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Experiences over Possessions: Millennials and the Experience Economy

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Master in International Management

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ISCTE Business School

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**BUSINESS
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Resumo

Hoje em dia, consumidores de todo o mundo estão a optar por experiências de lazer sobre a posse de bens materiais. Um grupo em particular é considerado como o principal responsável por impulsionar esta mudança de consumo - a geração millennial. À medida que os millennials se tornam a geração com maior poder de compra e o gasto global na economia da experiência continua a aumentar, torna-se premente entender a dinâmica deste ambiente.

Assim, o objetivo desta dissertação é compreender melhor a relação entre a geração millennial e a economia da experiência e, mais precisamente, a preferência deste grupo por experiências sobre posses e o papel desempenhado pelas próprias categorias experienciais (entretenimento, educação, escape e estética).

Como tal, para descobrir quais os tipos e elementos experienciais mais valiosos para os millennials e os resultados particulares que desejam de cada categoria de experiência, foi concebido um questionário para avaliar os seus comportamentos e atitudes neste tema. Os dados recolhidos foram analisados através de estatísticas descritivas.

Os resultados mostram que os millennials apresentam uma forte preferência geral por compras experienciais em relação às materiais. No entanto, as experiências estéticas são consideradas menos relevantes que roupas e acessórios ou mesmo dispositivos eletrónicos, o que sugere que nem todos os tipos de experiências de lazer são preferíveis a bens materiais. Para além disso, tornou-se evidente que os millennials desejam experiências que correspondam às suas distintas expectativas emocionais e que sejam experiencialmente diversas.

Palavras-chave: millennials; geração Y; economia da experiência; experiências; bens materiais

JEL: M310 Marketing

Abstract

Nowadays, consumers all over the world are opting for having leisure experiences over owning material possessions. One group in particular is said to be primarily responsible for driving this consumer shift - the millennial generation. As millennials become the generation with the highest global spending power and global expenditure on the experience economy continues to rise, it is pressing to comprehend the dynamic of this environment.

Hence, the objective of this dissertation is to better understand the relation between the millennial generation and the experience economy and, more precisely, this cohort's preference for experiences over possessions and the role played by the experiential categories themselves (entertainment, educational, escapist and esthetic).

As such, to discover which experiential realms and elements are more valuable to millennials and the deeper personal outcomes they desire from each experience type, a questionnaire was devised to assess their behaviors and beliefs on this matter. The collected data was analyzed through descriptive statistics.

Findings show that millennials exhibit a strong overall preference for experiential purchases over material ones. Yet, esthetic experiences are deemed less relevant than clothes and accessories or even electronic devices, which suggests that not all types of leisure experiences are preferred to material possessions. Additionally, it became evident that millennials desire experiences that correspond to their distinct emotional expectations and that are experientially diverse.

Keywords: millennials; generation Y; experience economy; experiences; possessions

JEL: M310 Marketing

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CHAPTER 1

Introduction

1.1. Subject overview

Lately, it has been reported that more and more people are opting for having experiences over owning material possessions. In fact, according to an international study from advertising agency Momentum Worldwide (2019), 76% of all consumers would “*rather spend their money on experiences than on material items*”. Similarly, another survey disclosed that only 3% of people do not believe that experiences are more important than possessions (GfK, 2017).

Travelling the world, going to sports events, eating out at restaurants and attending cultural activities are just some of the cited examples of the experiences in which people prefer to spend their time and money on nowadays.

The impact of this trend is already noticeable all over the world. In the United States, a study by Goldman, Marchessou & Teichner (2017) claims that “*over the past few years, personal-consumption expenditures on experience-related services (...) have grown nearly 4.0 times faster than expenditures on goods*”, which indicates a change in consumers’ spending behavior.

Likewise, in the United Kingdom, Deloitte (2019a) reports that 96% of consumers have spent money on leisure in the first quarter of 2019. Also stated is that “*the importance of experiences has risen in the last three years*”, citing social media and the sharing economy as the main reasons for this, and that there is even a “*growing demand for the leisure sector and more varied experiences on offer*”.

Meanwhile, in Japan, the corporate landscape is increasingly filled with businesses that emphasize experiences, from themed karaoke rooms to coffee shops where visitors can sit among cats, dogs and owls, for example (Lewis & Jacobs, 2018).

After all, in support of this trend is psychology. Over the past decade, research has shown that experiences bring people more happiness than possessions do. Gilovich, Kumar & Jampol (2015) explain that experiential purchases provide greater satisfaction and happiness because they enhance social relations more effectively than material goods, form a bigger part of a person's identity and are evaluated more on their own terms thus evoking fewer social comparisons than material purchases.

Not only that but “*compared to buying possessions, purchasing experiences results in greater anticipatory, remembered, and experienced utility*” (Kumar, Killingsworth & Gilovich, 2020).

With that in mind, it should come as no surprise that consumers all over the world are opting for having experiences over owning material possessions. Nonetheless, it must be noted that one group in particular is primarily responsible for driving this consumer shift - the millennial generation (Goldman, Marchessou & Teichner, 2017; Deloitte, 2019a; Morgan, 2019).

Often held accountable for damaging entire industries (CB Insights, 2019; Velasquez, 2018), millennials are actually participating and spending more on experiences than their older counterparts. For example, according to a study conducted by Harris Poll (2014) for Eventbrite, 82% of millennials attended or participated in an experience in 2014, while that same number for older generations was 70%. Likewise, the average millennial outspends the average element from Generation X and Baby Boom on entertainment and fitness related experiences, for example (Goldman, Marchessou & Teichner, 2017).

Having said that, it is evident that the relevance to study this specific generation in this context is greater than any other, as millennials are the ones leading the shift. Therefore, this dissertation will focus its research on the millennial generation.

Much has been proclaimed about the millennial generation, also known as Generation Y. The consensus appears to be that millennials, while sheltered and conventional, are also more confident, civic-minded and educated (Howe & Strauss, 2000), which influences their behavior as consumers. Moreover, since it is forecasted that the global spending power of millennials is to surpass Generation X in 2020, this sets them to become the world’s most powerful consumers (Tilford, 2018).

As such, it is pressing to understand this generation’s affinity with experiences. In fact, 78% of millennials prefer to spend more money on experiences than on material possessions and 72% even wish to increase their spending on experiences rather than physical items in the near future (Harris Poll, 2014). Also, a second study sponsored by Eventbrite reports that the majority of the millennial generation engages in experiences in order to feel more connected to the community and other people, but also to challenge themselves and escape everyday routines (Crowd DNA, 2017).

This tendency to prioritize experiences over possessions is even prevalent in the life aspirations of millennials. As Deloitte (2019b) reports, travelling the world is at the top of this generation's priorities (57%), while less than half indicated the desire to own a home (49%).

Ultimately, the combination of millennials' increasing ability to spend and rising interest in events is driving the growth of the experience economy (Harris Poll, 2014; Lewis & Jacobs, 2018).

The "experience economy" is a term coined more than 20 years ago in an article by Pine & Gilmore (1998) to describe the economic shift that follows the service economy. Thus, it is a global phenomenon applicable in every industry. The authors define an experience as "*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*".

This concept is more pertinent than ever thanks to the development of technology, specifically smartphones and social media (Merlin, 2019). In fact, Euromonitor (2018), estimates that global expenditure on the experience economy will increase from \$5.8 trillion in 2016 to \$8 trillion in 2030, considering leisure, recreation, travel and food services.

So, on the one hand, it is clear that the popularity of experiences is rising. On the other hand, the appeal of possessions seems to be decreasing, particularly among millennials. This is mostly due to a new set of services that provide access to products without the burdens of ownership, thus fomenting the "sharing economy" (Goldman Sachs, 2015).

Some businesses already understand the importance of moving away from products or services and towards experiences. As Pine, one of the authors who coined the term "experience economy", recently affirmed: "*Concepts like escape rooms; like The Museum of Ice-Cream. This week I went to an axe-throwing room. These experiences just didn't exist, ten years ago*" (Merlin, 2019). In fact, it is believed that experiential initiatives like these create emotional bonds between consumers and companies, often resulting in ten times the return on investment when compared to digital marketing initiatives (Yaffe, Moose & Marquardt, 2019).

Nonetheless, this is still an unexplored field in international management. Most businesses have yet to understand it, as the very own concept remains ill-defined. Hence, "experience" has to cease being treated as a buzzword and must acquire meaning, particularly in connection with the millennial generation's consumption habits.

1.2. Research outline

Considering the setting previously described, the objective of this dissertation is to better understand the relation between the millennial generation and the experience economy and, more precisely, this cohort's preference for experiences over possessions. In doing so, the existing literature gap on this subject will be addressed, as the newly disclosed data will contribute in some measure to the knowledge regarding millennials' affinity with experiences.

Thus, to proceed with this investigation, the following research questions are proposed:

- Do millennials prefer all types of experiences over possessions?
- What do millennials desire from experiences?

Having said that, this research has both academic and practical relevance. This is due to the fact that, academically, little has been discovered about the role played by the experiential categories themselves and their importance to millennials. Likewise, practically, it is vital that companies understand this issue in order to adapt their business models in a way that provides millennial consumers with engaging experiences (Merlin, 2019).

In regards to methodology, a questionnaire was deemed the most appropriate method of data collection to fulfill the purpose of this research.

1.3. Dissertation structure

This dissertation is divided into six parts. A brief summary of each can be found below.

- Introduction: Provides, firstly, an overview of the topic being studied, along with a brief outline of the research at hand. Then, a short description of the dissertation's structure is also presented.
- Literature review: Establishes and examines the leading concepts, theories, models and further data on the topics that are most important for the purpose of this study, such as the millennial generation and the experience economy.
- Methodology: Ascertains the research objective, research questions, data collection process, questionnaire design and sample design employed to examine millennials' involvement with experiences and possessions. Subsequently, it explains the data treatment procedure.
- Findings: Reports the results obtained through a descriptive statistical analysis and discusses the findings from the questionnaire in light of the adopted theory.

- Conclusion: Presents a summary of the study conducted along with the main contributions to knowledge, limitations of the investigation and suggestions for further research.

Literature Review

2.1. The millennial generation

2.1.1. Generational theory and taxonomy

In order to better understand consumers' behaviors, it is common to study them according to one specific variable or element, as each group will share a similar set of needs and wants. According to Kotler & Keller (2015), this process of market segmentation can be achieved using one of four groups of variables, the most popular one being demographic. This includes age, gender and education, for example. Be that as it may, in the management field, a large portion of research tends to separate consumers by the means of generational (cohort) theory since it is more comprehensive than the one-dimensional age-based segmentation (Chaney, Touzani & Slimane, 2017).

While a single universally accepted approach to the matter does not exist (Jaeger, 1985), generational theory overall explains that each generational cohort's own unique set of influences will result in common traits and patterns of behavior, hence the interest of demographers and market researchers alike to use it as a segmentation tool (Pendergast, 2009; Chaney, Touzani & Slimane, 2017).

McCrimble (2014) defines a generation as *“a group of people born in the same era, shaped by the same times and influenced by the same social markers – in other words, a cohort united by age and life stage, conditions and technology, events and experiences”*.

It is important to point out that the term “generation” is often confused and used synonymously with “cohort” (Alwin & McCammon, 2003). The typical references to the subject tend to be hybrids of the meanings behind both terms, thus the difference between them must now be remarked.

Originally, a generation per se was defined, biologically, as the average timespan between the birth of parents and the birth of their offspring (McCrimble, 2014).

Meanwhile, cohorts are *“groups of individuals who are born during the same time period and journey through life together”*, thus being shaped by the same *“external events occurring during formative years”* (Schewe & Noble, 2000). These shared events, such as economic changes, technological innovations and social revolutions, influence people's beliefs and behaviors in such a way that they distinguish one cohort's collective persona from another

(Schewe & Noble, 2000; Howe & Strauss, 2000). These "cohort effects" in values, attitudes, and preferences remain immutable during the course of a lifetime (Schewe & Noble, 2000; McCrindle, 2014).

Nowadays, the meaning of the term "generation" has moved from biological to social (McCrindle, 2014), as it is no longer constrained by the length of time until the birthing life stage (Schewe & Noble, 2000) and it has acquired the connotation associated with cohort in the wake of Mannheim's renowned theory of generations (Alwin & McCammon, 2003).

As one of the pioneers in generational theory, Mannheim (1952) established several key principles, namely generational location and generation actuality. To this day, his work is regarded as a reference in this field (Purhonen, 2016), so further analysis is essential.

Generational location is based on the span of time for the birth years of a cohort of individuals (Pendergast, 2009). This "*common location in the historical dimension of the social process*" limits these individuals to "*a specific range of potential experience*" (Mannheim, 1952), thus predisposing them for certain characteristics (Timonen & Conlon, 2015).

Mannheim (1952) then distinguishes that a generation as an actuality involves "*more than mere co-presence in such a historical and social region*", since it considers the way a generation responds to its shared experiences and, consequently, is influenced to form the generational persona (Pendergast, 2009). The impact of common experiences on these collective characteristics is especially stronger when occurring during the formative years or early adulthood (Timonen & Conlon, 2015).

In sum, by employing the term "generation" in the sense of cohort, Mannheim (1952) moved its meaning from biological to social, even though they are not indeed synonyms. Notwithstanding, generation meaning cohort remains customary in social sciences, mainly in management (Pilcher, 1994; Chaney, Touzani & Slimane, 2017). Alternatively, the expression "social generation" is also suggested as a way to clarify the intended connotation (Pilcher, 1994; Timonen & Conlon, 2015).

Having said that, throughout this dissertation, the use of "generation" will always be in accordance with its social undertone, as it is commonly used in both the scientific community and in contemporary society.

As previously stated, each generational cohort is shaped by the same social markers. In fact, more than ever, these commonalities are not bound by international or cultural barriers. Enabled by modern technology, globalization has allowed people, especially younger ones, to

be influenced by the same events, trends, experiences and developments (McCrindle, 2014). Even so, differences at country level may exist (Ivanova *et al.*, 2018).

Since these factors lead to each cohort's homogenous set of traits, it is thereby possible to define one generation and distinguish it from another, with the basis for this segmentation being intergenerational features and differences (Pendergast, 2009; Cox *et al.*, 2019). This distinction allows for the practice of generational taxonomy, or labeling, as social commentators look for terms to name and describe the generations (McCrindle, 2014).

The origin of generational nomenclature can be traced back to the demographic impact of the Second World War, when the term "Baby Boomer" started being used to describe the cohort born in the birth-boom years following the end of the war. Afterwards, the term to describe the subsequent generational cohort originated from a book of fiction called "Generation X: Tales for an accelerated culture" in 1991. Not only did this name remain, but it also spawned the labels for Generations Y and Z (McCrindle, 2014).

It is worth remarking that there is no standard label for each generation. Over time, different names (and also birth years) are proposed. Then, a consensus gradually develops in the media and society (Twenge, 2018).

Lastly, as explained earlier, this generational taxonomy can be applied internationally since, nowadays, generational commonalities cross global boundaries. Yet, it is important to take into account that most of these labels do not apply to less developed countries (McCrindle, 2014), so additional caution must be exercised in those cases.

2.1.2. Characterization of millennials

As previously indicated, following Generation X and preceding Generation Z is the millennial generation. While the importance of studying this generational cohort has already been established, its accompanying challenges must now also be remarked. As it will be demonstrated, there is no consensus amongst authors regarding: (1) The labels that have been attributed to the generation, (2) The timespan of the birth years of the cohort, (3) The collective traits that are shared by millennials. Nonetheless, all three aspects will be addressed subsequently, as this literature review attempts to conceptualize, contextualize and characterize the millennial generation.

The millennial generation is also known as Generation Y, Echo Boomers, Digital Natives, MilGen, etc. (Kotler & Keller, 2015; Pendergast, 2009). All attributed names usually derive from the events and characteristics associated with the generation (Ng, Schweitzer, Lyons,

2010). For the purpose of consistency, the label of “millennial” will be employed, as it is the most widely used in contemporary society ever since it was coined by Neil Howe and William Strauss (Twenge, 2018), authors of the popular Strauss–Howe generational theory.

As there is no agreement concerning the birth interval of millennials (Gurău, 2012), authors tend to consider the late 1970s to early 1980s as beginning birth years and the mid/late 1990s to early 2000s as ending birth years (Table 2.1). Nonetheless, these boundaries are subject to debate and change over time and circumstance (Campbell *et al.*, 2015). Moving forward, the birth timespan considered will be that of Pendergast (2009), which is 1982-2002, since the author’s work is frequently cited in this dissertation.

Authors	Beginning Year	Ending Year
Kotler & Keller (2015)	1977	1994
Valentine & Powers (2013)	1977	1996
Gurău (2012)	1980	2000
Pendergast (2009)	1982	2002
Howe & Strauss (2007)	1982	2005

Table 2.1 – Birth timespan of millennials (source: author)

In demographic terms, it is difficult to assess the size of the global millennial population, as it will obviously vary depending on the birth timespan considered. However, it is possible to estimate that millennials account for about a quarter of the world’s population (Tilford, 2018) even though they became the largest global generation over two decades ago (Annex A).

It is also worth remarking that nearly nine out of ten millennials live in emerging economies. By contrast, in more advanced countries, the combined effect of low birth and death rates causes the proportion of millennials to be lower (Tilford, 2018).

Moreover, it is forecasted that the global spending power of millennials is to surpass Generation X in 2020 (Annex B), thus setting them to become the world’s most powerful consumers (Tilford, 2018).

Due to this fact, it is vital to understand the social markers that took place during the formative years of this generational cohort, since they forge common core values and behaviors (McCrindle, 2014; Pendergast, 2009; Chaney, Touzani & Slimane, 2017).

According to Pendergast (2009, 2010), several factors have influenced the millennial generation, the main one being the digital revolution. As a result of growing up with information and communications technology (Internet, e-mail, SMS texting, etc.) as a norm, a larger than

usual generation gap was created between millennials and previous generational cohorts (Pendergast, 2010). In fact, as the first generation born in this digital era, millennials are known as “digital natives”, while those who precede them are identified as “digital immigrants”, having moved to these technologies later in life (McCrindle, 2014; Ketter, 2020).

Other aspects that strongly impact the millennial generation are: financial uncertainty, which resulted from the global financial crisis of 2008 whereon jobs were lost, businesses were closed and house prices were affected; and terrorism, including the highly exposed September 11 attacks on the World Trade Centre and the Pentagon (Pendergast, 2010; OECD, 2018).

Lastly, it is indisputable that globalization (aided by the rise of digital media and world travel), school violence (ranging from bullying to mass killings) and climate change (along with its accompanying sustainability challenges) have also impacted this cohort (Pendergast, 2009, 2010).

Considering the aforementioned social markers, there is clearly an emphasis on communication, confidence, immediacy and need for safety, which will reflect on the generation’s traits (Pendergast, 2010; Valentine & Powers, 2013).

Although there is discord regarding the distinguishing characteristics of millennials, Howe & Strauss (2000) and Pendergast (2009, 2010) agree on the following ones:

- Special – Due to their digital capabilities and smaller family units, millennials have high ambitions and expectations for themselves (Howe & Strauss, 2000; Pendergast, 2010; McCrindle, 2014) and also the belief that they will achieve them (Deloitte, 2019b).
- Sheltered – In connection with terrorism and school violence, parents and community alike have (over)protected this cohort through safety policies and devices. Accordingly, millennials present a stronger dependency relationship with their parents (Howe & Strauss, 2007; Pendergast, 2010).
- Confident – A great deal of trust, tolerance and optimism prevails in the cohort (Pendergast, 2010; Valentine & Powers, 2013; McCrindle, 2014), even though this confidence is often misinterpreted as self-centeredness (Howe & Strauss, 2007). While the global financial crisis of 2008 hardly reduced millennials’ confidence level (Pendergast, 2010), Deloitte (2019b) suggests that, nowadays, their optimism is at a record low, as they express uneasiness about the economy, politics and society. In fact, this generation is very supportive of social causes (Valentine & Powers, 2013), with climate change being a main concern (Gurău, 2012; Deloitte, 2019b).

- Team-oriented – Having been raised on activities such as team sports and group learning, the value of collaborative practices was embedded on the millennial generation (Howe & Strauss, 2000; Pendergast, 2010).
- Achieving – Higher school standards and the inclusion of vocational and training possibilities allowed for this to be the most educated generation ever. After all, much emphasis is placed on the relationship between education and success (Pendergast, 2009, 2010). Furthermore, millennials are generally better traveled than other generations (OECD, 2018) and even more so as their incomes grow (Nielsen, 2017).
- Pressured – Participating in many social, school and afterschool activities has pressured millennials to feel the need to excel (Howe & Strauss, 2000; Pendergast, 2010). This is also reflected in their tendency to pursue social goals through their work (Cox *et al.*, 2019).
- Conventional – Compared with previous generations, this one has relatively conventional aspirations regarding career and work–life balance (Pendergast, 2009, 2010), in the sense that more emphasis is placed on work-life quality than income (Howe & Strauss, 2007; Valentine & Powers, 2013). Nonetheless, millennials seek less traditional adulthood milestones (or at least defer them) since they prefer experiences such as travelling the world and helping communities over owning a home, having children or starting businesses of their own (Goldman Sachs, 2015; Deloitte, 2019b).

In addition to these traits, literature also suggests that millennials' connection with technology has led them to be: multitaskers, since they are accustomed to managing multiple projects; impatient, since they are used to immediate access to information and instant global communication; and socially connected, since their frequent online contact with friends and peers helps them develop strong relationships with the groups they belong to (Pendergast, 2010; Valentine & Powers, 2013; McCrindle, 2014; Nielsen, 2017; OECD, 2018).

As previously remarked, a generational cohorts' beliefs, values, attitudes and preferences shape their behaviors, namely as consumers. Therefore, based on their characteristics, it is possible to have better understanding of their buying decisions and consumption behaviors (Schewe & Noble, 2000; Chaney, Touzani & Slimane, 2017).

That being said, the consumption habits of millennials, who are becoming more important to marketers as they enter the workforce (Reisenwitz & Fowler, 2019), mostly result from their early exposure to information and communications technology, the Internet, social networks, electronic commerce, etc. (Huang & Petrick, 2010; Valentine & Powers, 2013; Nielsen, 2017).

These factors influence organizations' operational and promotional strategies alike (Chaney, Touzani & Slimane, 2017).

When it comes to millennials' relationship with companies, being constantly connected online enables them to share their opinions about brands, so much so that they have come to expect personal and equal-to-equal exchanges with them (Chaney, Touzani & Slimane, 2017).

Moreover, they display less brand loyalty than previous generations, although a distinction is made between high-priced items and low-priced commodity goods (Gurău, 2012; Valentine & Powers, 2013). For them, price and product features are more important than brand names (Gurău, 2012).

This cohort's brand choices and buying decisions are often conditioned directly by peer recommendation or indirectly through social networking channels (Gurău, 2012; McCrindle, 2014; Chaney, Touzani & Slimane, 2017). However, as formerly mentioned, millennials present a close relationship with their parents, relying heavily on them for information and advice (Ivanova *et al.*, 2018). As such, both family and friends have significant influence on their consumption decisions.

Since they value the community's opinions and rather mistrust mass media, they can best be reached through word-of-mouth marketing, especially on social networks such as Facebook, Twitter, Instagram and Youtube (Huang & Petrick, 2010; McCrindle, 2014).

Furthermore, millennials are more likely to trust a company, purchase its products, and pay attention to its message if that company expresses the same social and community values as their own (Gurău, 2012; Valentine & Powers, 2013; Chaney, Touzani & Slimane, 2017) and if it reflects their lifestyles (Huang & Petrick, 2010).

Since this generation values diversity and equality (Huang & Petrick, 2010) and is supportive of social causes, they favor socially responsible companies (Valentine & Powers, 2013) with practices such as fair trade, for example (Schultz, 2015).

Likewise, confronted with climate change and pollution, the cohort is more receptive to green movements (Ivanova *et al.*, 2018), hence preferring environmentally-friendly brands (Gurău, 2012) and sustainable products (Schultz, 2015; OECD, 2018).

Having always been surrounded by choice and consumerism, the millennial generation now maintains a less materialistic lifestyle (Ivanova *et al.*, 2018) and expects to find more meaningful alternatives that provide deeper connections and lasting contributions (McCrindle,

2014; Ketter, 2020). Along with that, millennials were the first to “*emerge with interactive media as the predominant means by which they consume messages*” (McCrindle, 2014) so, as consumers, they need to be engaged more on the emotive than the cognitive side.

In light of this, according to Chaney, Touzani & Slimane (2017), purchasing conveys different meanings for different generations and, for millennials, this is associated with experiential consumption.

In fact, the vast majority of this cohort prefers to spend more money on experiences than on material possessions and even wishes to increase their spending on them rather than physical items (Harris Poll, 2014), thus valuing experiences over possessions (Deloitte, 2019b). Evidence also shows that this generation engages in experiences in order to feel more connected to the community and other people, but also to challenge themselves and escape everyday routines (Crowd DNA, 2017), which is in line with previous research.

In this regard, the combination of millennials’ increasing ability to spend and rising interest in experiences is driving the growth of the experience economy (Harris Poll, 2014; Lewis & Jacobs, 2018), making them the main advocates of the concept (Barrett, 2020).

2.2. The experience economy

2.2.1. Experiences as economic offerings

Driven by millennial consumers, the burgeoning experience economy is transforming the business landscape everywhere (Lewis & Jacobs, 2018; Yaffe, Moose & Marquardt, 2019), from the influencer economy to the omnichannel shopper experience (Blackmon, 2020).

While the term “experience economy” was coined more than 20 years ago in an article by Pine & Gilmore (1998), some authors had previously pointed towards a pending change in that direction, suggesting scenarios of a society and an economy more focused on emotional and intangible aspects rather than tangible and utilitarian ones (Poulsson, 2014). However, only since 2000 has this been considered an independent research field. Nowadays, it is a core phenomenon in tourism, leisure, neuroscience, psychology, event design, etc. (Duerden, Ward & Freeman, 2015; Sundbo & Sørensen, 2013).

The experience economy has attracted further attention in the last decade, as an increasing number of books and articles have been published on the subject. Sundbo & Sørensen (2013) suggest a combination of psychological and economical explanations for the rising interest in the topic. Considering Maslow’s theory of a hierarchy of needs (Annex C), experiences are sought as a way to fulfill the upper layers of the pyramid, which consist of more intellectual

and sensational needs. Moreover, most societies sustained an increase in wealth in the new millennium. As such, people can now afford to buy these experience elements and not just the ones that satisfy the most basic needs. Likewise, Ivanova *et al.* (2018) explain that, after years of over-consumption, there is now a tendency in society towards being more reflective and giving more meaning to consumption. Furthermore, Yeoman & McMahon-Beattie (2019) indicate social media as another factor contributing to this phenomenon, since experiences are sought by consumers, not only as a way to collect memories for themselves, but also to build identity and social capital. Indeed, as the authors state, “*a story uncollected by others is more exceptional and thus more valuable*”. Along with this, the growing access to formerly exclusive luxury items has encouraged consumers to pursue experiences, whether in addition to, or instead of, more material possessions. To summarize, Duerden *et al.* (2018) simplify this reasoning by outlining three main influencing trends: economic, cultural and technological.

Despite this rising interest in experiences, the related academic literature is still quite fragmented and often lacking in theory. Yet, that is not unexpected for an emerging field such as this one (Duerden *et al.*, 2018).

While a single universally accepted definition still does not exist, the experience economy refers to the scientific and management approach that deals with the business activities that fulfill peoples’ need for experiences. It is interdisciplinary in nature, since it includes economic, psychological, sociological and technological aspects (Sundbo & Sørensen, 2013).

This transverse attribute has led to different understandings of the concept (Poulsson, 2014; Sundbo & Sørensen, 2013). Some analyses consider the experience economy a sector in itself, composed by a group of industries (typically entertainment, leisure, tourism, etc.), even though no accepted convention of which ones should be included exists and ever more industries keep getting associated with the experience economy (Sundbo & Sørensen, 2013). In other analyses, the experience economy is acknowledged as a mega-trend phenomenon (Mehmetoglu & Engen, 2011) applicable in every industry and firm (Sundbo & Sørensen, 2013), thus influencing all economic activity (Poulsson, 2014). Additionally, Rendtorff (2019) goes so far as to say that the experience economy is “*a phase of hypermodern capitalism*”, implying that everything can be commodified. Indeed, the fluidity of the concept is a representation of its future and transformation (Yeoman & McMahon-Beattie, 2019).

Considering that every economy is defined by its predominant economic offering, Pine & Gilmore (1998) designate the experience economy as the economic shift that follows the

agrarian, industrial and service economies, and in which experiences are staged to form a fourth economic offering (Annex D). Nonetheless, the emergence of the experience economy brought about not only this perspective of experiences as economic offerings, but also as marketing activities (Sundbo, 2015). In this sense, for example, experiences are either general additions that can replace older and more traditional marketing elements or, applied in the context of customer experience, an integral part of consumers' purchasing process (Sundbo, 2015). In sum, experiences, within marketing theory, are a means to sell goods and services, whereas experiences, as economic offerings, are sold in their own right (Sundbo, 2015). For the purpose of this dissertation, this latter sense of the concept will be the one considered.

An experience, as an economic offering, remains an unclear and subjective concept (Rendtorff, 2019). Therefore, the traditional meaning of "experience" must first be noted. An experience per se is a mental phenomenon that happens in peoples' minds. It is determined by external stimuli engaging any of the five senses and elaborated via the mental awareness that people have from earlier experiences, mental needs and personal strategies (Sundbo, 2015).

As an economic offering, it can still be described, but not limited to, the mental impact caused by the personal perception of external stimuli. It is, as well, subjected to construction during the interaction between the experience subject and the experience provider, that is, buyer and seller (Rendtorff, 2019). In this sense, Duerden, Ward & Freeman (2015) affirm that a structured experience encompasses "*both the objective interactive encounters between participants and provider-manipulated frameworks (...) and the resulting subjective participant outcomes*", thus emphasizing the provider's role in intentionally manipulating at least some aspect of an experience. Then, as Poulsson & Kale (2004) define it, a commercial experience is "*an engaging act of co-creation between a provider and a consumer wherein the consumer perceives value in the encounter and in the subsequent memory of that encounter*", meaning that economic value is generated according to the intensity of the feelings associated with the experience. Similarly, Pine & Gilmore (1998, 2019) state that "*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*" and that the value of the experience lingers in the individual memory of the engaged customers.

Referring back to this latter definition, it is important to note that economists have often grouped experiences with services, unlike Pine & Gilmore (1998). For them, experiences are considered a distinct offering, as different from services as services are from goods and goods are from commodities (Annex E).

Other authors support and expand this argument. Sundbo (2009, 2015) states that, just like goods and services, experiences are a very diverse category. However, they do not concern physical needs (such as goods do) or solve problems of practical, intellectual or personal nature (such as services do). Moreover, experiences may be seen as a further development of services, since they are even more immaterial and intangible. Poulsson & Kale (2004) recognize that experiences can be considered part of the service sector since they meet criteria such as intangibility and perishability, but note important differences: “*A service is something that is done for you (...) An experience on the other hand is a product that does something to you*”. Furthermore, the purchase of a good leaves customers with a physical object and a service leaves them with something done for them or their possessions or on their behalf. With an experience, however, what remains is the memory of the encounter between the customer and the experience provider.

So, while commodities, goods and services are external to the buyer, experiences are internal, existing only in the mind of the individual. Consequently, no two people can ever have the exact same experience, even if in the same place at the same time (Pine & Gilmore, 2019).

Ultimately, experiences as economic offerings can take many forms, especially nowadays. As Pine, one of the authors who coined the term “experience economy”, recently affirmed: “*Concepts like escape rooms; like The Museum of Ice-Cream. This week I went to an axe-throwing room. These experiences just didn’t exist, ten years ago*” (Merlin, 2019). Indeed, other examples such as a destination wedding, a Michelin meal in an exclusive restaurant, a temporary pop-up event or even an encounter with a rare bird while on a nature expedition are also considered experiences (Barrett, 2020; Yeoman & McMahon-Beattie, 2019).

In the tourism industry alone, Pine & Gilmore (2019) remark that new forms of business, such as glamping, mindfulness retreats, “voluntourism” and culinary “foodcations”, have emerged in the wake of the experience economy.

On that note, certain companies are notable for having successfully created experiences based on their traditional offerings. Nowadays, automobile manufacturers like Volkswagen and Ferrari have theme parks, spirit makers such as Guinness and Heineken have museums, luxury brands including Armani and Versace have boutique hotels (Pine & Gilmore, 2019) and athletic clothing companies such as Lululemon and Patagonia have classes and trips as core parts of their businesses (Yaffe, Moose & Marquardt, 2019).

2.2.2. Characterization of experiences

While multiple authors have noted the complex nature of experiences (Duerden *et al.*, 2018), it is fair to claim that, just like other economic offerings, they have their own distinct qualities and traits.

Notwithstanding, it must first be noted that, according to Ellis *et al.* (2019), structured experiences must: have definable beginning and ending points, detain set durations, proceed uninterrupted by other activities and be deployed through planned encounters.

Pine & Gilmore (1998) view experiences across two dimensions. The first dimension is linked to customer participation. At one end of this spectrum is passive participation, in which customers do not affect the performance or event that yields the experience. At the other end is active participation, in which customers play key roles in the performance or event. The second dimension describes the extent to which the customer is connected with the environment or surroundings. At one end of this spectrum is absorption, where there is a farther environmental relationship. At the other end is immersion, where there is a closer environmental relationship.

According to the combination of these two dimensions, Pine & Gilmore (1998) can divide experiences into four categories or realms: entertainment, educational, escapist and esthetic (Annex F). These are also known as the “four Es” (Pine & Gilmore, 2013).

For example, in an entertainment experience, such as attending a concert or watching a movie, customers tend to participate passively and their connection with the event is one of absorption. However, in an educational experience, such as taking a ski lesson or going to a cooking class, customers participate more actively but still remain more outside the event than immersed in it. Meanwhile, an escapist experience, such as descending the Grand Canyon or gambling in a casino, requires from the customer both active participation and immersion in the experience. Lastly, an esthetic experience, such as visiting an art gallery or attending a photography exhibition, entails passive participation and immersion in the environment, since customers themselves have little or no effect on it.

In other words, consumers partaking in an entertainment experience want to sense, in an educational experience want to learn, in an escapist experience want to do and in an esthetic experience want to be there (Pine & Gilmore, 2019).

An experience is not necessarily related to only one of these four realms. Even if one is emphasized (Mehmetoglu & Engen, 2011), like in the preceding examples, an experience has elements of all four dimensions in varying degrees (Pine & Gilmore, 2019). In fact, Pine &

Gilmore (1998) argue that “*the richest experiences - such as going to Disney World (...) - encompass aspects of all four realms, forming a ‘sweet spot’ around the area where the spectra meet*”, thus implying that the range of possible experiences is immense.

However, it is worth noting that, when determining the experiential domains relevant to the behavioral intentions of Generation Y tourists attending music festivals, Rivera, Semrad & Croes (2015) adjust the “four Es” framework to include “economic value” as a fifth dimension.

Moreover, in consonance with the experience economy logic, Duerden *et al.* (2018) propose the “experience-type framework” (Annex G), in which experiences, both positive and negative, are classified under the assumption that their specific characteristics can be used to separate them into groups.

To introduce this dichotomous framework, it is necessary to first distinguish the two main categories of experiences: subconscious and conscious. While a subconscious experience is one where the experiential objective elements (such as the setting, people, objects, etc.) fail to attract and hold an individual’s attention sufficiently to produce a subjective reaction, a conscious experience is one where those same elements are sufficient to produce a subjective reaction. Therefore, an experience is only accomplished when an individual recognizes it, ergo conscious experiences are considered at greater depth.

Conscious experiences can be divided into ordinary and extraordinary, depending on frequency and perceived importance. As such, an ordinary experience produces subjective reactions lacking strong emotions whereas an extraordinary experience produces subjective reactions exhibiting emotion, discovery and change, hence making them part of a higher-order experience type.

Thus, according to Duerden *et al.* (2018), extraordinary experiences encompass three subtypes: memorable, meaningful and transformational. A memorable experience produces subjective reactions exhibited by strong emotions. A meaningful experience produces subjective reactions involving strong emotions and the discovery of significant personal insights. Lastly, a transformational experience produces subjective reactions involving strong emotions, the discovery of significant personal insights and personal changes in values, beliefs, intentions, or self-perceptions. Consequently, it is the one that requires more emotional and mental energy (Rossman & Duerden, 2019).

In other words, these experiences can be distinguished by the aforementioned outcomes they produce: emotion, discovery and change (Annex H). These key characteristics accumulate

across the types, meaning that transformational experiences exhibit all three. For example, watching someone climb might result in thrill for the climber (emotion), but actually being the climber could lead to discovering previously unknown abilities or passions (emotion and discovery), if not develop into enduring changes in self-perception and behavior (emotion, discovery and change).

However, Duerden *et al.* (2018) also note that what may be a certain type of experience for one person can be a different type for another. Likewise, due to the fluid and subjective nature of an experience, its perceived meaning can change over time and, as a consequence, so can its type.

As indicated before, there is no consensus regarding the defining characteristics that constitute an experience nor the best manner to classify them. Nonetheless, it is indisputable that the work of Pine & Gilmore is the most widely recognized in this field.

2.2.3. Experiential effects on consumers

In the experience economy, consumers demand new aspects of products and services. As such, they ultimately seek that added value in experiences. For them, experiences signify authenticity, express individuality and solidify personal positioning, all of which with the intent to enrich their daily lives (Yeoman & McMahon-Beattie, 2019).

While Rendtorff (2019) recognizes the role of experiences in the pursuit of personal happiness, the author is also quite inquisitive of this matter, questioning whether they actually fulfill that purpose. As a matter of fact, several studies in the field of psychology address this concern.

Over the past decades, research has shown that experiences bring people more happiness than possessions do. Van Boven & Gilovich (2003) point three possible explanations for experiential purchases (those made with the primary intention of acquiring a life experience) tending to provide more enduring enjoyment than material purchases (those made with the primary intention of acquiring a material good): (1) Experiences are more open to positive reinterpretation, (2) Experiences are more central to one's identity, (3) Experiences have greater "social value".

More recently, Gilovich, Kumar & Jampol (2015) explain that experiential purchases provide greater satisfaction and happiness because: (1) Experiential purchases enhance social relations more effectively than material goods, (2) Experiential purchases form a bigger part of

a person's identity, (3) Experiential purchases are evaluated more on their own terms and evoke fewer social comparisons than material purchases.

Gilovich & Gallo (2020) review and summarize this reasoning through a diagram (Annex I). The authors also note significant differences in the evaluation of experiential and material purchases, mostly based on the features that are typical of each type. In comparison, experiential purchases are more intangible, harder to assess objectively and have a greater set of attributes that influence their appraisal. As a result, the evaluation of experiential purchases tends to be more holistic, uncertain and emotional.

All in all, “*compared to buying possessions, purchasing experiences results in greater anticipatory, remembered, and experienced utility*” (Kumar, Killingsworth & Gilovich, 2020). Hence, it should come as no surprise that consumers nowadays, particularly millennials, are opting for having experiences over owning material possessions.

Methodology

3.1. Research approach

As declared in the introduction, the objective of this dissertation is to better understand the relation between the millennial generation and the experience economy and, more precisely, this cohort's preference for experiences over possessions. While the sheer existence of this prevalence has been suggested in literature, the role played by the experiential categories themselves remains unclear since little has been discovered about which experiential realms and elements are more important to millennials and the deeper personal outcomes they desire from each type.

For instance, according to Momentum Worldwide (2019), the three main reasons why all consumers participate in experiences are, in order: (1) To laugh and have fun, (2) To learn something, (3) To escape from everyday life. From this information, a connection with “The Four Realms of an Experience” (Annex F) can clearly be deduced, namely with the entertainment, educational and escapist realms, correspondingly. However, this data does not reflect millennials' behaviors alone.

Accordingly, the following research questions are proposed:

- Do millennials prefer all types of experiences over possessions?
- What do millennials desire from experiences?

In order to determine the answers to this matter, data must be gathered for the research.

3.2. Data collection

To properly research any topic and its existing gaps, an examination of the relevant literature must first be conducted. More precisely, this literature review is “*a comprehensive examination of the (...) work from secondary data sources in the areas related to the problem*” (Hair *et al*, 2015). In this dissertation, diverse sources (such as academic journals, periodical publications and market surveys) were used to collect the pertinent secondary data.

Subsequently, to gather the necessary primary data for this dissertation, a quantitative methodological approach was selected. Since structure and representativeness are some of the characteristics of this approach and results are recorded in numbers, the information obtained can easily be measured, summarized and analyzed in an objective way through the use of statistical tests (Hair *et al*, 2015).

From the different quantitative data collection methods available, an electronic survey was deemed the most appropriate technique to fulfill the purpose of this research, as it is fast and easy to administer, inexpensive to produce, has global reach and allows for anonymity. However, the questionnaire must be kept short and simple. As with all types of self-completion surveys, there is loss of researcher control, since it is difficult to know if it was the intended person who responded to the questionnaire or asked for input from others, which can introduce response bias. Even so, the biggest disadvantage of this method is the low response rate (Hair *et al*, 2015).

3.3. Survey development

Accordingly, an electronic questionnaire (Annex J) was created on Google Forms and distributed online from the 9th of March to the 21st of March. It was prepared in English in order to target both Portuguese and foreign millennials and featured only closed questions since a limited set of possible answers implies that results are easier to analyze and interpret and that participants can answer quickly and only with relevant responses. Moreover, it was determined that all answers would remain confidential and anonymous.

Preceded by an introduction of the study at hand, the questionnaire was divided into five sections as described below.

- **Characterization:** Determines four demographic characteristics of the sample, specifically birth year, gender, nationality and highest level of education achieved. All questions took the form of multiple-choice.
- **Material possessions:** Identifies behaviors and beliefs regarding material possessions through the categories of “Clothes and accessories”, “Electronic devices”, “Music, movies and videogames” and “Books and other publications”. A description of each category was provided in order to ensure participants’ common understanding of every group. Questions took the form of multiple-choice, 5-point Likert scale (considering 1 = Extremely unimportant and 5 = Extremely important) and ranking scale (from first to fourth personal priority).
- **Leisure experiences:** Identifies behaviors and beliefs regarding leisure experiences through the categories of “Entertainment experiences”, “Educational experiences”, “Escapist experiences” and “Esthetic experiences”. Once more, a description of each category was provided in order to ensure participants’ common understanding of every group. Likewise, questions took the form of multiple-choice, 5-point Likert scale

(considering 1 = Extremely unimportant and 5 = Extremely important) and ranking scale (from first to fourth personal priority).

- Preference: Ascertains some more direct preference indicators regarding experiences and possessions. A 5-point Likert scale (considering 1 = Strongly disagree and 5 = Strongly agree) was chosen to measure the level of agreement with four sentences related to the subject.
- Dimensions: Recognizes the exact influence of each experiential dimension as defined by Pine & Gilmore (1998). Three sentences, adapted from Oh, Fiore & Jeoung (2007) and Radder & Han (2015), were chosen to assess each one of the four realms and then interspersed among each other. A 5-point Likert scale (considering 1 = Strongly disagree and 5 = Strongly agree) was also selected to measure the level of agreement with the sentences.

Before the online distribution of the survey, a pre-test was conducted in order to correct and revise any possible inadequacies. Case in point, this trial allowed for a clarification of the categories in both material possessions and leisure experiences, ergo, more examples were added to illustrate their respective meanings.

Since the target population of the questionnaire encompassed millennials of every gender, nationality and academic background born between 1982 and 2002, social media was deemed the most appropriate manner to reach them due to their high usage rate of these networks (World Economic Forum, 2019). As such, the electronic survey's URL was distributed through multiple people and groups on Facebook, Instagram, LinkedIn and WhatsApp (non-probability sampling) and remained available for 13 days. Within that period, the survey benefited from a snowball effect which allowed for more diversity in the final sample.

3.4. Sample characterization

The final sample size of 223 was considered large enough to be a valid representation of the millennial generation.

The sample quantifies 37 individuals born from 1982 to 1988 (16,6%), 49 born from 1989 to 1995 (22%) and 137 born from 1996 to 2002 (61,4%), which means that younger millennials account for the largest share of participants.

As to gender, the sample is composed of 88 males (39,5%) and 135 females (60,5%).

In terms of nationality, 176 participants are Portuguese (78,9%), hence making up the majority of the sample, while the remaining portion is composed of 47 respondents from 22 different nationalities (21,1%).

Lastly, in regards to the highest level of education achieved, 67 participants have concluded secondary education (30%), 80 have concluded a bachelor's degree (35,9%), 71 have concluded a master's degree (31,8%) and 5 have concluded a doctoral degree (2,2%).

3.5. Data treatment

Due to the quantitative nature of this research, the gathered data underwent through preparation prior to its examination. As such, only after the dataset was checked for missing information did it proceed to statistical analysis.

Accordingly, the data was analyzed through the required software, namely Microsoft Professional Excel 2016 and IBM SPSS Statistics 26.

Descriptive statistics were then employed in each section of the questionnaire to attain a frequency analysis, both absolute and relative.

Ultimately, in the last section of the survey, the variables in question were later associated to their affiliated category according to the data collected in the literature review.

CHAPTER 4

Findings

4.1. Material possessions

In order to evaluate behaviors and beliefs regarding material possessions, participants answered questions regarding the frequency, importance and priority of purchase in the categories of: “Clothes and accessories”, including all clothes, shoes, bags, accessories, etc.; “Electronic devices”, including all phones, tablets, cameras, smartwatches, headphones, speakers, etc.; “Music, movies and videogames”, including all music, movies, videogames, PC games, etc.; “Books and other publications”, including all books, comic books, magazines, newspapers, etc.

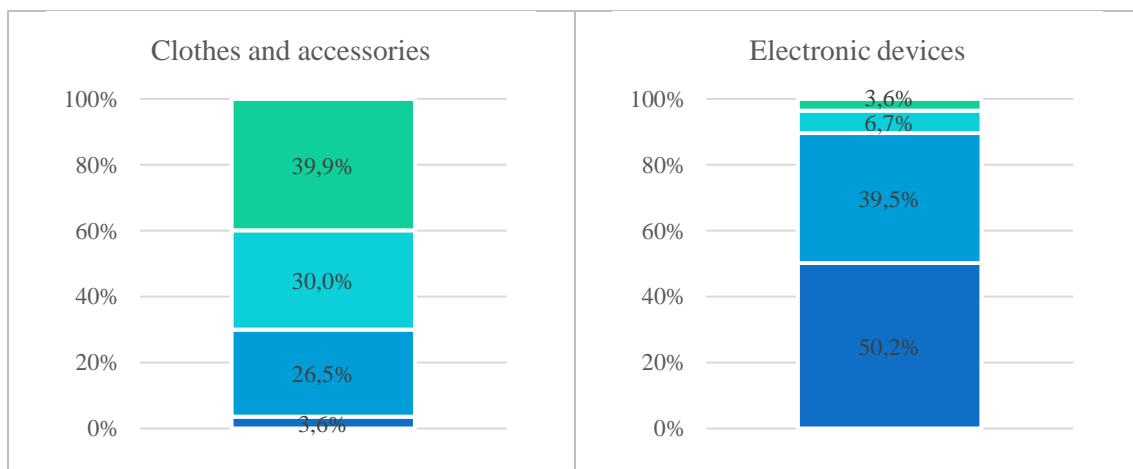
Firstly, in terms of frequency of purchase (Figure 4.1), it can be observed that roughly 40% of participants buy clothes and accessories at least six times per year.

Nonetheless, when it comes to electronic devices, more than half of the sample (50,2%) does not make a yearly purchase or limits it to only one item of this sort.

Likewise, as to music, movies and videogames, 57,4% of participants purchase zero or one items of this category in a year.

However, regarding books and other publications, over a third of the questioned millennials (34,5%) buy this type of products two or three times a year.

In short, the majority of the sample purchases clothes and accessories at least six times a year, while books and other publications are bought two or three times in that same period. Music, movies and videogames or electronic devices are acquired only once a year or none at all.



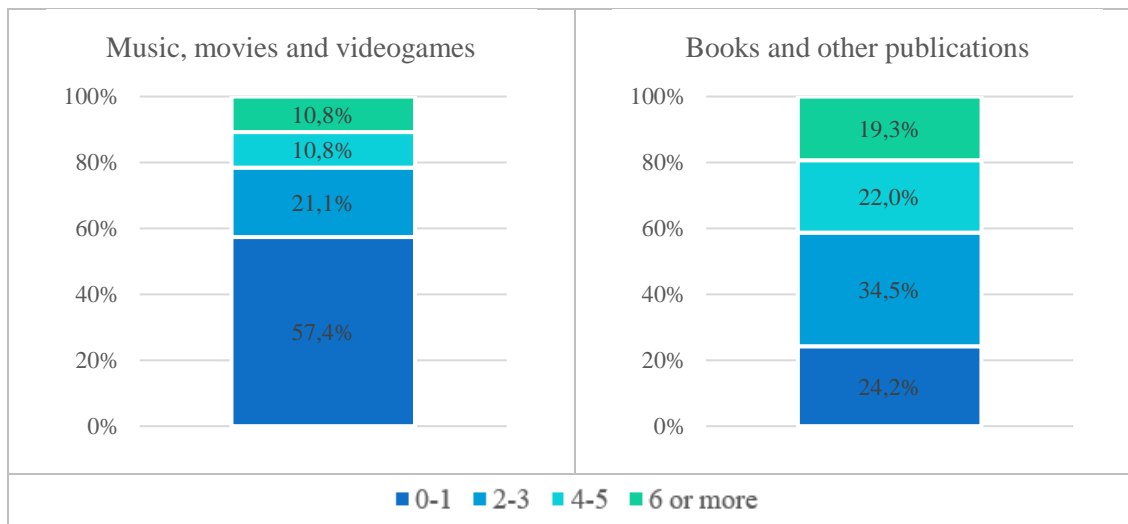


Figure 4.1 – Results for “Indicate how many times per year you purchase: ...”

Yet, when asked about the importance of owning the latest or trendiest material possessions (Figure 4.2) such as clothes and accessories, 38,1% of respondents considered it to be unimportant or extremely unimportant while 32,7% found it important or extremely important, which is the highest share of importance amongst all four categories.

Quite similarly, 35,9% of participants found it unimportant or extremely unimportant to have the newest electronic devices, while 32,3% deemed it to be important or extremely important.

In the category of music, movies and videogames, 47,5% of the questioned millennials mention to be unimportant or extremely unimportant to possess those items (the highest share of unimportance amongst all four categories) against 25,1% who have considered it important or extremely important to own them.

Having the latest or trendiest books and other publications was deemed unimportant or extremely unimportant by 40,4% of the sample but thought to be important or extremely important by 26,9%.

In sum, owning the latest or trendiest items pertaining to any of the four categories described was always considered insignificant by the majority of the sample.

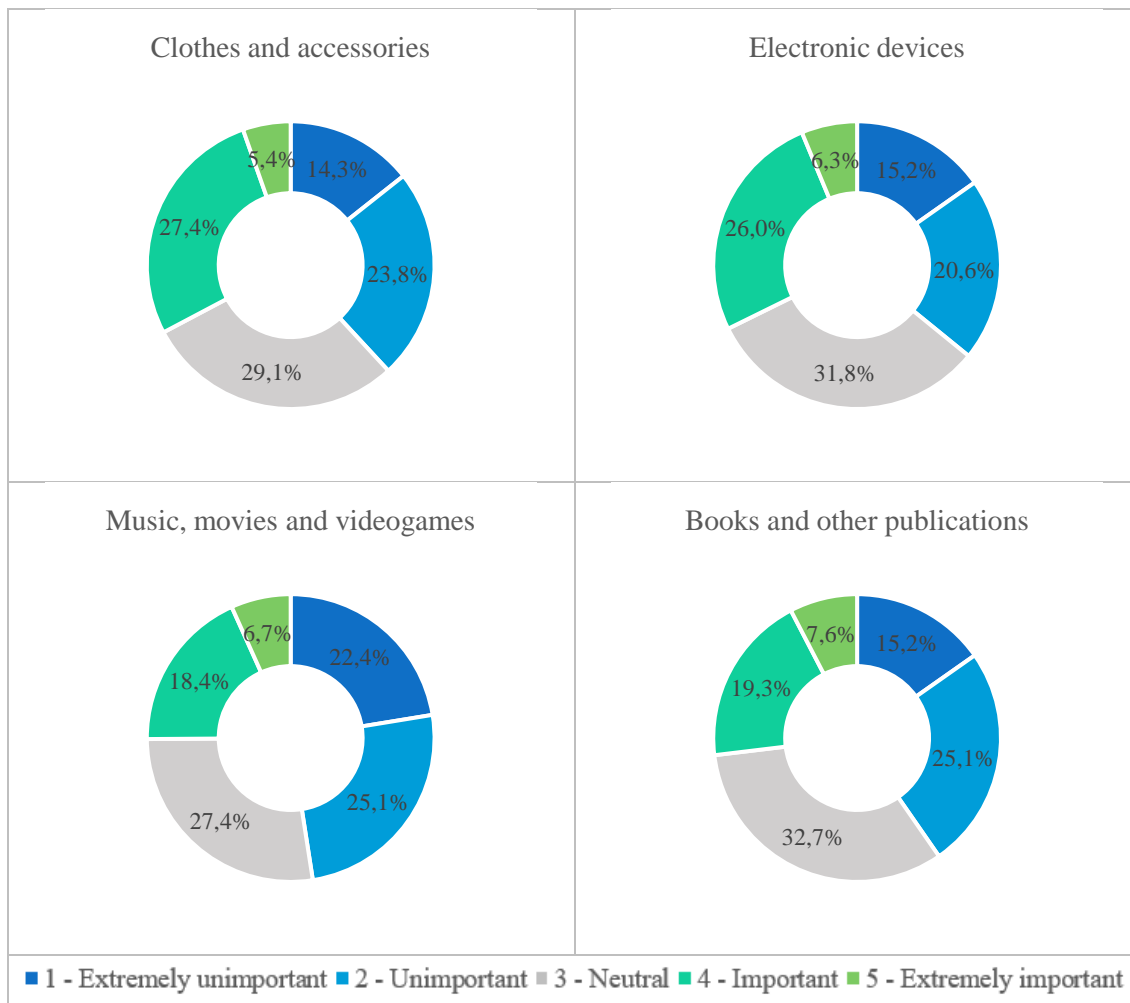


Figure 4.2 – Results for “Indicate how important it is for you to have the latest/trendiest: ...”

Finally, when requested to rank the four categories according to personal priority (Figure 4.3), 69,5% of participants positioned clothes and accessories either as first or second priority. In fact, almost half of them (48,0%) actually placed it in the top position.

Likewise, 52,0% of the questioned millennials placed electronic devices as first or second priority.

Nonetheless, in the category of music, movies and videogames, more than two thirds of respondents (67,7%) ranked these items lower, either as third or fourth priority.

Books and other publications were also placed as third or fourth priority by 53,8% of the sample.

In brief, when prioritizing the categories in relation to each other, participants give more importance to clothes and accessories or electronic devices than music, movies and videogames or books and other publications.

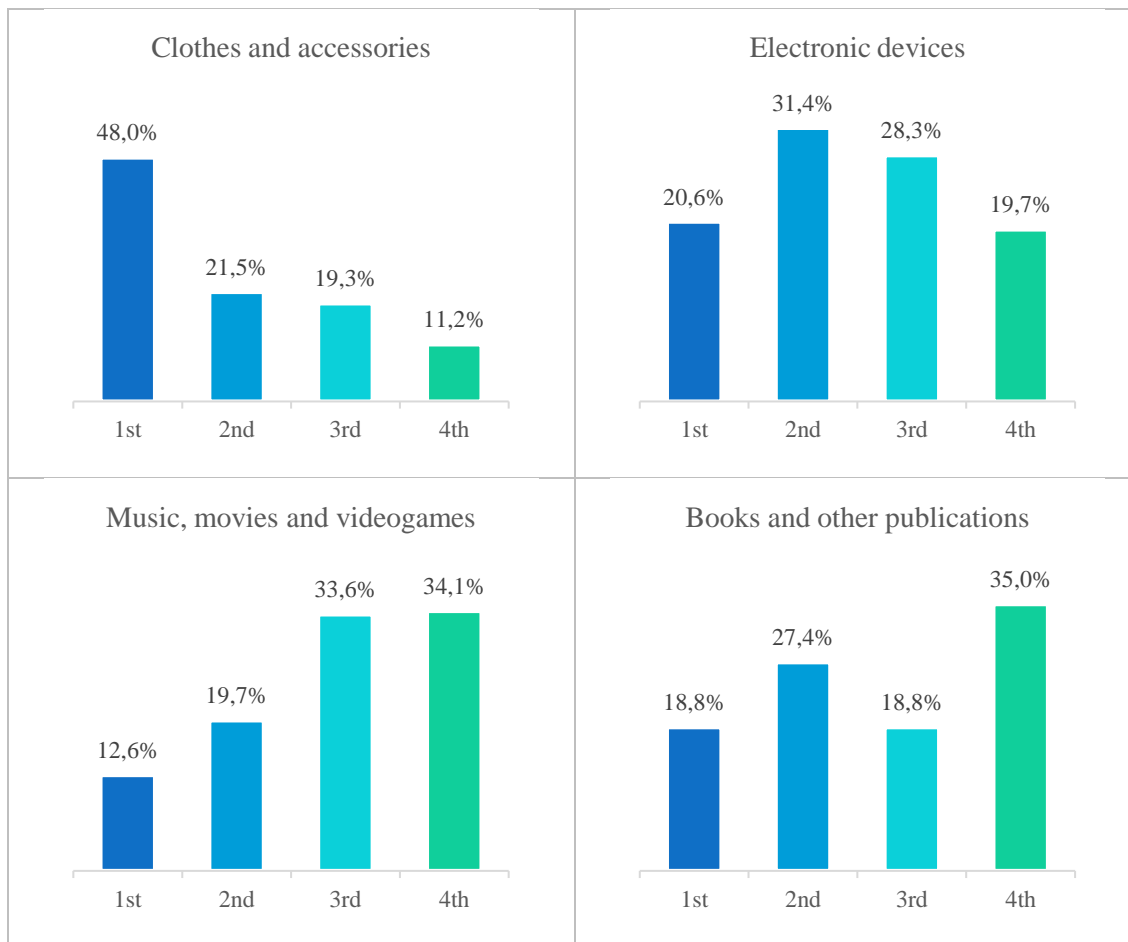


Figure 4.3 – Results for “Rank the categories according to your personal priority: ...”

4.2. Leisure experiences

In order to evaluate behaviors and beliefs regarding leisure experiences, participants answered questions regarding the frequency, importance, desired outcome and priority of purchase in the categories of: “Entertainment experiences”, including attending a concert, seeing a play, going to a stand-up comedy show, watching a sport, etc.; “Educational experiences”, including taking a surf lesson, participating in a cooking class, attending a wine workshop, assisting a tech conference, etc.; “Escapist experiences”, including travelling abroad, hiking a mountain, gambling in a casino, participating in a silent retreat, having a themed dinner party, going to an amusement park, etc.; “Esthetic experiences”, including visiting an art gallery, attending a photography exhibition, touring a garden, being at a rooftop bar, etc.

In terms of frequency of purchase (Figure 4.4), it can be observed that 31,4% of participants acquire entertainment experiences two or three times per year.

Yet, when it comes to educational experiences, 36,3% of the questioned millennials do not make a yearly purchase of this type or limit it to only one.

As to escapist experiences, over a third of participants (35,0%) make an acquisition of this sort two or three times a year.

Conversely, regarding esthetic experiences, 41,3% of the sample estimates a yearly purchase frequency of zero or one in this category.

In summary, the majority of the sample purchases escapist or entertainment experiences two or three times a year, whereas esthetic or educational experiences are acquired only once a year or none at all.

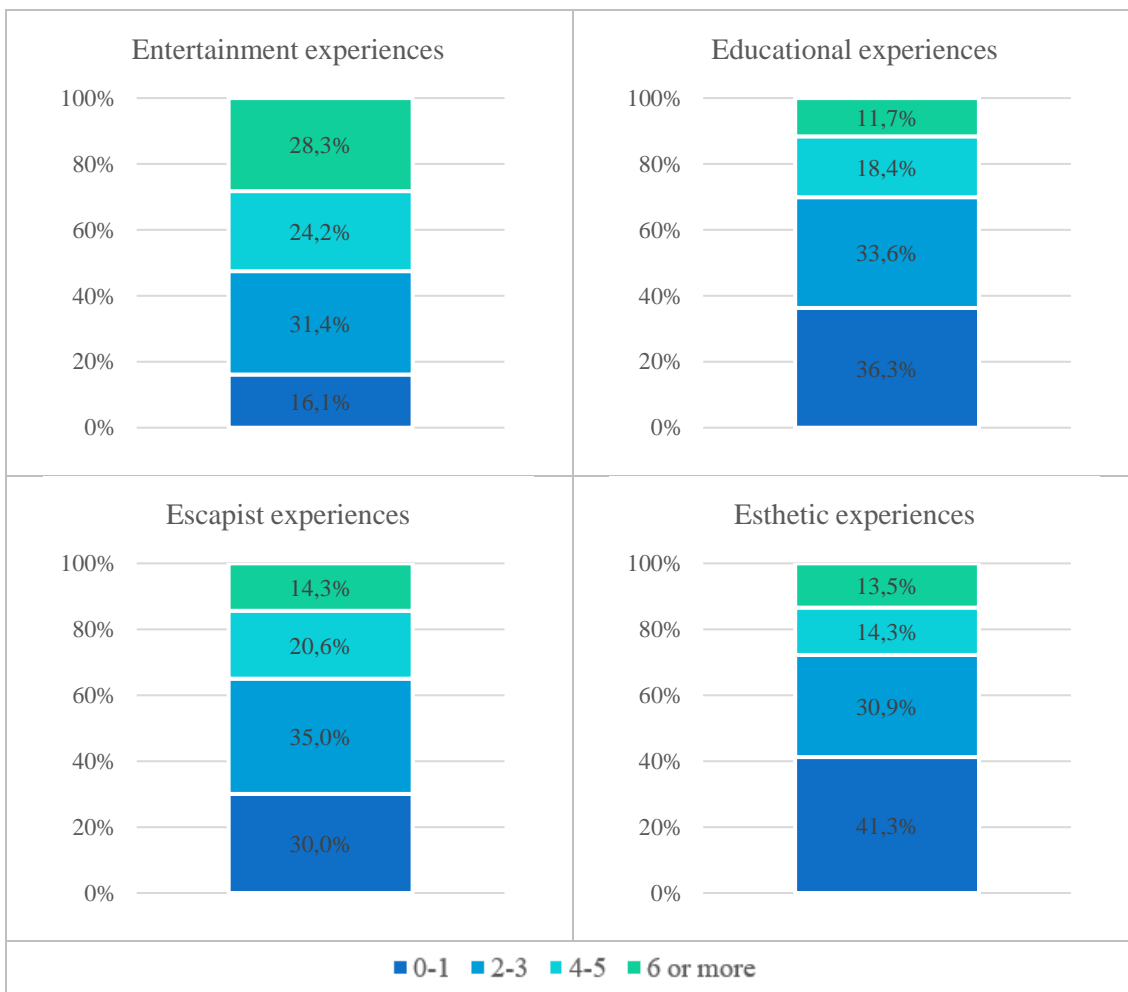


Figure 4.4 – Results for “Indicate how many times per year you purchase: ...”

When asked about the importance of participating in the latest or trendiest experiences (Figure 4.5) such as entertainment experiences, 24,7% of respondents considered it to be unimportant or extremely unimportant while over half of them (50,2%) found it important or extremely important, which is the highest share of importance amongst all four categories.

Likewise, 22,0% of participants found it unimportant or extremely unimportant to participate in the newest educational experiences, while 47,5% deemed it to be important or extremely important.

Participating in the latest or trendiest escapist experiences was deemed unimportant or extremely unimportant by 29,6% of the sample but thought to be important or extremely important by 37,7%.

In terms of esthetic experiences, 39,0% of the questioned millennials believe it to be unimportant or extremely unimportant (the highest share of unimportance amongst all four categories) and only 30,0% considered it important or extremely important, making this the only category in which the rate of unimportance surpasses its counterpart.

In short, the majority of the sample considered it relevant to participate in the latest or trendiest experiences in all but one of the four categories described.

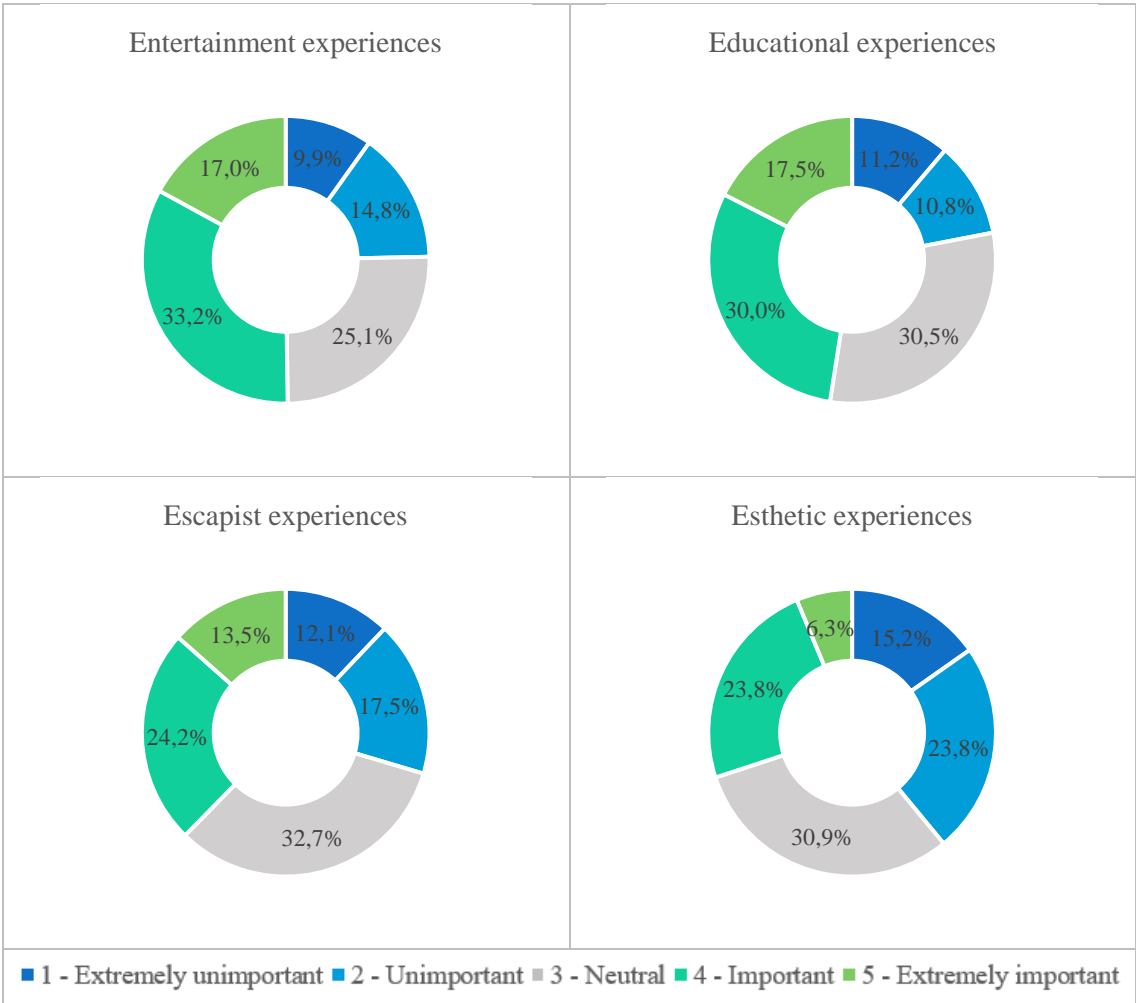


Figure 4.5 – Results for “Indicate how important it is for you to participate in the latest/trendiest: ...”

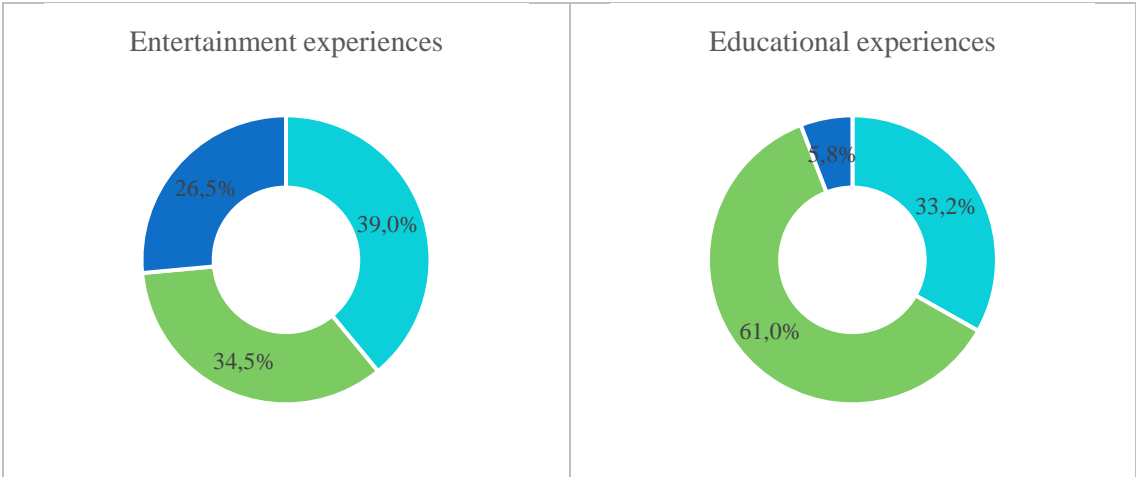
In order to classify these experiences into the types described by Duerden *et al.* (2018), participants were asked to indicate the characteristics they seek to achieve when participating in the four experience categories described (Figure 4.6). Case in point, when participating in entertainment experiences, the majority of the questioned millennials (39,0%) searches for emotion and personal discovery.

Meanwhile, in terms of educational experiences, 61,0% of participants pursue emotion, personal discovery and change in themselves.

Similarly, emotion, personal discovery and change in themselves is sought by 47,1% of respondents when engaging in escapist experiences.

When it comes to esthetic experiences, opinions are quite similarly divided amongst the three possible outcomes. Still, the majority of the questioned millennials (37,7%) searches only for emotion.

In sum, it appears that participants have higher expectations for educational or escapist experiences, since they hope to achieve emotion, personal discovery and change in themselves. Crossing this with the theory of Duerden *et al.* (2018), it can be stated that both educational and escapist experiences are transformational. Meanwhile, entertainment experiences are meant to be meaningful since respondents seek emotion and personal discovery. Moreover, only emotion is pursued in esthetic experiences, thus making them memorable.



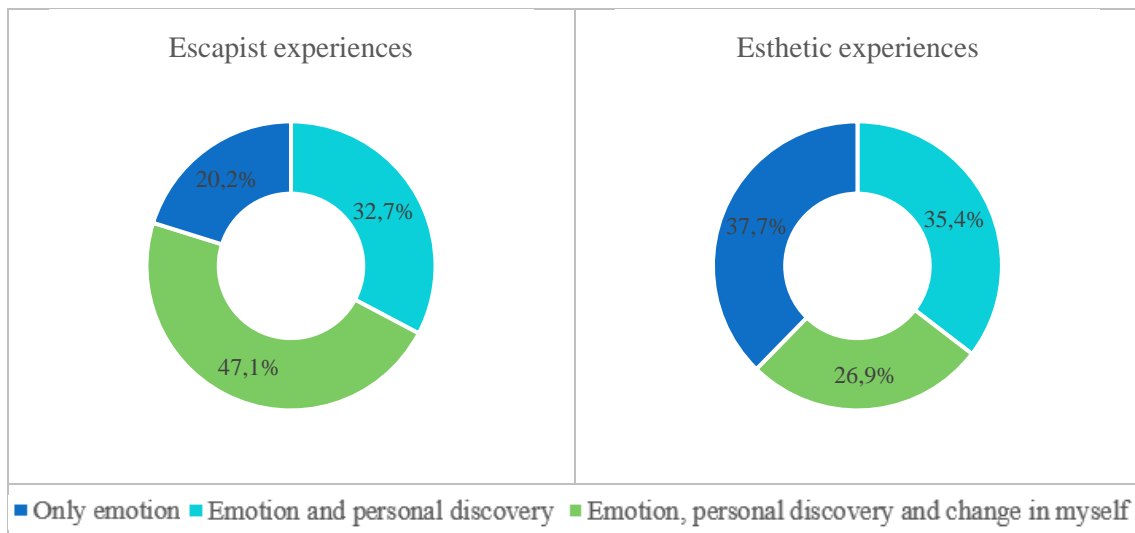


Figure 4.6 – Results for “Indicate what you seek to achieve with: ...”

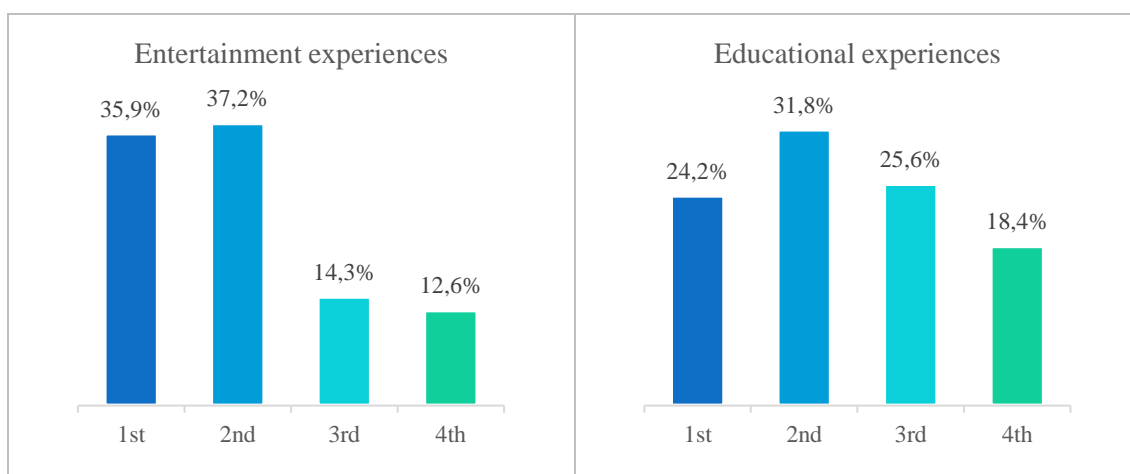
Finally, when asked to rank the four categories according to personal priority (Figure 4.7), 73,1% of participants positioned entertainment experiences either as first or second priority.

Likewise, 56,1% of the questioned millennials placed educational experiences either as first or second priority.

Escapist experiences were placed either as third or fourth priority by 50,7% of the sample.

Nonetheless, in the category of esthetic experiences, more than three quarters of respondents (78,5%) ranked these items as either third or fourth priority. In fact, more than half of them (52,0%) actually placed it in the last position.

In brief, when prioritizing the categories in relation to each other, participants give more emphasis to entertainment or educational experiences than escapist or esthetic experiences.



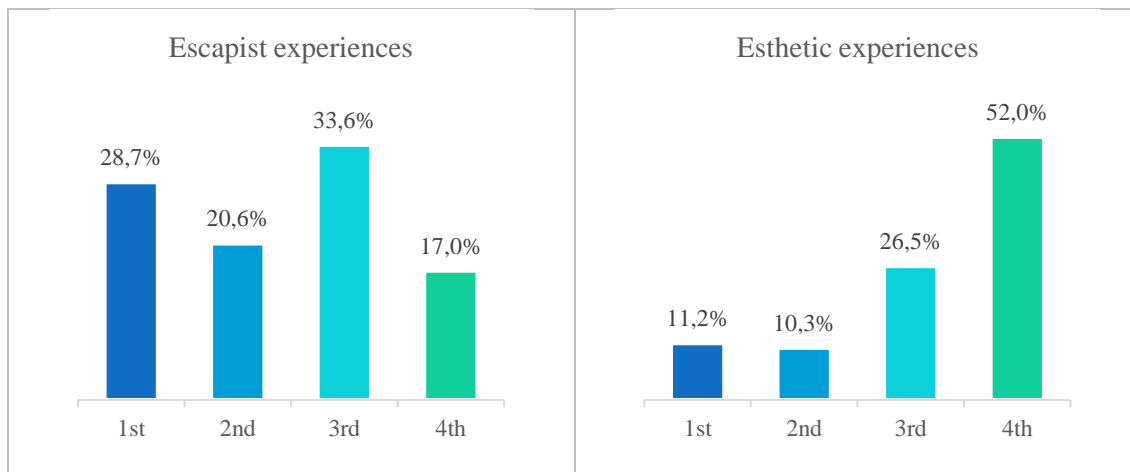


Figure 4.7 – Results for “Rank the categories according to your personal priority: ...”

4.3. Preference

In the interest of ascertaining some more preference indicators regarding experiences and possessions, four sentences were presented to participants (Figure 4.8).

The first, “When I have some extra money, I prefer spending it on a leisure experience instead of a material possession”, presents the greatest divergence in results out of all statements, since 17,0% of the questioned millennials disagree or strongly disagree with it but 53,4% demonstrate agreement or strong agreement.

Meanwhile, few participants remained neutral to “My best memories are associated with events or activities I did and not objects I bought”. Only 2,2% of them disagree or strongly disagree with the sentence while 90,1% agree or strongly agree (the highest rate of agreement).

Yet, it is “My experiences have contributed more to my identity than my possessions” that presents the lowest rate of disagreement or strong disagreement (1,8%), against a total of 87,4% of agreement or strong agreement with the statement.

At last, only 4,9% of the questioned millennials disagree or strongly disagree with “I feel that experiential purchases fulfill me more than material purchases” whereas almost three quarters (74,0%) agree or strongly agree with the statement.

In summary, considering that the results obtained for every statement exhibited a propensity for experiential purchases more than material ones, it can be argued that there is a preference for experiences over possessions on the side of millennials.

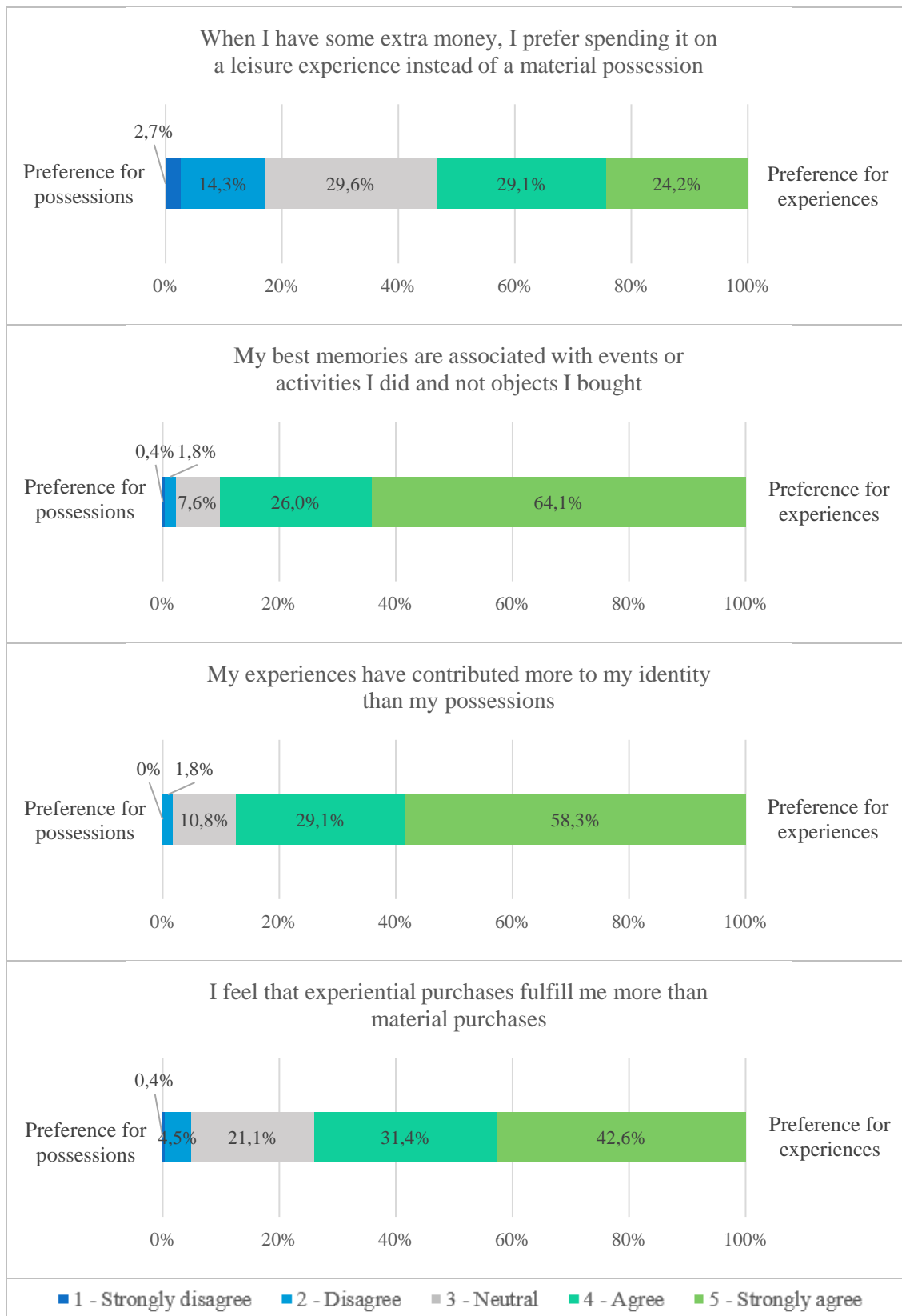


Figure 4.8 – Results for “Indicate your level of agreement on a scale from 1 to 5: ...”

4.4. Dimensions

To recognize the influence of each experiential dimension as defined by Pine & Gilmore (1998), three sentences pertaining to each of the four experience categories were presented to participants (Figure 4.9).

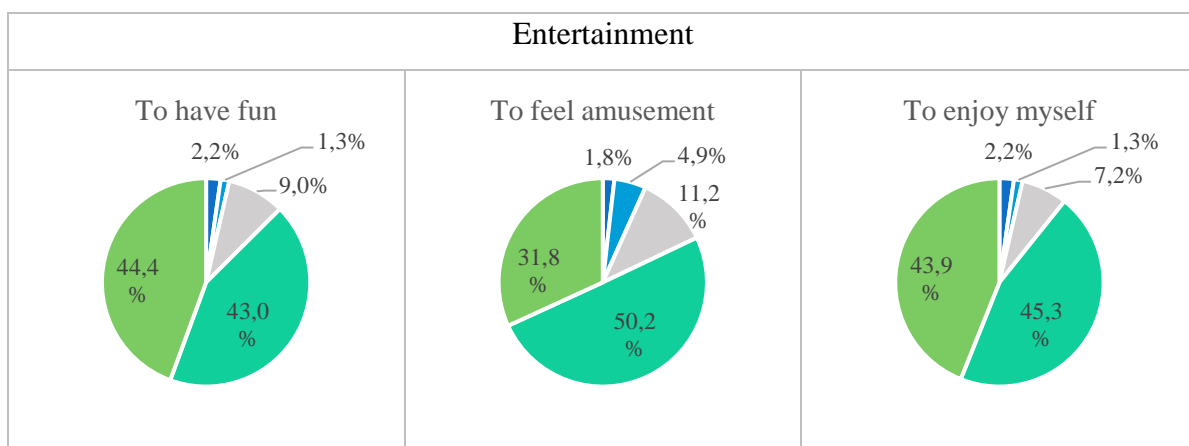
In connection with the entertainment realm, most of the questioned millennials agree or strongly agree that they prefer leisure experiences to have fun (87,4%), to feel amusement (82,1%) and to enjoy themselves (89,2%).

Similarly, when it comes to the educational realm, the majority of respondents agree or strongly agree that they favor experiences to learn something new (85,7%), to become more knowledgeable (79,8%) and to satisfy their curiosity (84,8%).

Concerning the escapist realm, while 62,8% of participants agree or strongly agree on their preference for leisure experiences with a view to escape from reality and to feel in a different time or place, only 25,6% of them engage in them to become someone else. This was the only statement that garnered a higher rate of disagreement than agreement.

As to the esthetic realm, most of the questioned millennials agree or strongly agree that they favor leisure experiences to visit interesting venues (80,3%) and to please their senses (66,8%). Yet, to be in an attractive setting did not prove to be as important, as it gathered an agreement rate of 45,7%.

In short, the most selected reasons (rate of agreement or strong agreement above 80%) that justify millennials' preference for leisure experiences are to enjoy themselves, to have fun, to learn something new, to satisfy their curiosity, to feel amusement and to visit interesting venues. As such, this suggests that the ideal leisure experience for a millennial encompasses elements of more than one realm, particularly entertainment, educational and esthetic. Escapist elements, while overall appreciated, are not as essential.



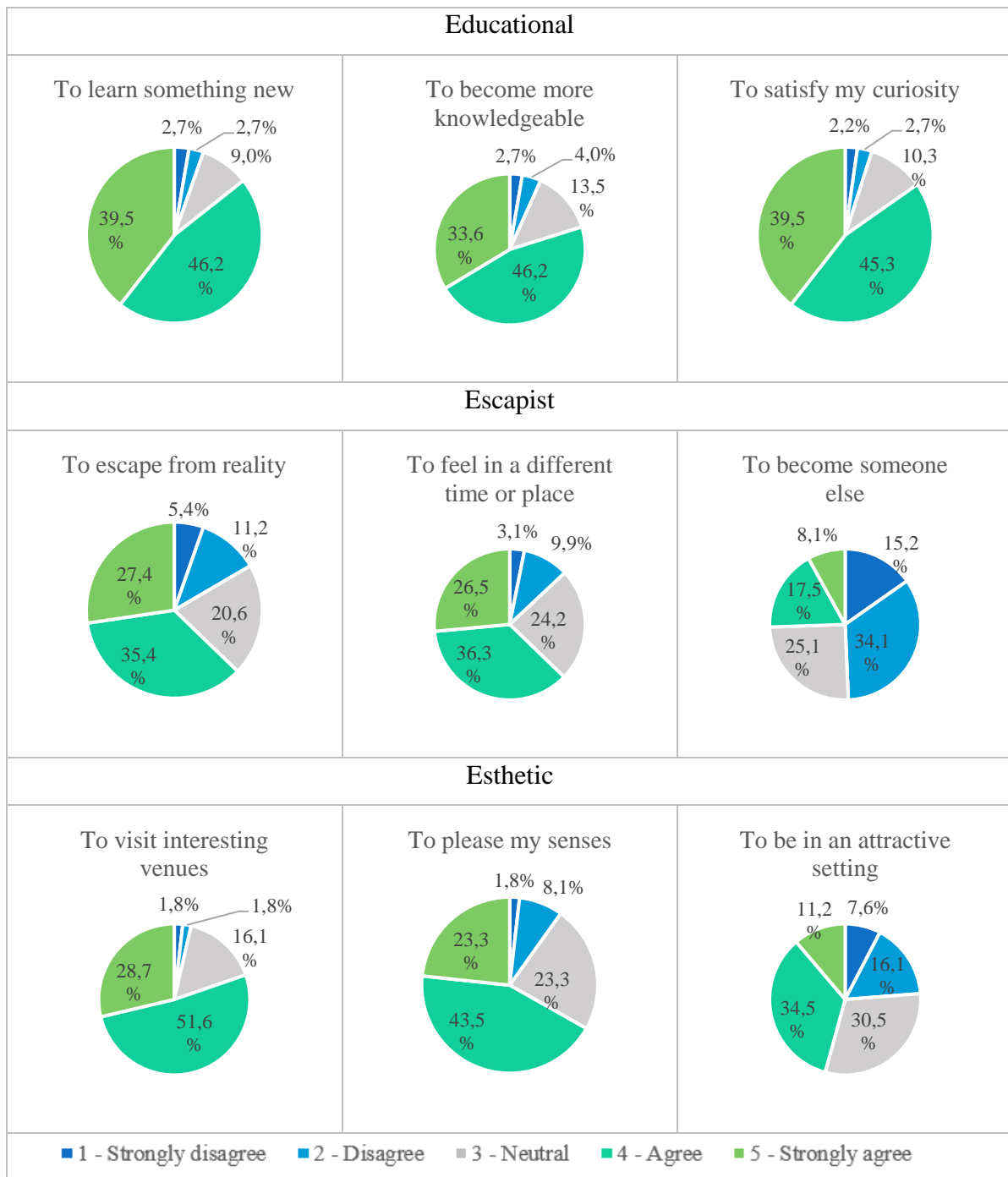


Figure 4.9 – Results for “Indicate level of agreement on a scale from 1 to 5: I prefer leisure experiences for the following reasons...”

4.5. Discussion

Findings regarding material possessions demonstrate that millennials purchase clothes and accessories more frequently than any other items. In fact, when prioritizing material possessions in relation to each other, participants attributed more importance to clothes and accessories or electronic devices than to music, movies and videogames or books and other publications. Nonetheless, owning the latest or trendiest items pertaining to any of these four categories was always considered unimportant by most of the sample.

As the focus shifted to leisure experiences, results showed that the majority of millennials purchase predominantly escapist or entertainment experiences more often than other types. Yet, when prioritizing the categories in relation to each other, participants gave more emphasis to entertainment or educational experiences than escapist or esthetic experiences. Additionally, it became evident that emotional expectations regarding each experience type are not the same but actually quite distinct, since educational or escapist experiences are expected to be transformational, while entertainment experiences are meant to be meaningful and esthetic experiences are only anticipated to be memorable. Actually, the majority of millennials considered it relevant to participate in the latest or trendiest experiences in all of these categories except the esthetic one (which is consistent with its low rank amongst all experiential categories). In fact, taking into account the rates of both importance and unimportance, esthetic experiences are deemed less relevant than two categories of material possessions, which are clothes and accessories and electronic devices.

Subsequently, when directly confronting their behaviors and beliefs towards material possessions and leisure experiences in a series of statements, millennials exhibited a preference for experiential purchases over material ones. This finding is in accordance with previous research on the matter.

After this propensity for experiences over possessions was established, it was fundamental to discover the experiential elements responsible for this or, in a nutshell, the reasons why millennials choose to engage in leisure experiences. In that sense, findings show that millennials mostly wish to enjoy themselves, to have fun, to learn something new, to satisfy their curiosity, to feel amusement and to visit interesting venues. This suggests that the ideal leisure experience for a millennial encompasses elements of more than one realm, particularly entertainment, educational and esthetic.

Conclusion

5.1. Research contributions

Nowadays, consumers all over the world are opting for having experiences over owning material possessions. The millennial generation, in particular, is said to be primarily responsible for driving this consumer shift (Goldman, Marchessou & Teichner, 2017; Deloitte, 2019a; Morgan, 2019). As millennials become the generation with the highest global spending power (Tilford, 2018) and global expenditure on the experience economy continues to rise (Euromonitor, 2018), it is pressing to understand the dynamic of this environment.

Hence, to address this literature gap, the objective of this dissertation was to better understand the relation between the millennial generation and the experience economy and, more precisely, this cohort's preference for experiences over possessions. While the sheer existence of this prevalence has already been suggested in literature, the role played by the experiential categories themselves remains unclear since little has been discovered about which experiential realms and elements are more valuable to millennials and the deeper personal outcomes they desire from each experience type.

Accordingly, the following research questions were proposed:

- Do millennials prefer all types of experiences over possessions?
- What do millennials desire from experiences?

Resorting to frameworks by Pine & Gilmore (1998) and Duerden *et al.* (2018), a questionnaire was devised to assess millennials' behaviors and beliefs on this matter and, therefore, address the two research questions.

As to the first question, millennials did exhibit a strong overall preference for experiential purchases over material ones. In fact, owning the latest or trendiest material possessions was always considered unimportant by most of the sample. Yet, the majority of millennials considered it relevant to participate in the latest or trendiest experiences in all categories except the esthetic one. Moreover, esthetic experiences are deemed less relevant than clothes and accessories or even electronic devices, which suggests that esthetic experiences are not preferable to these two material categories. Hence, it can be stated that not all types of leisure experiences are preferred to material possessions.

Regarding the second question, it became evident that different emotional outcomes are sought depending on the different experience types. In addition to this, evidence showed that all leisure experiences should encompass elements of more than one realm, particularly entertainment, educational and esthetic. Hence, millennials desire experiences that correspond to their distinct emotional expectations and that are experientially diverse.

These findings have not only theoretical implications but also managerial ones. For a start, companies must understand that millennials are decreasing their desire for material consumption and, conversely, increasing their demand for experiential consumption.

Moreover, to respond to this consumer shift, other key takeaways from this research can be applied in business. For instance, when targeting an experience at millennials, the predominant type it is being marketed as should be carefully selected because of its associated expected outcomes. Predominantly esthetic experiences, the only category millennials found unimportant and not preferable to all possessions, are only meant to be memorable and therefore should not be the sole or primary focus of companies.

Most importantly, regardless of its predominant type, the ideal leisure experience for millennials should be diverse, incorporating elements of several realms.

Given the aforementioned theoretical and managerial contributions this dissertation provided, it can be stated that the existing literature gap on this subject was somewhat bridged and that the research objective was largely achieved.

5.2. Limitations and suggestions for future research

Despite efforts to minimize the chance of possible errors, there are some constraints limiting this research that should be taken into account.

The first is the reduced size and diversity of the sample, since it does not accurately represent the entire millennial generation. Due to this, it is not possible to generalize conclusions outside the considered sample.

The second is the selected research method, since it consists of closed questions only. This limits participants' ability to state their opinions outside what had already been predefined for them.

The third is the period during which the research was conducted, since it was the time when the Covid-19 pandemic was spreading around the world. As a consequence, social and

economic priorities changed thus altering consumption habits. The extent to which this environment of uncertainty may have influenced research participants is unknown.

Therefore, when it comes to suggestions for future research on the topic, the first would be to have a larger sample size to assure greater statistical accuracy and reliability, but also a more diverse one to ensure more precise insights regarding factors such as gender, nationality and economic status, for example.

Moreover, applying qualitative research methods, such as interviews or focus groups, could lead to in-depth knowledge regarding this subject thanks to more detailed descriptions of participants' perceptions.

Another suggestion would be to study the actual impact of the Covid-19 pandemic on millennials' experiential consumption, namely if and how they adapted to this new reality, which is already being referred to as the "distanced experience" economy (Blackmon, 2020).

Additionally, and looking to the future, the final recommendation would be to shift the research focus to the cohort that follows millennials, otherwise known as Generation Z. While this group is still coming of age, it already displays different characteristics from its predecessor, meaning that distinct behaviors and beliefs will be in place regarding experiences and possessions.

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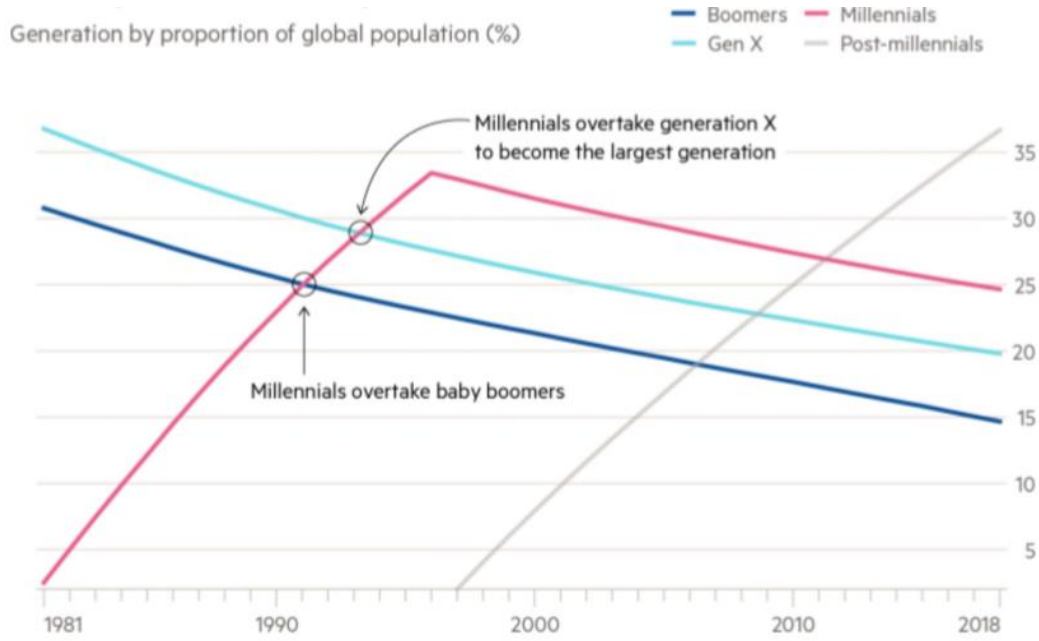
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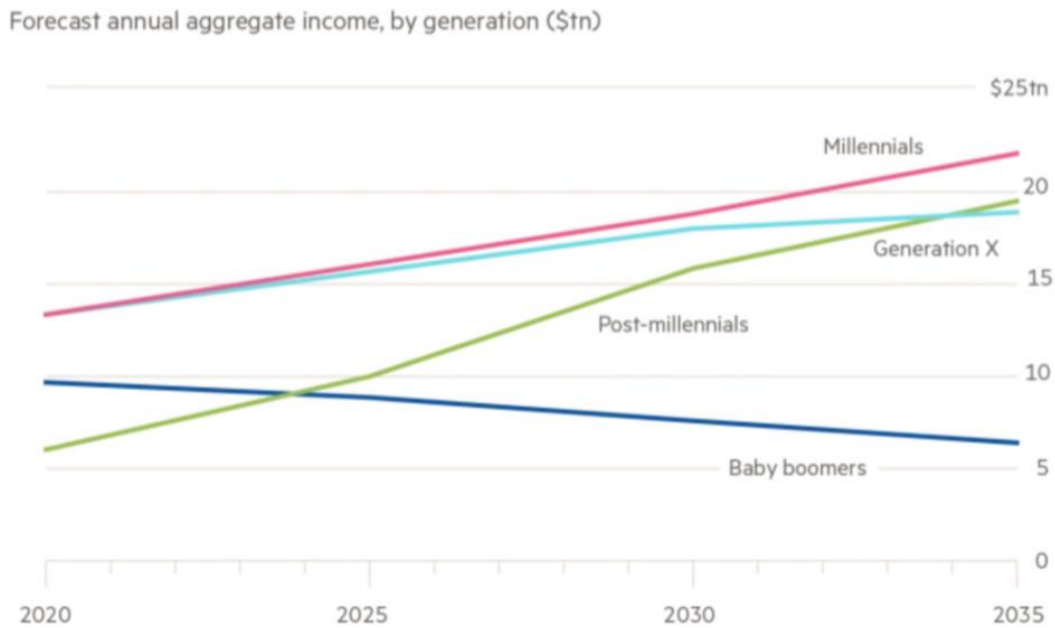
Annexes

Annex A – Generation by proportion of global population (%)



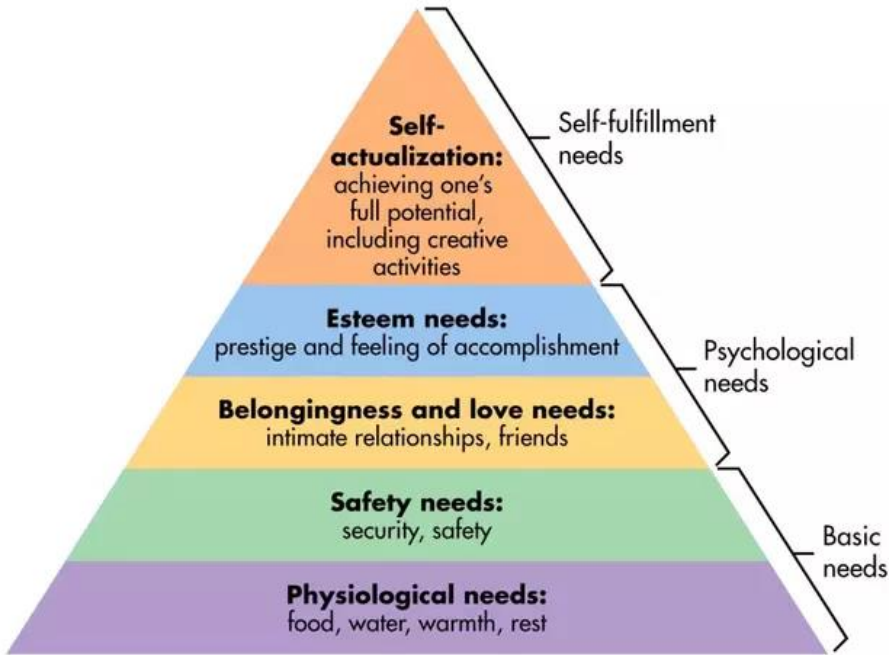
Source: Tilford (2018)

Annex B – Forecast annual aggregate income by generation (\$tn)



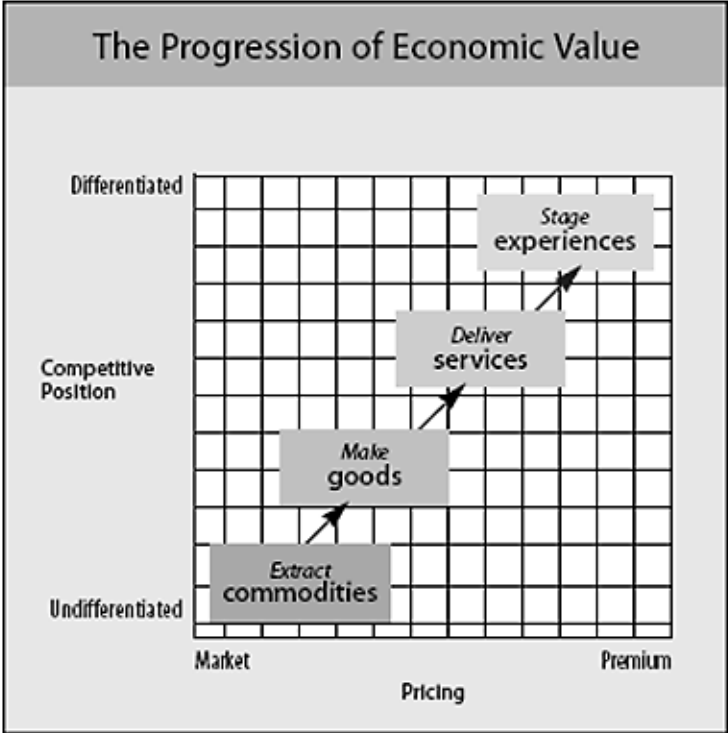
Source: Tilford (2018)

Annex C – Maslow’s Hierarchy of Needs



Source: McLeod (2020)

Annex D – The Progression of Economic Value



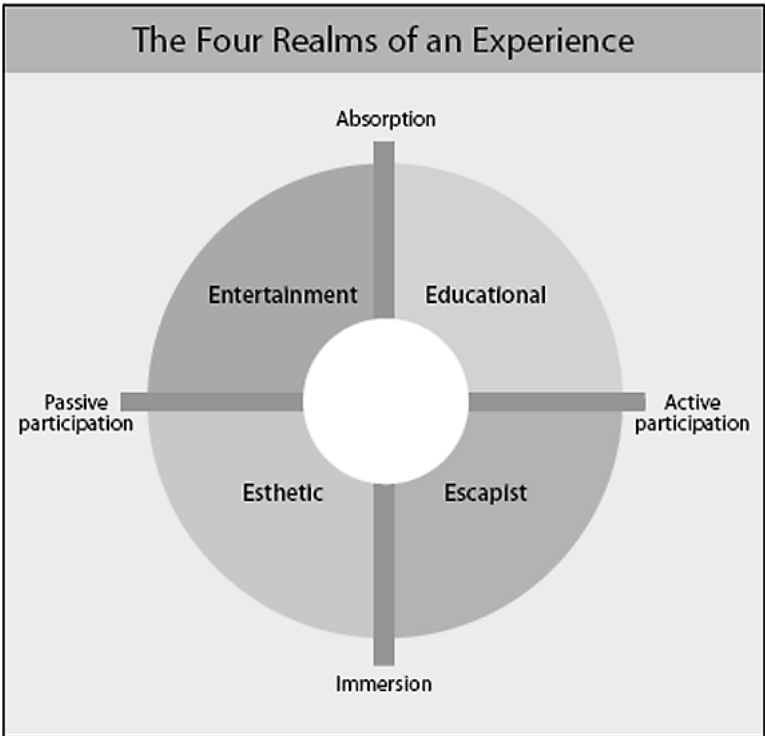
Source: Pine & Gilmore (1998)

Annex E – Economic Distinctions

Economic Distinctions				
Economic Offering	Commodities	Goods	Services	Experiences
Economy	Agrarian	Industrial	Service	Experience
Economic Function	Extract	Make	Deliver	Stage
Nature of Offering	Fungible	Tangible	Intangible	Memorable
Key Attribute	Natural	Standardized	Customized	Personal
Method of Supply	Stored in bulk	Inventoried after production	Delivered on demand	Revealed over a duration
Seller	Trader	Manufacturer	Provider	Stager
Buyer	Market	User	Client	Guest
Factors of Demand	Characteristics	Features	Benefits	Sensations

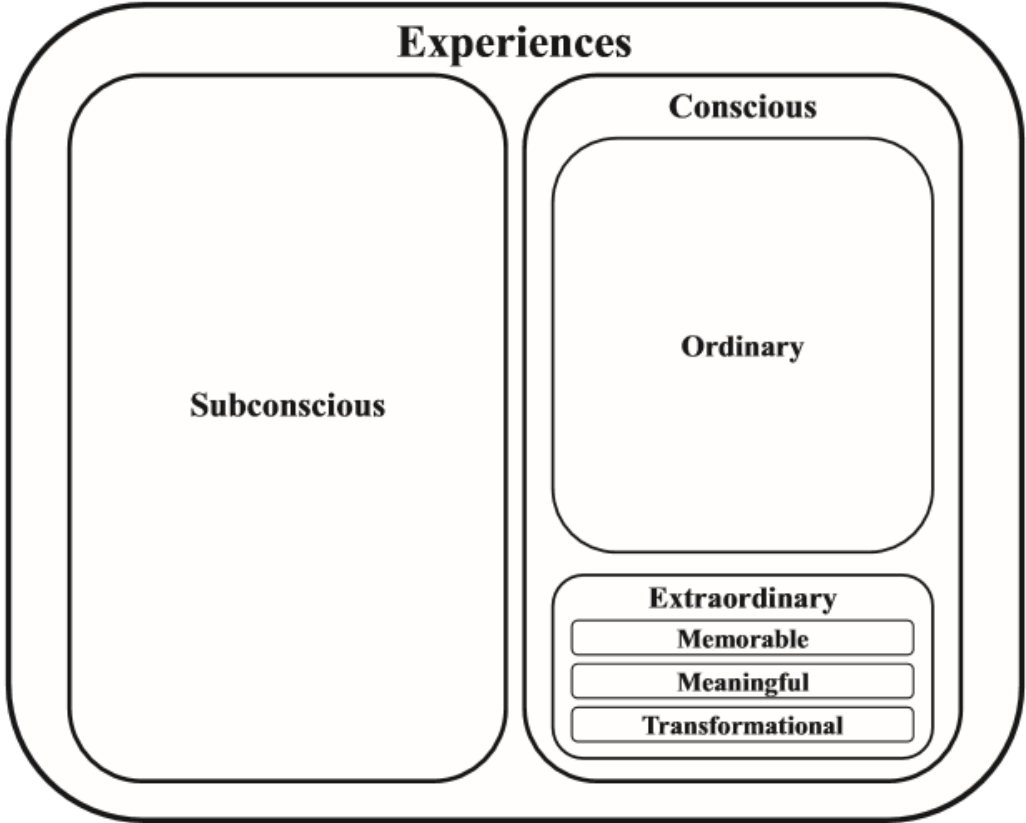
Source: Pine & Gilmore (1998)

Annex F – The Four Realms of an Experience



Source: Pine & Gilmore (1998)

Annex G – Experience-type framework



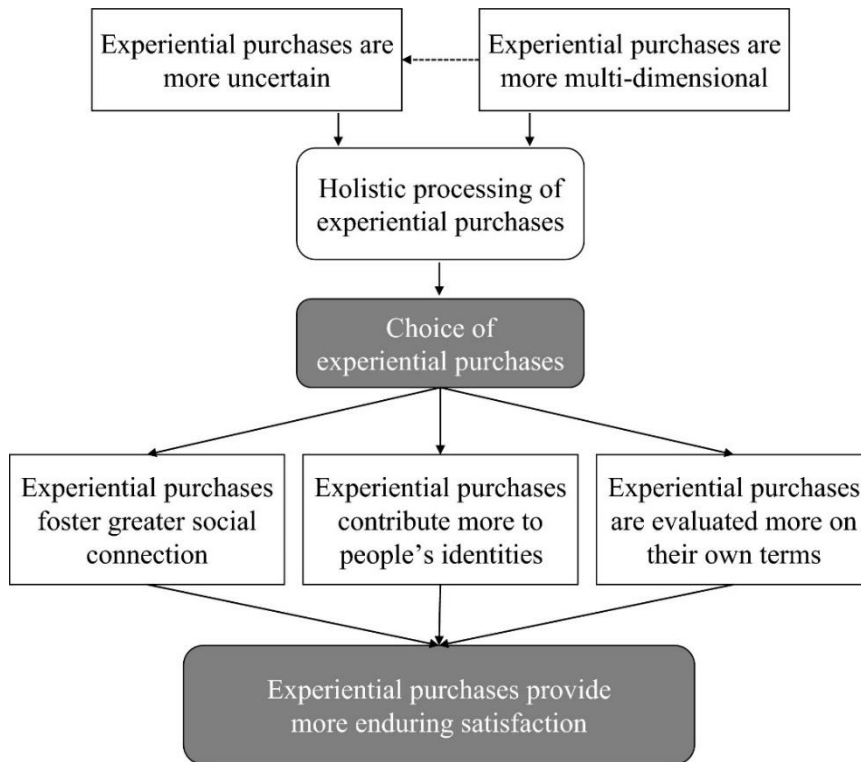
Source: Duerden *et al.* (2018)

Annex H – Key characteristics across experience types

Key characteristic	Memorable	Meaningful	Transformational
Emotion	X	X	X
Discovery		X	X
Change			X

Source: Duerden *et al.* (2018)

Annex I – How experiential purchases are chosen relative to material purchases and the reasons why they tend to provide consumers with more enduring satisfaction



Source: Gilovich & Gallo (2020)

Annex J – Questionnaire

The slide features a background image of a person standing in a dark room, looking at a large, vibrant, abstract digital artwork on a wall. Below the image is a white text box with a green border containing the following text:

Experiences over Possessions

Within the scope of my dissertation for the MSc in International Management at ISCTE Business School, this questionnaire is designed to gather information about millennials' preference for leisure experiences over material possessions. It takes around 4 minutes to complete.

All answers will remain confidential and anonymous.

Thank you for your cooperation!

Ana Costa

At the bottom of the slide, there is a 'Next' button on the left, a progress bar in the center, and 'Page 1 of 6' on the right.

1 - Characterization

Please select the options that apply to you.

Birth year: *

- 1982 - 1988
- 1989 - 1995
- 1996 - 2002

Gender: *

- Male
- Female
- Other

Nationality: *

Highest level of education achieved: *

- Primary education
- Secondary education
- Bachelor's degree
- Master's degree
- Doctoral degree

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2 - Material possessions

In this section, please consider the following definitions:

- Clothes and accessories (includes clothes, shoes, bags, accessories, etc.)
- Electronic devices (includes phones, tablets, cameras, smartwatches, headphones, speakers, etc.)
- Music, movies and videogames (includes music, movies, videogames, PC games, etc.)
- Books and other publications (includes books, comic books, magazines, newspapers, etc.)

Indicate how many times per year you purchase: *

	0-1	2-3	4-5	6 or more
Clothes and accessories	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Electronic devices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Music, movies and videogames	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Books and other publications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Indicate how important it is for you to have the latest/trendiest: *

	1 - Extremely unimportant	2 - Unimportant	3 - Neutral	4 - Important	5 - Extremely important
Clothes and accessories	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Electronic devices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Music, movies and videogames	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Books and other publications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Rank the categories according to your personal priority: *

	1st	2nd	3rd	4th
Clothes and accessories	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Electronic devices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Music, movies and videogames	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Books and other publications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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3 - Leisure experiences

In this section, please consider the following definitions:

- Entertainment experiences (includes attending a concert, seeing a play, going to a stand-up comedy show, watching a sport, etc.)
- Educational experiences (includes taking a surf lesson, participating in a cooking class, attending a wine workshop, assisting a tech conference, etc.)
- Escapist experiences (includes travelling abroad, hiking a mountain, gambling in a casino, participating in a silent retreat, having a themed dinner party, going to an amusement park, etc.)
- Esthetic experiences (includes visiting an art gallery, attending a photography exhibition, touring a garden, being at a rooftop bar, etc.)

Indicate how many times per year you purchase: *

	0-1	2-3	4-5	6 or more
Entertainment experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Educational experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Escapist experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Esthetic experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Indicate how important it is for you to participate in the latest/trendiest: *

	1 - Extremely unimportant	2 - Unimportant	3 - Neutral	4 - Important	5 - Extremely important
Entertainment experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Educational experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Escapist experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Esthetic experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Indicate what you seek to achieve with: *

	Only emotion	Emotion and personal discovery	Emotion, personal discovery and change in myself
Entertainment experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Educational experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Escapist experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Esthetic experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Rank the categories according to your personal priority: *

	1st	2nd	3rd	4th
Entertainment experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Educational experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Escapist experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Esthetic experiences	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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4 - Preference

In this section, please consider all types of material possessions and leisure experiences as they were described before.

In the following questions, indicate your level of agreement on a scale from 1 to 5.

When I have some extra money, I prefer spending it on a leisure experience instead of a material possession. *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

My best memories are associated with events or activities I did and not objects I bought. *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

My experiences have contributed more to my identity than my possessions. *


	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

I feel that experiential purchases fulfill me more than material purchases. *

	1	2	3	4	5	
Strongly disagree	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Strongly agree

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5 - Dimensions

In this section, please consider all types of material possessions and leisure experiences as they were described before.

In the following questions, indicate your level of agreement on a scale from 1 to 5.

I prefer leisure experiences for the following reasons: *

	1 - Strongly disagree	2 - Disagree	3 - Neutral	4 - Agree	5 - Strongly agree
To have fun	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To learn something new	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To escape from reality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To visit interesting venues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To feel amusement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To become more knowledgeable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To feel in a different time or place	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To please my senses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To enjoy myself	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To satisfy my curiosity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To become someone else	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
To be in an attractive setting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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Source: Author