event for what it offers rather than to an event in general. Crompton & McKay (1997) cited three interrelated reasons why research on event motivation is important: it is a key to designing better products and services, it is closely linked to satisfaction, and it is a crucial ingredient in understanding the visitors' decision-making process. The event experience affects

satisfaction and plays a crucial role in surviving and achieving a competitive advantage within the event industry. A desirable experience can affect emotions, last long in the minds of its customers and influence the consequent behaviors. In this study we use the Pine & Gilmore's (1999) experience economy (4Es) which includes educational experience, entertainment experience, escapism experience, and esthetics experience. According to the experience economy, consumers seek unique experiences beyond merely consuming products and services because the consistent, high level of product and service quality can no longer be used to differentiate the choices for the consumers. Pine & Gilmore (1999) indicated that businesses need to shift their paradigm from the "delivery-focused" service economy that emphasizes high quality offerings to the "staged" experience economy that creates a memorable consumption experience. Experience is defined as the result of encountering, undergoing, or living through situations that provided sensory, emotional, cognitive, behavioral, relational and functional values (Schmitt, 1999). According to Sheth & Mittal (2004) emotion is consciousness of the occurrence of some physiological arousal followed by a behavioral response along with the appraised meaning of both. A desirable experience will affect emotion, last long in the minds of its customers and will influence the consequent behaviors. The influence of experience on emotion, affect, conation, and behavior has also been well supported in other studies, such as Allen, Machleit, & Kleine (1992), Mano & Oliver (1993), as well as Westbrook & Oliver (1991).

Realizing that experience plays a significant role for event success, the authors will examine whether the experience economy of the event affects visitors' emotions, their satisfaction judgment and behavioral intentions. This paper is the first applying the 4 E experiences in the event context and contributes to the body knowledge of 4 E experiences. The study will also provide guidance for event organizers to plan event activities and recommends promotional strategies.

LITERATURE REVIEW

Experience economy

Providing high quality experiences is a primary goal for the recreation and leisure industry (Knopf, 1988). Experiences trigger a "steady flow of fantasies, feelings, and fun" (Holbrook & Hirschman, 1982, p. 132). According to Van Boven & Gilovich (2003) "experiential purchases are those made with the primary intention of acquiring a life experience: an event or a series of events that one lives through" (p. 1194). As a type of tourism attractions, events are one of the pioneer examples of the experience economy (Quan & Wang, 2004). Most of the economy values that are offered by tourism industry are essentially the experiences. The experience economy contains educational experiences, esthetic experiences, entertainment, and escapism experience (Pine & Gilmore, 1999). According to Yuan, Cai, Morrison, & Linton (2005), the main participants' attendance motives for the Vintage Indiana Wine and Food Festival were education and learning about wine, socializing, having a day out, and

entertainment. Additionally, Uysal, Gahan, & Martin's (1993) corn festival study, escape emerged as the dominant motivation.

With educational experiences, visitors absorb the events and actively participate through the mind and/or body. Some events are designed exclusively for creating an educational experience. For example, parents and children visiting the Living History Farm in Iowa, were educated about 300 years of farming history and attend demonstrations of historical farm skills, such as rope making, spinning, weaving, wood carving, and chair caning (Oh, Fiore, & Jeong, 2007). Visitors are expected to increase knowledge and skills in educational events through actively engaging the mind and the body (Pine & Gilmore, 1999). In esthetic experiences, visitors enjoy being to the event without affecting or changing the nature of the environment presented to them. For example, tourists may go to Cape Cod just to enjoy the serenity of the beach and rhythm of the Atlantic Ocean (Oh, Fiore, & Jeong, 2007). Entertainment is one of the oldest forms of experience and the most developed and pervasive in the business environment (Pine and Gilmore 1999). The entertainment experience happens when visitors observe activities and performances of others. Watching and listening to an Elvis Presley impersonator singing at a music festival or watching a clown ride a tall unicycle at an amusement park are good examples of the entertainment experience (Oh, Fiore, & Jeong, 2007). Escapism experience requires that the visitors affect actual performances in the real or virtual environment (Oh, Fiore, & Jeong, 2007). To gain escapism experience, visitors participate in an event to take a break from their everyday routine and escape for a while. All the above experiences influence emotions.

Emotion

Emotion is defined as internal mental states that are focused primary on the affect (Ortony, Clore, & Foss, 1987). According to Farber & Hall (2007), three assumptions predict this definition. First, emotion is not an external state but an internal mental state. Second, emotion is not cognitive or physiological states but affective states of subjective feelings. Third, emotion is a result of a specific event or stimulus and is episodic in nature. In other words, emotion includes pleasant or unpleasant feelings (Plutchik, 2003). The emotional responses elicited during the consumption experiences are described either by the emotional experience and expression, such as joy, anger, sadness, guilt, and fear, or by emotional categories, such as pleasantness/unpleasantness, relaxation/action, or calmness/ excitement (Russell, 1979).

Based on the discussions above on the relationship between experience and emotion, four hypotheses are proposed as follows:

H1: Educational Experience in an event has a positive effect on the emotion.

H2: Entertainment Experience in an event has a positive effect on the emotion.

H3: Escapism Experience in an event has a positive effect on the emotion.

H4: Esthetics Experience in an event has a positive effect on the emotion.

Satisfaction

Satisfaction is usually conceptualized as a function of whether visitors' expectations or their psychological needs are met (Mannell & Iso-Ahola, 1987; Han, Back, & Barrett, 2009). Bitner & Hubbert (1994) described customer satisfaction as an overall evaluation of performance based on prior experiences with a provider. Moreover, it is a judgment that the product or the service itself is providing a pleasurable level of consumption-related fulfillment, including levels of under or over fulfillment (Oliver, 1997, p.13).⁷ One of the well-known satisfaction theories is the confirmation/disconfirmation theory, predicting that satisfaction comes after if consumers' expectations are met and vice versa (i.e., if consumers' expectation is not met, consumers' dissatisfaction arise) (Oliver, 1980).

Customer satisfaction is also known as an emotional response to direct product experiences (Han, & Back 2007). Specifically, satisfaction has been conceptualized as an emotional response to the judgmental disparity between product performance and a corresponding normative standard (Woodruff, Cadotte, & Jenkins, 1983). Previous research has underlined the great importance of consumption emotions on the satisfaction judgment (Mano & Oliver, 1993; Westbrook, 1987; Westbrook & Oliver, 1991). Westbrook (1987) investigated the extent to which positive and negative consumption-based emotions affected satisfaction and other consequences, such as word of mouth and complaints. According to Oliver (1997), the impressions of enjoyment, entertainment, excitement, and enlightenment are all assessed as the final outcome of satisfaction. Additionally, Westbrook & Oliver (1991) investigated response patterns of consumption emotions and satisfactions. They identified various patterns of emotional experiences and found that satisfaction is correlated with the emotional experiences. Based on the literature on emotion and satisfaction, the hypothesis is proposed as follows:

H5: Emotion has a positive effect on the satisfaction.

Behavioral intention

Behavioral intention is defined as “a stated likelihood to engage in a behavior” (Oliver, 1997, p.28). According to the theory of reasoned action (Fishbein & Ajzen, 1975), behavioral intention is related to the consumers' actual behaviors, showing a high correlation between consumers' intention and their actual behavior. Therefore, investigating visitors' behavioral intention might predict their actual behaviors, based on the notion that behavioral intention is a reasonable variable to expect consumers' future behavior (Quelette & Wood, 1998). Previous

studies underlined the major determinants of consumer behavior such as consumption emotion (Han, Back, & Barrett, 2009) and satisfaction (Anderson & Sullivan, 1993; Cronin & Taylor, 1992, Oliver, 1980; Yi, 1990). Getty & Thompson (1994) investigated the relationship between satisfaction, and behavioral intentions. They suggested that customer behavioral intentions to recommend and repurchase are positive consequences of their perception of satisfaction and service quality. Han, Back, & Barrett (2009) argued that emotions, which is an antecedent of satisfaction, is likely to influence behavioral intentions through customer satisfaction because the overall satisfaction with a product or service experience is believed as a requisite for intentions to revisit, complain, and recommend. Since satisfaction is well established leading to the consumers' behavioral intentions, event organizers need to put priority on achieving or enhancing visitors' satisfaction.

Considering the relationships between emotion, satisfaction and behavioral intention, two hypotheses are developed in the study:

H6: Positive emotion has a positive effect on the favorable behavioral intention.

H7: Satisfaction has a positive effect on the favorable behavioral intention.

Incorporating the hypotheses proposed above, this study proposes the following conceptual model.

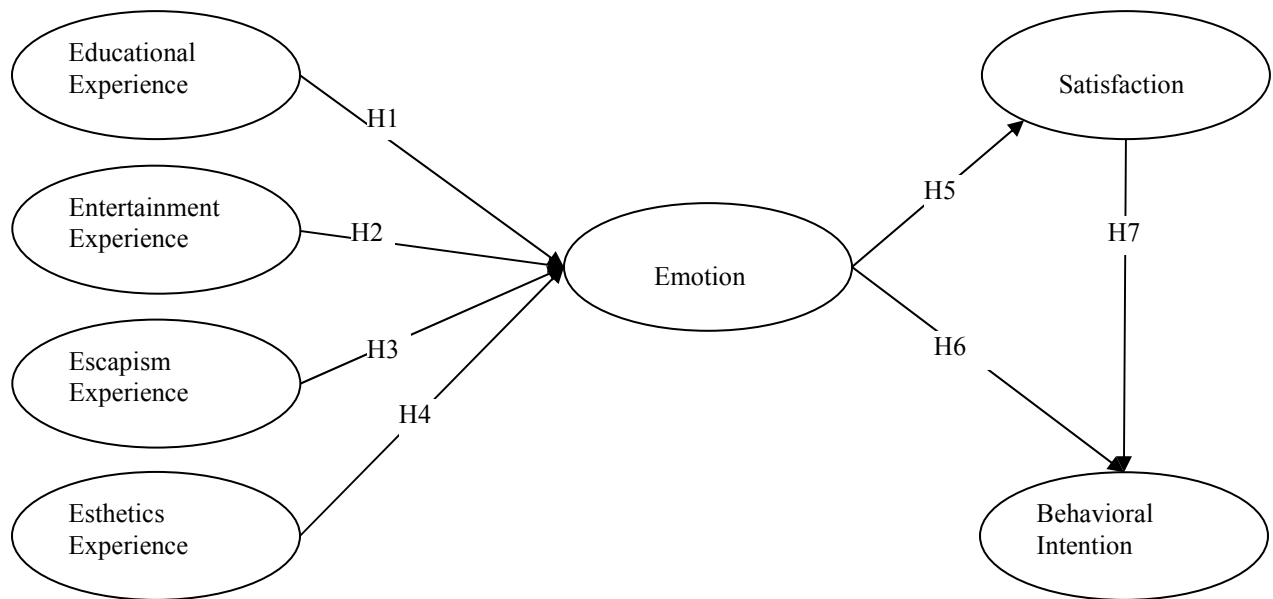


FIGURE 1. Theoretical Research Model

METHODOLOGY

Survey Instrument

The questionnaire for the primary survey contains four sections; the first contains the experience economy measures, the second consists of the consumption emotion items, the third includes satisfaction and revisit intention measures and in the last section, participants are asked to provide demographic information. Multi-item scales are used to assess all variables to adequately capture the domain of constructs. All constructs are measured using a 7-point Likert-type scale. The measurements of experience comprised items assessing educational experience entertainment experience esthetics experience and escapism experience as developed by (Oh, Fiore, & Jeong, 2007). To measure emotion, 12 items proposed by Tsau, Chiu, & Wang (2007) were modified, including joyful, cheerful, relaxed, surprised, excited, active, astonished, elated, attractive, warm, satisfied and enjoyable. This study also adapted a 15-item scale from Zeithaml, Berry, & Parasuraman (1996) which is composed of both favorable and unfavorable behavioral intentions. The favorable behavioral intentions include loyalty (5 items) and pay more (2 items), while unfavorable behavioral intentions consist of switch (2 items), internal response (3 items) and external response (3 items). The refinement of the questionnaire is made through hospitality academics' review and pretest.

Data collection and analysis

The survey will be conducted during VEISHEA Event. VEISHEA is one of the major events of Iowa State and was first celebrated in 1922. Professor Frank Paine gave the event its name which is an acronym for five school divisions of Iowa State in 1922; **V**eterinary Medicine, **E**ngineering, **I**ndustrial, **S**cience, **H**ome Economics, **A**griculture (News Service, 2010). The main incentive for VEISHEA at that time was to combine all the divisional celebrations into one all-school celebration that would be less disruptive to the classroom. Nowadays, it is one of the oldest traditions of Iowa State and hosts thousands of visitors every year. It offers a wide variety of activities such as exhibits, open houses, parades, concerts, canoe races (Library, 2010) and many students, administration, faculty-staff, the Ames Community work diligently to prepare this large celebration. Led by the VEISHEA Central Committee, they spend months planning and managing every detail to ensure the success of the event. VEISHEA is not just another activity; rather it is a chance to put Iowa State University (ISU) on display and show to the citizens of Iowa and the world the rich heritage and extraordinary future of ISU.

The sample population will be VEISHEA attendees. The collected data will be analyzed by using SPSS and AMOS 5. A two-step approach will be used in this study. Thus, a measurement model will be estimated before the structural equation modeling (SEM) to test the internal and external consistency of the measures, and then the structural model will be used to

assess the relationships among the study constructs. Customer satisfaction will be also tested to investigate the effect of consumption emotions on revisit intention.

RESULT

We will collect data soon. The results will be presented in graduate conference.

IMPLICATION

Based on the importance of the experience, this study attempts to propose a conceptual framework that investigates visitors' experience based on the Pine & Gilmore (1999)'s 'Experience Economy' as a theoretical background and examines the overall relationship among attendees' experiences, emotion, satisfaction, and their behavioral intentions such as return intention and recommendation. This study is of value academically because it is the first paper applying the concept of experience economy within the event industry and contributes to the body knowledge of 4 E experiences. This study will be another stepping stone, emphasizing the importance of providing beyond expectation experiences to the event visitors. Establishing a perfect experiential environment and understanding attendees' evaluations for the event offerings, provides guidance to event organizers to improve event activities and even develop new ones that meet attendees' expectations, lead to higher satisfaction and favorable behavioral intentions.

Practitioners should set realistic marketing strategies to motivate more attendees to visit and, more importantly, to ensure that these attendees are satisfied during the event and may return next year. Gunn (2002) highlighted the importance of good planning for success in the tourism industry. The attendance motivation of the visitors is not homogeneous and consequently event marketers need to adopt a segmented strategy to produce appealing attractions that are specifically designed to satisfy the diverse needs and make the various components incorporated into the theme of the event to fit better with attendees' wants. Additionally, it is important for event marketers to follow promotional strategies that highlight the uniqueness of the event, the opportunities it offers to experience a particular phenomenon, and the celebratory ambience that it generates.

It is also important to consider the limitations of this study. The findings will be based only on one event and the geographic setting of the region and event's location will limit their generalisability. Research can be done in the future on other events with different themes and on popular geographic locations. Moreover, future research can segment the attendees' motivation by taking into account their cultural differences. Additionally, the experience economy concept has been introduced to the tourism literature only at an introductory conceptual level. Further researches to other industries (e.g. service industry) may utilize this conceptual framework and find out the major role that experience plays for customers' satisfaction and loyalty.

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