Customer experience management: a critical review of an emerging idea

Adrian Palmer
School of Business and Economics, University of Wales Swansea, Swansea, UK

Abstract

Purpose – This paper aims to critically assess the conceptual validity of customer experience as a construct and propose a model which integrates inter-personal relationships, service quality and brands.

Design/methodology/approach – A critical review of literature is structured around the key components of brands, relationships, quality, emotions and perceptions, viewed from a consumer's perspective.

Findings – Paradoxes in use of the term customer experience are noted. As a verb, experience describes a process of learning, leading to learned response, but as a noun emphasises novelty and the lack of predictable, learned response. By incorporating emotions and perceptual distortion over time, customer experience overcomes many problems associated with static, partial measures of service quality.

Research limitations/implications – Academic coverage of the subject of customer experience remains fragmented. Approaches to its measurement are suggested and their limitations noted. The multi-dimensional, situation-specific nature of customer experience favours qualitative rather than quantitative measurement approaches.

Practical implications – The unique nature of customer experience, which is specific to a customer, at a specific time and location, in the context of a specific event, limits its managerial usefulness for planning and control purposes. Many companies have seen customer experience management (CEM) as a successor to customer relationship management (CRM). However, issues of inter-functional integration become an even greater challenge.

Originality/value – This paper has provided a critical review of an emerging topic and suggested that despite academic interest in the concept, practical application of customer experience management may be difficult to achieve.

Keywords Consumer behaviour, Customer satisfaction, Customer relations, Brands, Service quality assurance

Paper type Conceptual paper

An executive summary for managers and executive readers can be found at the end of this article.

Introduction

The term "customer experience" has received increasing attention from consultants, and some puzzlement by academics, uncertain whether the concepts of "customer experience", "customer experience management" and "total customer experience" are merely consultants' hype, representing nothing new, or an important conceptual framework for understanding marketing more generally. Increasing use of the vocabulary of "customer experience" by firms would appear to be a substitute for the language of "customer relationships". Furthermore, many academics and practitioners have argued that customer relationship management has not created the expected levels of value for customers and profitability for organisations. Customer experience management may be an integrating framework that overcomes the theoretical and practical limitations of customer relationship management.

The purpose of this paper is to critically assess customer experience as an academically robust construct that can be developed into a managerially useful tool. To date, academics have not significantly added rigorous academic value to the comments of practitioners and consultants who have talked about an "experience economy" (Pine and Gilmore, 1998), Definitions are often circular in nature, and little guidance has emerged that is likely to be useful to practitioners (Pullman and Gross, 2004). The term "customer experience" has been so widely used, and abused, that a potentially important construct is in danger of being dismissed because of the ambiguous manner in which it has been applied.

What is meant by customer experience?

A diversity of dictionary definitions of experience present a barrier to clear understanding and adoption by marketers, because of marketers' confusion of experience as a verb with experience as a noun. *Collins English Dictionary* describes experience as "The accumulation of knowledge or skill that results from direct participation in events or activities" and "… the content of direct observation or participation in an event" (Collins, 2007). The *Oxford English Dictionary* talks about "Active participation in events or activities, leading to the accumulation of knowledge or skill" (OUP, 2006). These

are essentially cognitive definitions of experience as an outcome. A more affective and process based definitions is provided by the *American Heritage Dictionary of the English Language* (2006), which defines experience as "The feeling of emotions and sensations as opposed to thinking" and "... involvement in what is happening rather than abstract reflection on an event". The confusion between verb and noun is overcome in those languages that distinguish these two meanings of experience with distinct words. In the German language, for example *Erfahrung/erfahren* refer to knowledge and expertise gained after an event, whereas *Erlebnis/erleben* refer to a process of undergoing and living through an event. The distinction between experience as noun and verb is an important one that will be returned to later. The ambiguity for marketers is that on the one hand, experience is a learned outcome that is associated with predictable behaviours, whereas on the other it has come to be associated with processes whose novelty may result in unpredictable response by consumers.

Discussion of experience in a marketing context has a long history. Abbott (1955), cited in Holbrook (2006, p. 40) noted that:

> [...] What people really desire are not products, but satisfying experiences. Experiences are attained through activities. In order that activities may be carried out, physical objects for the services of human beings are usually needed. Here lies the connecting link between men's inner world and the outer world of economic activity. People want products because they want the experience which they hope the products will render.

Dewey (1963) added an additional dimension of uniqueness by stating that experience involves progression over time, anticipation, emotional involvement, and a *"uniqueness that makes an activity stand out from the ordinary"* (emphasis added). This was later followed by Pine and Gilmore (1998, p, 12), who described successful experiences as being those that "a customer finds unique, memorable and sustainable over time".

The range of definitions presented here began with experience being essentially about the accumulation of knowledge and wisdom, such that an individual could be expected to respond to stimuli with a learned response. However, the later definitions emphasise experience as a unique event, and therefore, by implication learning from previous experience is of little value in attempts to understand consumers' response (cognitive, affective or behavioural).

The literature indicates a drift in time away from Abbot's essentially utilitarian view of experience, towards definitions based more on the hedonistic properties of a product. Thus, Schmitt (1999, p. 26) stated that experiences "... provide sensory, emotional, cognitive, behavioural and relational values that replace functional values". A more all-embracing definition of customer experience is provided by Gupta and Vajic (2000, p. 34) who state that "... an experience occurs when a customer has any sensation or knowledge acquisition resulting from some level of interaction with different elements of a context created by the service provider" Other authors have sought to broaden the concept of customer experience, sometimes with seemingly circular definitions, for example "total customer experience emphasises the importance of all contacts that a consumer has with an organisation and the consumer's holistic experience" (Harris *et al.*, 2003). However, such broad definitions take us back to Abbott's understanding of experience as being the transformation of products into value as perceived by the consumer.
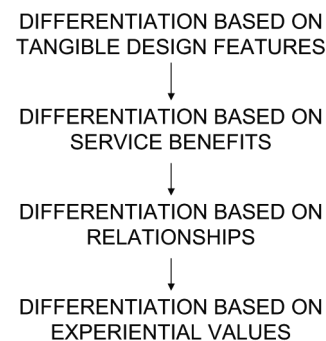
A number of widely discussed constructs either run parallel to, or are major contributors to the construct of customer experience. In addition to the concept of value, discussion of service quality may provide a baseline for experience, and some authors have extended the construct to talk about outstandingly good levels of service quality leading to "customer delight" (Oliver *et al.*, 1997). Discussion of involvement, emotions and interpersonal relationships underpins much thinking about customer experience and will be discussed later in this paper.

Reasons underlying growth of interest in customer experience management

The focus for competitive differentiation between companies has evolved over time. Christopher *et al.* (1991) argued for a model by which the dominant basis for marketing-based competitive advantage has evolved, noting that during the 1950s and 1960s, firms in manufacturing-dominated economies used tangible product qualities to gain competitive advantage. As development of tangible bases for differentiation reached a plateau from the 1970s, the focus for differentiation moved to services. In turn, services, which began as a differentiator eventually became generic and from the 1980s, the quality of ongoing relationships became a new differentiator (Christopher *et al.*, 1991). The authors illustrate this evolution with reference to the car industry where services such as finance, warranties and insurance were used to differentiate otherwise increasingly generic tangible offerings from the 1970s. In turn, services became generic, leading to the development of relationship marketing strategies. But what happens if relationships themselves become generic, and all companies operating in a product area and targeting similar groups of customers have similar patterns of relationship development activity? By extension of Christopher *et al.*'s model, experience may be a differentiator in markets where relationships have ceased to be a point of competitive differential advantage (Figure 1).

A further argument for paradigm displacement is that like many new ideas within the domain of marketing, relationship based marketing emerged as a "new" paradigm, only to attract increased critical attention as its assumptions were challenged. There should be little surprise at this process of

Figure 1 An evolution of the dominant basis for predict differentiation

DIFFERENTIATION BASED ON
TANGIBLE DESIGN FEATURES

↓

DIFFERENTIATION BASED ON
SERVICE BENEFITS

↓

DIFFERENTIATION BASED ON
RELATIONSHIPS

↓

DIFFERENTIATION BASED ON
EXPERIENTIAL VALUES

Source: Based on Christopher *et al.* (1991)

emergence and criticism, reflecting Gladwell's (2000) model of how new ideas emerge and are subsequently challenged by a new emerging orthodoxy.

If a sequential model of paradigm displacement is accepted, an explanation for progression from relationship focus to experience focus may be based on intellectual and practical shortcomings of what has become known as "relationship marketing". Relationship marketing remains challenged by evidence that customers who are satisfied with their relationship may nevertheless not return to a service provider (Brady and Cronin, 2001; Gerpott *et al.*, 2001). At an operational level, buyer-seller relationships in business-to-consumer markets have generally failed in their attempts to emulate the interpersonal relationships characterised by Pepper and Rogers' (1993) "Mom and Pop" store, with a suggestion that quantitative, rules-based approaches to developing a relationship between one company and millions of customers belong to a different paradigm (O'Malley and Prothero, 2004), Academic study of relationship marketing has been criticised because of the lack of attention given to consumers' emotional state and the effect of emotions on the strength and longevity of a relationship. A growing body of literature now points to the role of positive and negative emotions consumers associate with a service encounter, or sequence of encounters, in determining future behavioural intention (Allen *et al.*, 1992; Oliver, 1993; Richins, 1997; Barsky and Nash, 2002).

An alternative, or complementary view to paradigm displacement is an environmental response model. If "customer experience" is regarded as comprising essentially non-utilitarian benefits, it could be expected that interest in customer experience advances during periods of prolonged economic prosperity. In the field of leisure and tourism, it has been suggested that the most significant and rapid developments analogous to "customer experience" occurred in the UK during periods of prosperity, notably the 1890s, 1930s, 1950s and more recently, the late 1990s (Urry, 2002). As well as growth in overall gross domestic product (GDP) per head, these periods have also been associated with increasing disparity in income distribution. More recently, it has been reported that in the first five years of the twenty-first century, the gap between the richest and poorest segments in UK and US society has widened (US Bureau of the Census, 2003; Office of National Statistics, 2006). This widening disparity may explain the apparent anomaly of rapid growth in "low cost, low frills" (and by implication "low experience") operators in sectors as diverse as retailing, hotels and airlines. To detractors of the "experience economy" the growth of "no frills" sectors is evidence of consultants' hype and the limited applicability of "customer experience" as a concept. However, given a growing disparity in income, price driven and experience driven business models can co-exist, even within one individual's purchase portfolio. A wealthy individual may use a "no frills" airline service in order to achieve a higher order experience available at their weekend holiday home. The concept of "rocketing" explains how customers may use both very expensive and very cheap brands simultaneously (Silverstein and Fiske, 2004).

Emerging theory of customer experience

Given the diversity of definitions of "customer experience", a unified underpinning theory is likely to be difficult to achieve.

At the utilitarian end of definitions of customer experience, theory has emerged from economics based models, for example through value (Abbott, 1955) and attribute theory (Hauser and Urban, 1979). Broader definitions of customer experience which stress hedonism call for a more diverse theory base.

Hedonistic definitions of customer experience imply a variety of stimuli that create value for consumers. The effects of individual stimuli have been extensively researched, for example: the physical setting of a service encounter (Grove *et al.*, 1992; Gupta and Vajic, 2000); customer-focused product design with expected levels of quality (Price, Arnould and Tierney, 1995); the service delivery processes (Harris *et al.*, 2001); aspirational and utilitarian brands (De Chernatony and McDonald, 2003); and supporting relationships (Gummesson, 1997).

The challenge for the development of a customer experience construct is to integrate a typically diverse array of stimuli in order to assess the trade offs that are entailed in creating value for consumers. Stimuli present in a customer experience are typically interactive, and it has been pointed out by Csikszentmihalyi (1988) that the manner in which these stimuli are combined and sequenced is important in defining consumer experience.

Hedonistic definitions of customer experience have focused on attitudinal outcomes, for example, "surprise" "delight" and "excitement" (Oliver *et al.*, 1997). However, there would appear to be a contradiction here with traditional definitions of attitude in a marketing context. For example, Fishbein and Ajzen (1975, emphasis added) define attitudes as a "*learned* predisposition to respond in a consistently favourable or unfavourable manner with respect to a given object". Such definitions of attitude may be inconsistent with definitions of customer experience that are based on cognition and affective change through novelty. Repeated exposure to stimuli may lead to a learned response, consistent with Ajzen and Fishbein's definition of an attitude, but hedonistic definitions of customer experience imply non-linear effects whereby the first encounter with a stimulus is highly valued because of its novelty, but the stimulus is less likely to be subsequently sought because of its lack of novelty value. The value of an experience may lie in the lack of a learned response.

The development of a customer experience construct may be informed by the work of Sheth *et al.* (1999), who argue that a combination of three factors help shape a consumer's attitude to an event:

1 Stimulus characteristics – people perceive a stimulus differently according to its sensory characteristics and information content. Stimuli that differ from others around them are more likely to be noticed (Solomon, 1999).
2 Context – in perceiving stimuli with a given set of characteristics, individuals will also be influenced by the context of the stimulus (Biswas and Blair, 1991).
3 Situational variables in which the information is received, including social, cultural and/or personal characteristics – perceptions are greatly influenced by individual characteristics, including prior experience with a particular product or service offering.

The role of emotions has been noted as a distinguishing feature of customer experience, and a stimulus that has a positive affective outcome for one consumer may have a

negative outcome for another consumer with a different emotional predisposition (Oliver, 1997). As well as being an antecedent to a consumer-based definition of customer experience, emotions can also be an outcome. It has been noted by O'Shaughnessy and O'Shaughnessy (2003) that what people get emotional about is indicative of what they consider to be particularly important.

Attitude development is likely not to be stable over time, and for marketers, the most important affective state is that which exists at the time an individual makes a subsequent purchase decision, or recommendation to friends. Much of the literature on service quality and relationship marketing has taken a static definition of attitude (O'Neill *et al.*, 1998).

A proposed integrated framework

Affective response features prominently in the literature on customer experience, especially when its definition emphasises hedonistic benefits. A model should therefore have as an outcome the attitude that is developed and sustained by an event. Of course, to be managerially useful, attitude needs to be translated into behaviour, and there is extensive literature that has documented the difficulties of predicting behaviour on the basis of attitude (Fournier, 1998; Zeelenberg and Pieters, 2004).

The staring point for a framework is provided by the raw stimuli that make up a service encounter. If we accept Gupta and Vajic's definition of customer experience as being "interaction with different elements of a context created by the service provider" (Gupta and Vajic, 2000, p. 34), the contribution to experience of a potentially very diverse range of stimuli, including process cues, and outcome cues must be analysed and synthesised. A potentially long and unwieldy list of stimuli has been simplified by a number of higher order constructs that have sought to integrate stimuli involving a number of senses. Three higher order construct that have a long history of development and which analyse consumption and evaluation from three overlapping perspectives are: quality, relationships, and brands. Although there is now an extensive literature on each of these constructs, explicit linkages between two or more have been quite limited. For example, the literature on relationship development has generally, with a few notable exceptions, not acknowledged the importance of brand attributes in developing and sustaining an interpersonal relationship (Fournier, 1998). The branding literature has acknowledged the importance of quality as a reinforcement cue for the development of strong brands, and some literature has sought to integrate brand and quality cues within an embedded emotional framework (Elliott, 1994).

The proposed integrated framework shown in Figure 2 begins with basic stimuli, converged into three higher order constructs and leads to the development of an attitude, mediated by the sequencing of the stimuli and the emotional predisposition of the individual. Attitude is likely to be not stable over time, and subsequent recall of an experience is likely to result in attitude being weighted towards selected elements of the overall experience. It is the attitude that pertains over time that is most likely to subsequently influence behaviour.

Justification for this proposed framework is given in the following section, followed by measurement and management implications.

Figure 2 A conceptual framework for the construct of customer experience
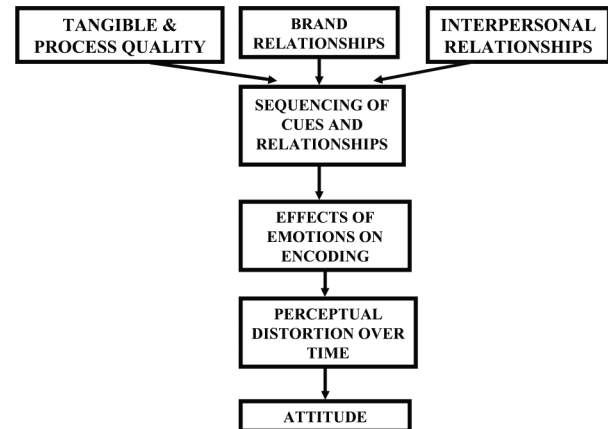
Service quality and satisfaction

Where does discussion of customer experience leave the parallel or contributory constructs of service quality and satisfaction? Is a high level of customer satisfaction and quality a necessary and sufficient condition for a high level of customer experience? And if it is necessary, but not sufficient, what is the difference that transforms high quality into an experience? When defined as a global attitude adjustment following a single encounter, or series of encounters, satisfaction shares many of the characteristics of the emerging construct of customer experience. However, it has been observed that satisfaction is an inadequate construct to explain behavioural intention, and there is mixed evidence of the consequences of high levels of service quality and customer satisfaction, with some doubts expressed that high levels of satisfaction result in repeat purchase behaviour (Brady and Cronin, 2001). Ambiguity over this link may be explained by the confounding effects of other elements that make up customer experience.

Measures of quality and satisfaction have been criticised for bias towards cognitive rather than affective outcomes, although it has been acknowledged by some (e.g. Rust and Oliver, 1994) that customer satisfaction is a cognitive or affective reaction to a single or prolonged set of service encounters. Getty and Thompson (1994) defined satisfaction as a "summary psychological state experienced by the consumer when confirmed or disconfirmed expectations exist with respect to a specific service transaction or experience".

Amidst debate about the delimitation between service quality and satisfaction constructs is the question of what constitutes an "event" or series of events that are the focus for measurement. The satisfaction literature has acknowledged the cumulative effects of exposure to sequences of service processes and outcomes, but delimiting a customer experience poses further conceptual and measurement problems. Service providers may be interested in perceptions of that part of a service offer that they control, but consumers' perception of their "total experience" may embrace other non-controllable components, for example a dominant element of the experience of dining at a restaurant may be the lack of available public parking spaces. Furthermore, anticipation of an event may be perceived as

part of the experience. Disconfirmation models treat expectations as being distinct from performance, and form a benchmark against which subsequent performance is assessed. However, there is increasing evidence that anticipation of an event may itself be an important experiential benefit, evidenced by the way that some organisations use queues and waiting time to generate emotions of excitement and anticipation for the main event (Cowley *et al.*, 2005).

Application of service quality measurement techniques have suffered from a relatively static analysis of the components of overall quality, without taking sufficient account of their dynamic interaction over time. It has been suggested that long-term attitude change does not derive equally from all components of service quality, and it may be expected that some components of the total experience are more likely to persist as long-term attitude adjustment (O'Neill and Palmer, 2001).

Most quantitative approaches to understanding service quality have used linear measures of performance, despite a suggestion that consumers' response to quality improvement may be non linear (Cronin, 2003; Galloway, 1999). One non-linear approach, empirically undeveloped, is the concept of "customer delight", defined as an unexpectedly high level of service quality which surpasses expectations (Cronin, 2003). However, like experience, delight may be a transient concept, because today's delights form the basis of tomorrow's basic expectations.

Finally, discussion of service quality has not adequately addressed situations where value derives from sacrifice and the inner directed experimental benefits which some cultures associate with suffering There is now an extensive literature on religious experiences (e.g. Bruce, 2002; Ritzer, 1999) and study of behaviours and emotions evoked by religious experience may inform study of the inner directed nature of customer experience.

Brands

A number of writers have pointed to the importance of developing brands with personality that allow consumers to "live the brand" and to "experience the brand" (e.g. Smith and Wheeler, 2002). But what does it mean to "live the brand" or to experience it?

There have been many conceptualisations of the unique attributes of a brand and these usually distinguish between elements that can be objectively measured and the subjective values that can only be defined in the minds of consumers (e.g. Gardner and Levy, 1955; Munson and Spivey, 1981; De Chernatony and McDonald, 2003). It has been suggested that, with increasing affluence, the non-functional expectations of brands have become more important in consumers' evaluations, and a number of dimensions of a brand's emotional appeal have been identified, including trust, liking and sophistication. As consumers buy products, they learn to appreciate their added value and begin to form and emotional preference for (De Chernatony and McDonald, 2003).

There is an extensive literature on the emotional relationship consumers develop between a brand and their own perceived or sought personality. Brands are chosen when the image that they create matches the needs, values and lifestyles of the buyer. In his discussion of "lovemarks",

Roberts (2004) has discussed the emotional bond that develops between an individual and the brands they buy. Some authors have suggested that brands have become increasingly important in the development of shared community experience. Social groups that once identified with shared values relating to the church, work or geographic location find these sources of identity more difficult in an increasingly individualistic secular and mobile world, and instead brands become a source of shared community experience (Cova, 1997). Some have talked of a "Brandscape" as an increasingly important type of community, in which consumers feel emotionally linked to one another, either formally or informally (Sherry, 1998).

A further stream of literature has sought to incorporate branding concepts with the literature on human resource management, by recognising that in high contact service encounters, employees must identify with the values of a brand if they are to deliver an experience in accordance with consumers' expectations (Knox and Freeman, 2006).

Interpersonal relationships

An explicit link between brands and interpersonal relationships has only recently been acknowledged, indeed in the early days of relationship marketing theory development, proponents frequently claimed that brands and relationships were two separate conceptual domains. Subsequently, a number of authors have conceptualised brands as relationships, where the brand is imbued with a personality that enables it to form a relationship with the consumer. This relationship can develop from a congruity between a brand's values and a consumer's self image, and occurs where there is a good fit between their physical and psychological needs and the functional and symbolic values of the brand (Sirgy and Su, 2000). The link between brand emotions and person-to-person relationships is strongest in the context of service-based brands. Here, consumers have an opportunity to experience the brand by interacting with it and the service provider's employees during the service encounter. It may still be going too far to describe the encounters with employees as "relationships", and in many routinised services, the emotional relationship will instead be with the service brand.

The literature on buyer-seller relationships has extensively discussed the role of a relationship in reducing transaction costs and uncertainty (Williamson, 1979). As an extension of transaction cost economics, the experience of a relationship may be enhanced where a customer's details are known to the supplier, and the supplier is able to personalise a service to the buyer's preferences. However, an alternative argument is that uncertainty creates a memorable experience, supported by evidence of differences between individuals' optimum stimulation level (Steenkamp and Baumgartner, 1992).

Both interpersonal relationships and brand relationships contribute to a consumer's experience of a product. It could be hypothesised that the two elements are substitutable, in that weaknesses in interpersonal relationships may be condoned if these are compensated by benefits of consuming the brand relationship. Customer experience may be an intellectual integrator within which these trade-offs can be reconciled. A car that is reliable and needs servicing every 30,000 miles, rather than 15,000 miles reduces the need for interaction between the company and its

customers. The customer experience may be based on a reliable car with a brand personality, and this experience is enhanced by a reduced need to interact through a person-to-person relationship with the manufacturer or its intermediaries.

Emotional bases for customer experience

It is now widely accepted that customer satisfaction and longer-term behavioural intention are influenced by emotions during the pre-, actual and post-consumption stages of a service encounter (Oliver, 1997; Cronin *et al.*, 2000; Barsky and Nash, 2002). Mattila (2001, p. 75) noted that "Emotionally bonded customers tend to invest more in their relationships than customers lacking affective commitment". It has been suggested that consumers' emotional bonding with a service provider is more strongly linked to their future purchase intentions than the more cognitive component of quality or satisfaction measures (Fournier, 1998; Arnould and Price, 1993; Price, Arnould and Deibler, 1995), O'Shaughnessy and O'Shaughnessy (2003) noted that emotional displays may contain the "true self", on the basis that what people get emotional about reveals what they consider to be particularly salient.

Emotions act as a source of information, which are used to evaluate a stimulus and lead to the formation of an attitude. It has been suggested that emotions are more likely to play an important role in attitude formation and change when they are viewed as relevant to the product being consumed (Hoyer and McInnis, 2001; Price, Arnould and Tierney, 1995). For example, an individual who is tired and hungry may see a restaurant primarily as a source of food, and efforts by restaurant management to provide an experiential environment will fail to appeal to that individual's emotional state. It should follow that selective perception is directed towards the food rather than the environment, and therefore the experience retained in memory will focus on the food component. For an individual on vacation and visiting the restaurant for a social meal, selective perception is more likely to be directed towards environmental cues, which will be retained in memory. The same product or service could be low involving for some and high involving for others. Emotions are a mediating device between an event and an experience.

Sequencing

The contribution of models of service quality to a customer experience construct is limited by the neglect of order effects in most studies of service quality. An implicit assumption of most measures of service quality is the consistency of perceptions of individual components of quality in contexts of varied ordering. Researchers have noted the effect of ordering of stimuli on the perception of bundles of stimuli, for example in the effects of advertising message structure on message retention (Smith and Taylor, 2004) and queuing and its effects on perceptions of subsequent service delivery (Solomon *et al.*, 1999). Services researchers have developed frameworks for studying and managing sequences of events in the service encounter, for example blueprinting has been extensively used to develop a picture of the stimuli (employees, other customers, equipment, processes) that impact on a customer going through a service process (Kingman-Brundage, 1989). Although this approach explicitly recognises issues of sequencing, it has been criticised for its operational driven approach and neglect of consumers' perceptions and emotions (Warnaby and Davies, 1997). An alternative approach to defining the service encounter has been proposed in the form of drama (Goodwin, 1996), recognising service encounters as theatre, and implicitly recognising the importance of sequencing, something that is well known to theatre producers. However, most theoretical discussion of drama approaches to the service encounter has focused on the overall impact of a "performance" and given less attention to specifying in detail the sequence by which a "performance" unfolds.

A number of authors have recognised the importance of sequencing to the development of a memorable customer experience (e.g. Chase and Dasu, 2001; Pine and Gilmore, 1998, 1999). According to Chatman (1978), experiences should have a sequence structure with a story structured in a manner similar to musical pieces. Creating a story-like time pattern in experience design can provide sequences of emotions similar to those provided by episodes in human life (Deighton, 1992). Chase and Dasu (2001) noted that the sequence of events in an experience design should improve over time and end on a positive note because the final stage in a service process ending dominates the memory of the entire experience. Returning to the drama analogy, this may be akin to a musical ending on a high note.

Sequencing issues are addressed in discussion of "flow", described as an experiential state "so desirable that one wishes to replicate it as often as possible" (Csikszentmihalyi, 1988, p. 16). The experience of flow occurs where an individual's skills are matched with the perceived challenges of a task at hand and when both the challenge and skills exceed the level of difficulty that is typical for the individual's day-to-day experiences. Therefore, to remain in flow, an individual must be presented with progressively more challenging scenarios in order to ensure that the level of complexity is consistent with their motivation and skills. Flow has been examined in relation to a number of leisure activities, including rock climbing, chess, and computer mediated environments that involve individuals becoming completely engrossed (Hoffman and Novak, 1996; Csikszentmihalyi, 1990; Trevino and Webster, 1992). It has been suggested that the experience of flow may be particularly high where an individual is uncertain about the outcome (Arnould and Price, 1993).

Experiential schemata

It was noted earlier that a weakness of most approaches to measuring service quality and satisfaction is the failure to recognise the effects of attribute combination. The SERVQUAL methodology, although recognising five dimensions of service quality, indicated by 22 items, says little about optimum levels of each dimension, and the effects of one dimension on the remaining dimensions (Bolton and Lemon, 1999). Importance-performance analysis goes some way to addressing the issue of which elements of the total service offer consumers consider to be particularly important. However, this approach has been criticised because importance may itself be a transient and situation-specific phenomenon (Bacon, 2003).

Measures of service quality – and the emergent customer experience construct – may be informed by an extensive

literature on the processes by which individuals perceive and selectively retain knowledge of bundles of attributes, through the integrating device of schemata, described by Vernon (1966) as "... persistent deep-rooted and well organised classifications of ways of perceiving, thinking and behaving...". Schemata comprise cognitive frameworks for the interpretation and organisation of new information (Baron and Byrne, 1991). They facilitate understanding of the relationship between old and new information, and of how past experience predisposes an individual to behave in certain ways rather than others. How an individual perceives a service encounter is a product of their sociological background and psychological make-up. Schemata are culture bound; therefore no two people will see the same event in the same way. The issue of how our perceptions are organised was discussed by the *Gestalt* school, which developed the idea of figure-ground analysis. Diack (1969) noted that:

> Our perception of the world consists of a number of objects which appear to stand out against the general background of our experience. Trees and words are seen as figures, while the sky and page are seen as ground.

How a consumer perceives individual elements of an experience is influenced by the broader context in which a service is consumed.

An individual's level of involvement in relation to a particular stimulus has been shown to influence the level of attention given to interpreting it. McKenna (1988) pointed out that perception might also be selectively affected by personal motives. Individuals are inclined to pay most attention to stimuli that appeal to relatively intense motives. Where a stimulus is related to an unsatisfied need, perception of that stimulus may be acute. However, the notion of a customer experience construct being based on novelty and hedonistic benefits would appear to be in conflict with the conventional wisdom of involvement-driven approaches which contend that individuals are more likely to select and attend to information that confirms their prior expectations, rather than information that disconfirms them (Hoch and Ha, 1986). Definitions of customer experience that emphasise the cognitive and affective outcome of unexpected elements of a total service offer, may imply that consumers are less rather than more likely to attend to events that confirm their prior expectations.

Attitude adjustment over time

To be a managerially useful concept, we must understand how attitudes towards an experience adjust over time. The previous section discussed figure-ground analysis, with the implication that figure elements will be relatively memorable in comparison to ground elements.

In the context of service quality research, much research has been reported that seeks to understand the processes by which consumers' expectations are formed (Kahneman and Miller, 1986). However, relatively little attention has been given to understanding how perceptions are formed and sustained (Boulding *et al.*, 1993). This is a significant omission, because it can be argued that buyers' re-purchase intentions are influenced by their attitude at the time of re-purchase, rather than that which prevails immediately following or during consumption of a service – the time at which service quality is most commonly measured.

There are theoretical reasons for believing that an attitude may change with the passage of time. One scenario is that we may look back at a service encounter increasingly favourably through what has been described as "rose-tinted spectacles". This is consistent with the extensive literature on cognitive dissonance (Festinger, 1957; Hausknecht *et al.*, 1998) which suggests that individuals are likely to rationalise away poor experience over time. An alternative view is that with the passage of time, there is a tendency to selectively forget elements of a total experience and the current attitude will be influenced by subsequent exposure to related stimuli. As expectations are updated, attitude towards specific elements of a previous service encounter may adjust (Zeithaml *et al.*, 1993) and an element of an encounter which might have previously been "figure" because of its novelty may now merge into "ground" because it has become part of the consumer's anticipated level of expectations. Abercrombie (1967, p. 32) pointed out that perceptions are not stable over time by stating that "with the passage of time, experiences which at first were defined and separate from each other tend to become associated and confused. It is not so much that we actually forget things, but that we misremember them".

The effects of passage of time on attitude change are further complicated by differences between individuals in the way that the passage of time is perceived, with evidence, for example, that time passes more rapidly for an adult of 60 compared to a ten year old child (Krech *et al.*, 1969). Generally, events that speed up bodily processes speed up the passage of time, while physiological depressants slow it down. Recall of experience may be non linear, with evidence that elderly people may vividly recall experiences of several decades previously, but have difficulty recalling events of a few days ago (Krech *et al.*, 1969).

A method for extending the duration of an experience is the use of memorabilia, which contributes to an experience in two important ways. First, it is a visible reminder of the experience, extending the memory of it after the actual encounter; second, memorabilia can facilitate peer discussion of the experience (Goulding, 1999).

Measuring customer experience

If the pattern of academic development of relationship marketing is followed, academics will spend considerable time developing, testing and validating measures of customer experience. The drive towards measurement will come from those who believe that if a phenomenon cannot be measured, it does not exist, and from the desire to develop a measurement instrument that can be widely operationalised for planning and control purposes. However, a number of challenges face marketers in the development of a measurement scale for customer experience.

Probably the greatest problem in developing an operationally acceptable measure of customer experience is the complexity of context specific variables. The discussion above has indicated that experience is conditioned by differences between individuals, differences over time in an individual's emotional state, and a variety of situation specific factors. Prahalad and Ramaswamy (2003, p. 14) noted that: "Value creation is defined by the experience of the specific customer, at a specific point in time & location, in the context of a specific event". To be of managerial usefulness for

planning and control, a measure of experience must take account of these moderating influences.

A second problem derives from the non-linearity of customer experience. There may be a minimum threshold at which each sense receptor is energised and perceptions are organised (Day, 1969). As well as minimum threshold, there is a differential threshold that is the smallest amount by which two similar stimuli must be different in order to be perceived as different. It has been noted that these thresholds fluctuate between individuals, and for any individual, fluctuation may be related to situational factors. The effects of non-linearity have been observed in attempts to measure flow. Indicators of flow and its intensity have included scores which measure the balance between an individual's skills and the challenges they face; their focus of attention; loss of self-consciousness, feelings of control; momentary loss of anxiety and constraint; and significant feelings of pleasure (Csikszentmihalyi, 1988). However, researchers have noted context specific effects on flow, with a suggestion that some personal characteristics may enable individuals to engage in flow experiences more frequently, more intensely, and for longer periods than others (Csikszentmihalyi and Csikszentmihalyi, 1988).

A third conceptual problem in measuring and managing experience is the identification of an optimal level of experience. For the parallel and contributory constructs of quality and satisfaction, there is an implicit assumption that consumers will prefer outcomes with higher scores on these scales. However, experience is more complex and non-linearity may imply lower cut-off points at which an experience is not recognised, and a higher point beyond which "more" experience may be associated with negative benefits.

The practical obstacles to developing and implementing a robust measurement scale for customer experience must be recognised. A measurement instrument must incorporate not only contextual parameters, but also the sequencing of events, and their retention in the memory in the form of an attitude some time after an event occurred. The standard questionnaire approach, even one using multiple item scales for measuring underlying constructs, may be inadequate to effectively measure the affective components of customer experience over time. Issues of lengthy questionnaires leading to survey fatigue and unreliable results are well documented (Eunkyu et al., 2000). The effects of attitude change over time, resulting from selective perception and retention of cues may imply that the timing of administration of a research instrument may be as important as the measurement scales themselves.

Is it worth developing a multi-dimensional scale for customer experience in the first place? In principle, managers would benefit by being able to see which components of a total customer experience contribute most significantly to profitable customer retention and recommendation. But the path towards development of a robust and valid scale will be a difficult one, for the reasons discussed above. An alternative approach is to use quasi-experimental methods in which two or more experience "treatments" are compared by measuring consumers' emotions and repurchase intentions/actual repurchase behaviour at the next point in their buying cycle. By taking a large cross section of consumers, and the use of a paired comparison sample, the effects of individual and situational differences may be reduced, leaving measures of emotions and

the purchase intention to be accounted for by differences in the experience treatments.

In order to measure long-term effects of customer experience on repurchase/repurchase intention, survey research should be undertaken after a service encounter, at a time which previous research had suggested corresponds to a key decision point in the buying cycle. But even this relatively controlled cross-sectional approach would not fully account for the non-linearity of customer experience over time, and the fact that an experimental treatment may arouse high positive emotions when it is new, but these effects will be likely to wear off with repeated exposure.

Given the difficulty of measuring customer experience in a non-linear manner and in a way that takes account of contextual differences, many researchers have argued that qualitative techniques are the only way to really understand experience from the perspective of the consumer. It has been noted by Holbrook (2006) that a decision-oriented, information-processing perspective approach to consumer research makes assumptions about economically rational purchase decisions, which may be at variance with hedonistic models of customer experience, especially where the novelty value of an experience is difficult to model in a rational manner, or at best can only be quantified as a likelihood of an event occurring.

One research approach that has been advocated for understanding customer experience is existential phenomenology. Phenomenological approaches have been extensively used to attach meanings to consumer goods in a way that is grounded in social construction rather than the practical satisfaction of an observed need (Elliott, 1997; Bulmer and Buchannan-Oliver, 2004). From a phenomenological perspective, customer experience is about more than behaviour, and has been seen as a wide range of activities and states of being, including aesthetics, symbolic meanings, variety seeking, hedonism, daydreaming, creativity, emotions and artistic endeavours, collectively categorised as the "experiential perspectives of consumption" (Holbrook and Hirschman, 1982). Advocates of a phenomenological approach have emphasised the human search for authenticity and its expression through reflective, personal, subjective experience. An experiential approach adopted by Holbrook focuses on the "three Fs" of fantasies (dreams, imagination, or unconscious desires); feelings (emotions such as love, hate, anger, fear, joy, sorrow); and fun (hedonic pleasure derived from playful activities or aesthetic enjoyment) as key aspects of the consumption experience (Hirschman and Holbrook, 1982; Holbrook and Hirschman, 1982). Far from being a new approach to studying consumer behaviour, the authors accepted that this experiential approach has a long lineage, dating back to Alfred Marshall in the nineteenth century and Adam Smith in the eighteenth century.

Conclusion and management implications

Practitioner papers have recognised the limitations of relationship marketing as widely operationalised, and have suggested that a focus on customer experience may create value for customers more effectively than had been achievable through narrowly defined relationships. Academic papers are beginning to recognise the importance of customer experience as an intellectual integrator of service quality, relationships and brands. For example, in their study of financial services,

O'Loughlin *et al.* (2004) proposed the notion of "experience" as a more relevant and managerially useful construct than "relationship". Their study identified three levels of customer experience, conceptualised as brand, transactional and relationship experience. The effects of customer experience on retention have been noted in a study of the insurance sector (Bond and Stone, 2004). There has been increasing recognition that the broader concept of customer experience is crucial to understanding reasons why customers defect from a relationship (Sharma and Patterson, 2000).

There have been many reports that implementation of customer relationship management fails to deliver the promised relational benefits (Barnes, 2002). It has even been noted that companies' use of relational strategies have led to a deterioration of consumers' trust. O'Malley and Prothero (2004) noted three main areas of concern: the relational rhetoric employed by firms; the motives behind customer care and loyalty programmes; and the use of marketing techniques considered to be intrusive and unacceptable. Consequently, relationship marketing was seen to have the unintended consequence of making consumers more distrustful of organisations than before such strategies were adopted (O'Malley and Prothero, 2004). One response by businesses to the emerging ideas of relationship marketing was the appointment of customer relationship managers. Initially confined to managing large commercial buyers, such managers were subsequently appointed to manage much lower value and higher volume transactions with personal consumers. Information technology may have greatly increased the communication possibilities, but could not provide a substitute for the type of close emotional relationships described by Peppers and Rogers (1993). As O'Malley and Prothero suggested, relationship marketing can get in the way of consumers enjoying a brand, rather than facilitating it. More recently, there is anecdotal evidence of increasing numbers of companies appointing "customer experience managers". Initially, they have appeared in sectors associated with high levels of emotional involvement by consumers. As in the case of relationship marketing, the concept appears to have subsequently disseminated to relatively mass-market and low involvement contexts. Just as relationship managers often failed because they did not have the authority to act as an inter-functional co-ordinator, customer experience managers also require great inter-functional skills and authority in order to deliver customer value in the form of an experience that meets their needs and expectations. In a similar way that everybody in an organisation may be described as a part-time relationship builder with customers, everybody in an organisation potentially contributes towards the customer experience. The problem remains of how customer experience managers will succeed as integrators, when there is widespread evidence of the failure of customer relationship managers as integrators. Given the broader domain of experience compared with relationships, why should a more complex management environment be expected to lead to greater success? Indeed, is customer experience a manageable concept, given the situational specificity of experience?

The concept of customer experience presents ambiguities and challenges for managers and academics alike. A whole body of literature on consumer behaviour, which has been based on learning through experience, leading to a predictable and learned response, is challenged by the notion of experience as an essentially hedonistic and novel phenomenon. The lack of a learned and predictable response implies that experience is a transitory phenomenon. By implication, a specific experience on its own is incapable of giving a service a competitive advantage, because next time that it is encountered, some of its novelty value will have been lost. Instead, it is more appropriate for managers to think about how a stream of experiences will develop over time in order to achieve a sustainable competitive advantage. However, a counter argument is that by focusing on novelty and hedonistic variety seeking, customer experience is not an intellectual integrator of all stimuli as proposed by Gupta and Vajic (2000), but a narrowly defined component of the service offer. Customer experience is comprised not just of easily identifiable hedonistic motivators, but "hygiene" factors whose presence in a customer experience may only be noticed by their absence. A coffee shop may provide experience through distinctive ambience and staff behaviours, but if basic hygiene factors such as heating and lighting are absent, the overall experience will be destroyed.

The ideas underlying customer experience are not new, and historically many successful entrepreneurs have used essentially qualitative research techniques to develop distinctive customer experiences. The development of Jo Lyons coffee shops and Butlins holiday camps in the early twentieth century were based on a process of inspired listening combined with a trial and error approach to new service development. Developing a new customer experience involves risk, and research techniques – especially quantitative techniques – may be incapable of eliciting a response from potential customers where the proposed experience is hypothetical, and devoid of the emotional and situational context in which it will be encountered.

Despite the problems of conceptualising and measuring customer experience, the concept is unlikely to go away. By Abbott's (1955) definition, experience was seen as the consequence of consuming a product, and becomes synonymous with value as perceived by the consumer. Recent and historical discussion of customer experience is also consistent with Vargo and Lusch's (2004) notion of value in use as the basis on which the value of tangible goods is transformed by the addition of services, and by extension, the addition of experiential values.

References

Abbott, L. (1955), *Quality and Competition: An Essay in Economic Theory*, Columbia University Press, New York, NY.

Abercrombie, M.L.J. (1967), *The Anatomy of Judgement: An Investigation into the Process of Perception and Reasoning*, 4th ed., Hutchinson & Co., London.

Allen, C.T., Machleit, K.A. and Kleine, S.S. (1992), "A comparison of attitudes and emotions as predictors of behavior at diverse levels of behavioral experience", *Journal of Consumer Research*, Vol. 18 No. 4, pp. 493-504.

American Heritage Dictionary of the English Language (2006), 4th ed., Houghton Mifflin, Boston, MA.

Arnould, E. and Price, L. (1993), "River magic: extraordinary experiences and the extended service encounter", *Journal of Consumer Research*, Vol. 20 No. 1, pp. 24-45.

Bacon, D.R. (2003), "A comparison of approaches to importance-performance analysis", *International Journal of Market Research*, Vol. 45 No. 1, pp. 55-71.

Barnes, J. (2002), *Secrets of Customer Relationship Management: It's All About How You Make Them Feel*, McGraw-Hill, New York, NY.

Baron, R.A. and Byrne, D. (1991), *Social Psychology: Understanding Human Interaction*, 6th ed., Allyn and Bacon, Boston, MA.

Barsky, J. and Nash, L. (2002), "Evoking emotion: affective keys to hotel loyalty", *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 43 No. 1, pp. 39-46.

Biswas, A. and Blair, E.A. (1991), "Contextual effects of reference prices in retail advertisements", *Journal of Marketing*, Vol. 55 No. 3, pp. 1-12.

Bolton, R.N. and Lemon, K.N. (1999), "A dynamic model of customers' usage of services: usage as an antecedent and consequence of satisfaction", *Journal of Marketing Research*, Vol. 36 No. 2, pp. 171-86.

Bond, A. and Stone, M. (2004), "How the automotive insurance claims experience affects customer retention", *Journal of Financial Services Marketing*, Vol. 9 No. 2, pp. 160-71.

Boulding, W., Kalra, A. and Zeithaml, V.A. (1993), "A dynamic process model of service quality: from expectations to behaviorial intentions", *Journal of Marketing Research*, Vol. 30 No. 1, pp. 7-27.

Brady, M.K. and Cronin, J.J. (2001), "Some new thoughts on conceptualizing perceived service quality: a hierarchical approach", *Journal of Marketing*, Vol. 65 No. 3, pp. 34-49.

Bruce, S. (2002), *God Is Dead: Secularization in the West*, Blackwell, Oxford.

Bulmer, S. and Buchannan-Oliver, M. (2004), "Meaningless or meaningful? Interpretation and intentionality in post-modern communication", *Journal of Marketing Communications*, Vol. 10 No. 1, pp. 1-15.

Chase, R.B. and Dasu, S. (2001), "Want to perfect your company's service? Use behavioral science", *Harvard Business Review*, Vol. 79 No. 6, pp. 78-84.

Chatman, S.B. (1978), *Story and Discourse: Narrative Structure in Fiction and Film*, Cornell University Press, Ithaca, NY.

Collins (2007), *Collins English Dictionary*, Harper Collins Publishing, Glasgow.

Christopher, M., Payne, A. and Ballantyne, D. (1991), *Relationship Marketing: Bringing Quality, Customer Service and Marketing Together*, Butterworth-Heinemann, Oxford.

Cova, B. (1997), "Community and consumption – towards a definition of the 'linking value' of product or services", *European Journal of Marketing*, Vol. 31 Nos 3/4, pp. 297-316.

Cowley, E., Farrell, C. and Edwardson, M. (2005), "The role of affective expectations in memory for a service encounter", *Journal of Business Research*, Vol. 58 No. 10, pp. 1419-25.

Cronin, J.J. (2003), "Looking back to see forward in services marketing: some ideas to consider", *Managing Service Quality*, Vol. 13 No. 5, pp. 332-7.

Cronin, J.J. Jr, Brady, M.K. and Hult, G.T.M. (2000), "Assessing the effects of quality, value, and customer satisfaction on consumer behavioral intentions in service environments", *Journal of Retailing*, Vol. 76 No. 2, pp. 193-218.

Csikszentmihalyi, M. (1988), "The flow experience and its significance for human psychology", in Csikszentmihalyi, M. and Csikszentmihalyi, I.S. (Eds), *Optimal Experience: Psychological Studies of Flow in Consciousness*, Cambridge University Press, Cambridge, pp. 15-35.

Csikszentmihalyi, M. (1990), *Flow: The Psychology of Optimal Experience*, Harper & Row, New York, NY.

Csikszentmihalyi, M. and Csikszentmihalyi, I. (1988), *Optimal Experience: Psychological Studies of Flow in Consciousness*, 1st ed., Cambridge University Press, New York, NY.

Day, G.S. (1969), "A two-dimensional concept of brand loyalty", *Journal of Advertising Research*, Vol. 9 No. 3, pp. 29-35.

De Chernatony, L. and McDonald, M. (2003), *Creating Powerful Brands*, Butterworth-Heinemann, Oxford.

Deighton, J. (1992), "The consumption of performance", *Journal of Consumer Research*, Vol. 19 No. 3, pp. 362-72.

Dewey, J. (1963), *Experience and Education*, Macmillan Publishing, New York, NY.

Diack, H. (1969), *Reading and the Psychology of Perception*, Ray Palmer, Nottingham.

Elliott, R. (1994), "Exploring the symbolic meaning of brands", *British Journal of Management*, Vol. 5 No. 1, pp. S13-S19.

Elliott, R. (1997), "Existential consumption and irrational desire", *European Journal of Marketing*, Vol. 31 Nos 3/4, pp. 285-96.

Eunkyu, L., Hu, M.Y. and Toh, R.S. (2000), "Survey accuracy as a function of usage rate", *Marketing Letters*, Vol. 11 No. 4, pp. 335-48.

Festinger, L. (1957), *A Theory of Cognitive Dissonance*, Stanford University Press, Palo Alto, CA.

Fishbein, M. and Ajzen, I. (1975), *Belief, Attitude, Intention and Behaviour: An Introduction to Theory and Research*, Addison-Wesley, Reading, MA.

Fournier, S. (1998), "Consumers and their brands: developing relationship theory in consumer research", *Journal of Consumer Research*, Vol. 24 No. 4, pp. 343-73.

Galloway, L. (1999), "Hysteresis: a model of consumer behaviour?", *Managing Service Quality*, Vol. 9 No. 5, pp. 360-70.

Gardner, B.B. and Levy, S.J. (1955), "The product and the brand", *Harvard Business Review*, Vol. 33 No. 2, pp. 33-9.

Gerpott, T.J., Rams, W. and Schindler, A. (2001), "Customer retention, loyalty, and satisfaction in the German mobile cellular telecommunications market", *Telecommunications Policy*, Vol. 25 No. 4, pp. 249-69.

Getty, J. and Thompson, K.N. (1994), "The relationship between quality, satisfaction and recommending behaviour in lodging decisions", *Journal of Hospitality and Leisure Marketing*, Vol. 2 No. 3, pp. 3-22.

Gladwell, M. (2000), *The Tipping Point: How Little Things Can Make a Big Difference*, Little Brown and Co., New York, NY.

Goodwin, C. (1996), "Moving the drama into the factory: the contribution of metaphors to services research", *European Journal of Marketing*, Vol. 30 No. 9, pp. 13-36.

Goulding, C. (1999), "Heritage, nostalgia, and the 'grey' consumer", *The Journal of Marketing Practice: Applied Marketing Science*, Vol. 5 Nos 6/7/8, pp. 177-99.

Grove, S.J., Fisk, R.P. and Bitner, M.J. (1992), "Dramatizing the service experience: a managerial approach",

in Swartz, T.A., Bowen, D.E. and Brown, S.W. (Eds), *Advances in Services Marketing and Management*, Vol. 1, JAI Press, Greenwich, CT.

Gummesson, E. (1997), "Relationship marketing as a paradigm shift: some conclusions from the 30R approach", *Management Decision*, Vol. 35 Nos 3-4, pp. 267-73.

Gupta, S. and Vajic, M. (2000), "The contextual and dialectical nature of experiences", in Fitzsimmons, J.A. and Fitzsimmons, M.J. (Eds), *New Service Development: Creating Memorable Experiences*, Sage, Thousand Oaks, CA, pp. 33-51.

Harris, K., Harris, R. and Baron, S. (2001), "Customer participation in retail service: lessons from Brecht", *International Journal of Retail & Distribution Management*, Vol. 29 No. 8, pp. 359-69.

Harris, R., Harris, K. and Baron, S. (2003), "Theatrical service experiences: dramatic script development with employees", *International Journal of Service Industry Management*, Vol. 14 No. 2, pp. 184-99.

Hauser, J.R. and Urban, G.L. (1979), "Assessment of attribute importances and consumer utility functions: Von Neumann-Morgenstern theory applied to consumer behavior", *Journal of Consumer Research*, Vol. 5 No. 4, pp. 251-62.

Hausknecht, D.R., Sweeney, J.C., Soutar, G.N. and Johnson, L.W. (1998), "After I had made the decision, I …: toward a scale to measure cognitive dissonance", *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behaviour*, Vol. 11, pp. 119-27.

Hirschman, E.C. and Holbrook, M.B. (1982), "Hedonic consumption: emerging concepts, methods and propositions", *Journal of Marketing*, Vol. 46 No. 3, pp. 92-101.

Hoch, S.J. and Ha, Y-W. (1986), "Consumer learning: advertising and the ambiguity of product experience", *Journal of Consumer Research*, Vol. 13 No. 2, pp. 221-33.

Hoffman, D.L. and Novak, T.P. (1996), "Marketing in hypermedia computer-mediated environments: conceptual foundations", *Journal of Marketing*, Vol. 60 No. 3, pp. 38-46.

Holbrook, M.B. (2006), "Reply to Bradshaw, McDonagh, and Marshall: turn off the bubble machine", *Journal of Macromarketing*, Vol. 26 No. 1, pp. 84-8.

Holbrook, M.B. and Hirschman, E.C. (1982), "The experiential aspects of consumption: consumer fantasies, feelings and fun", *Journal of Consumer Research*, Vol. 9 No. 2, pp. 132-40.

Hoyer, W.D. and McInnis, D. (2001), *Consumer Behavior*, 2nd ed., Houghton Mifflin, Boston, MA.

Kahneman, D. and Miller, D.T. (1986), "Norm theory: comparing reality to its alternatives", *Psychological Review*, Vol. 93 No. 2, pp. 136-53.

Kingman-Brundage, J. (1989), "The ABCs of service system blueprinting", in Bitner, M.J. and Crosby, L.A. (Eds), *Designing a Winning Service Strategy*, American Marketing Association, Chicago, IL.

Knox, S. and Freeman, C. (2006), "Measuring and managing employer brand image in the service industry", *Journal of Marketing Management*, Vol. 22 No. 7, pp. 695-716.

Krech, D., Crutchfield, N. and Lieson, N. (1969), *Elements of Psychology*, Knopf, New York, NY.

McKenna, E.F. (1988), *Psychology in Business*, LEA, London.

Mattila, A.S. (2001), "Emotional bonding and restaurant loyalty", *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 42 No. 6, pp. 73-9.

Munson, J.M. and Spivey, W. (1981), "Product and brand-user stereotypes among social classes", *Journal of Advertising Research*, Vol. 21 No. 4, pp. 37-46.

Office of National Statistics (2006), "Distribution of real household income", *Social Trends*, Vol. 36, available at: www.statistics.gov.uk/downloads/theme_social/Social_Trends36/Social_Trends_36.pdf (accessed 10 May 2007).

Oliver, R.L. (1993), "Cognitive, affective, and attribute bases of the satisfaction response", *The Journal of Consumer Research*, Vol. 20 No. 3, pp. 418-30.

Oliver, R.L. (1997), *Satisfaction: A Behavioural Perspective on the Consumer*, McGraw-Hill, McGraw-Hill, London.

Oliver, R.L., Rust, R.T. and Varki, S. (1997), "Customer delight: foundations, findings, and managerial insight", *Journal of Retailing*, Vol. 73 No. 3, pp. 311-36.

O'Loughlin, D., Szmigin, I. and Turnbull, P. (2004), "From relationships to experiences in retail financial services", *International Journal of Bank Marketing*, Vol. 22 No. 7, pp. 522-39.

O'Malley, L. and Prothero, A. (2004), "Beyond the frills of relationship marketing", *Journal of Business Research*, Vol. 57 No. 11, pp. 1286-94.

O'Neill, M. and Palmer, A. (2001), "Survey timing and consumer perceptions of service quality: an overview of empirical evidence", *Managing Service Quality*, Vol. 11 No. 3, pp. 182-90.

O'Neill, M., Palmer, A. and Beggs, R. (1998), "The effects of survey timing on perceptions of service quality", *Managing Service Quality*, Vol. 8 No. 2, pp. 126-32.

O'Shaughnessy, J. and O'Shaughnessy, N.J. (2003), *The Marketing Power of Emotion*, Oxford University Press, Oxford.

OUP (2006), *Concise Oxford English Dictionary*, Oxford University Press, Oxford.

Peppers, D. and Rogers, M. (1993), *The One-to-One Future*, Doubleday, New York, NY.

Pine, B.J. and Gilmore, J.H. (1999), *The Experience Economy*, Harvard Business School Press, Boston, MA.

Pine, B.J. II and Gilmore, J.H. (1998), "Welcome to the experience economy", *Harvard Business Review*, Vol. 76 No. 4, pp. 97-106.

Prahalad, C.K. and Ramaswamy, V. (2003), "The new frontier of experience innovation", *MIT Sloan Management Review*, Vol. 44 No. 4, pp. 12-19.

Price, L.L., Arnould, E.J. and Deibler, S.L. (1995), "Consumers' emotional responses to service encounters: the influence of the service provider", *International Journal of Service Industry Management*, Vol. 6 No. 3, pp. 34-63.

Price, L., Arnould, E. and Tierney, P. (1995), "Going to extremes: managing service experiences and assessing provider performance", *Journal of Marketing*, Vol. 59 No. 2, pp. 83-97.

Pullman, M.E. and Gross, M.A. (2004), "Ability of experience design elements to elicit emotions and loyalty behaviours", *Decision Sciences*, Vol. 35 No. 3, pp. 551-78.

Richins, M.L. (1997), "Measuring emotions in consumption experience", *Journal of Consumer Research*, Vol. 24 No. 2, pp. 127-46.

Ritzer, G. (1999), *Enchanting a Disenchanted World: Revolutionizing the Means of Consumption*, Pine Forge Press, Thousand Oaks, CA.

Roberts, K. (2004), *Lovemarks. The Future beyond Brands*, PowerHouse Books, New York, NY.

Rust, R.T. and Oliver, R.L. (Eds) (1994), *Service Quality: New Directions in Theory and Practice*, Sage Publications, Thousand Oaks, CA.

Schmitt, B. (1999), *Experiential Marketing: How to Get Customers to Sense, Feel, Think, Act and Relate to Your Company and Brands*, Free Press, New York, NY.

Sharma, N. and Patterson, P.G. (2000), "Switching costs, alternative attractiveness and experience as moderators of relationship commitment in professional, consumer services", *International Journal of Service Industry Management*, Vol. 11 No. 5, pp. 470-90.

Sherry, J.F. (1998), "The soul of the company store: Nike Town Chicago and the emplaced brandscape", *Servicescapes: The Concept of Place in Contemporary Markets*, NTC Business Books, Lincolnwood, IL.

Sheth, J.N., Mittal, B. and Newman, B.I. (1999), *Customer Behaviour: Consumer Behaviour and Beyond*, Dryden Press, New York, NY.

Silverstein, M.J. and Fiske, N. (2004), *Trading up: The New American Luxury*, Penguin Group, London.

Sirgy, M.J. and Su, C. (2000), "The ethics of consumer sovereignty in an age of high tech", *Journal off Business Ethics*, Vol. 28 No. 1, pp. 1-14.

Smith, H. and Wheeler, J. (2002), *Managing the Customer Experience: Turning Customers into Advocates*, Prentice Hall, London.

Smith, P.R. and Taylor, J. (2004), *Marketing Communications: An Integrated Approach*, 4th ed., Kogan Page, London.

Solomon, M., Bamossy, G. and Askegaard, S. (1999), *Consumer Behaviour: A European Perspective*, Prentice Hall, Harlow.

Solomon, M.R. (1999), *Consumer Behaviour*, 4th ed., Prentice Hall, Englewood Cliffs, NJ.

Steenkamp, J.-B.E.M. and Baumgartner, H. (1992), "The role of optimum stimulation level in exploratory consumer behavior", *Journal of Consumer Research*, Vol. 19 No. 3, pp. 434-48.

Trevino, L. and Webster, J. (1992), "Flow in computer-mediated communication", *Communication Research*, Vol. 19 No. 5, pp. 539-47.

US Bureau of the Census (2003), *Income in the United States: 2002*, Current Population Reports, Series P60-221, US Bureau of the Census, Washington, DC, September.

Urry, J. (2002), *The Tourist Gaze*, 2nd ed., Sage, London.

Vargo, S.L. and Lusch, R.F. (2004), "Evolving to a new dominant logic for marketing", *Journal of Marketing*, Vol. 68 No. 1, pp. 1-17.

Vernon, M.D. (1966), *Experiment in Visual Perception*, Penguin, Harmondsworth.

Warnaby, G. and Davies, B.J.J. (1997), "Cities as service factories? Using the Servuction system for marketing cities as shopping destinations", *International Journal of Retail & Distribution Management*, Vol. 25 Nos 6-7, pp. 204-10.

Williamson, O.E. (1979), "Transaction-cost economics: the governance of contractual relations", *Journal of Law and Economics*, Vol. 22 No. 2, pp. 233-61.

Zeelenberg, M. and Pieters, F.G.M. (2004), "Beyond valence in customer dissatisfaction: a review and new findings on behavioral responses to regret and disappointment in failed services", *Journal of Business Research*, Vol. 57 No. 4, pp. 445-55.

Zeithaml, V., Berry, L.L. and Parasuraman, A. (1993), "The nature and determinants of customer expectations of service", *Journal of the Academy of Marketing Science*, Vol. 21 No. 1, pp. 1-12.

Corresponding author

Adrian Palmer can be contacted at: mail@apalmer.com

Executive summary and implications for managers and executives

This summary has been provided to allow managers and executives a rapid appreciation of the content of the article. Those with a particular interest in the topic covered may then read the article in toto *to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present.*

Customer relationship management is dead – long live customer experience management! Well, that may be putting it a bit too strongly. As Mark Twain famously said when his obituary appeared in a New York newspaper: "The reports of my death have been grossly exaggerated." Similarly, getting ready to attend the funeral of customer relationship management (CRM) seems a tad premature, but there are rumblings that customer experience management might just be a more successful successor.

The problem is – and, yes, there are always problems with emerging concepts – is that nobody seems quite sure just what the term "customer experience" is. For example, one commentator notes that an experience is a unique event and, therefore, of little value in attempts to understand consumers' responses. Indeed, are "customer experience management" and "total customer experience" merely consultants' hype, representing nothing new? Or have we here an important conceptual framework for understanding marketing more generally?

Despite the problems of conceptualising and measuring customer experience, the concept is unlikely to go away. Developing a new customer experience involves risk, and research techniques – especially quantitative techniques – may be incapable of eliciting a response from potential customers where the proposed experience is hypothetical, and devoid of the emotional and situational context in which it will be encountered.

The concept of customer experience presents ambiguities and challenges for managers and academics alike. A whole body of literature on consumer behaviour, which has been based on learning through experience, leading to a predictable and learned response, is challenged by the notion of experience as an essentially hedonistic and novel phenomenon. The lack of a learned and predictable response implies that experience is a transitory phenomenon. By implication, a specific experience on its own is incapable of giving a service a competitive advantage, because next time that it is encountered, some of its novelty value will have been lost. Instead, it is more appropriate for managers to think about how a stream of experiences will

develop over time in order to achieve a sustainable competitive advantage.

However, a counter argument is that by focusing on novelty and hedonistic variety seeking, customer experience is not an intellectual integrator, but a narrowly defined component of the service offer. Customer experience is comprised not just of easily identifiable hedonistic motivators, but "hygiene" factors whose presence in a customer experience may only be noticed by their absence. A coffee shop may provide experience through distinctive ambience and staff behaviours, but if basic hygiene factors such as heating and lighting are absent, the overall experience will be destroyed.

Adrian Palmer sheds light on the concept of customer experience – and maintains that CRM has not been as successful as had been hoped – in the paper "Customer experience management: a critical review of an emerging idea". CRM remains challenged by evidence that customers who are satisfied with their relationship may nevertheless not return to a service provider. It has even been noted that companies' use of relational strategies have led to a deterioration of consumers' trust, with three main areas of concern: the relational rhetoric employed by firms; the motives behind customer care and loyalty programmes; and the use of marketing techniques considered to be intrusive and unacceptable.

Consequently, relationship marketing was seen to have the unintended consequence of making consumers more distrustful of organisations than before such strategies were adopted. One response by businesses to the emerging ideas of relationship marketing was the appointment of customer relationship managers. Initially confined to managing large commercial buyers, such managers were subsequently appointed to manage much lower value and higher volume transactions with personal consumers. CRM also stands accused of getting in the way of consumers enjoying a brand, rather than facilitating it.

More recently, there is anecdotal evidence of increasing numbers of companies appointing "customer experience managers". Initially, they have appeared in sectors associated with high levels of emotional involvement. As in the case of relationship marketing, the concept appears to have subsequently disseminated to relatively mass-market and low involvement contexts. Just as relationship managers often failed because they did not have the authority to act as an inter-functional co-ordinator, customer experience managers also require great inter-functional skills and authority to deliver customer value in the form of an experience that meets their needs and expectations. In a similar way that everybody in an organisation may be described as a part-time relationship builder with customers, everybody in an organisation potentially contributes towards the customer experience. The problem remains of how customer experience managers will succeed as integrators, when there is widespread evidence of the failure of customer relationship managers as integrators.

Given the broader domain of experience compared with relationships, why should a more complex management environment be expected to lead to greater success? Indeed, is customer experience a manageable concept, given the situational specificity of experience?

(A précis of the article "Customer experience management: a critical review of an emerging idea". Supplied by Marketing Consultants for Emerald.)