

Chapter Two

Literature Review

In this chapter, this study first reviews the concept of experience and then reviews the concept of service experience. Lastly, the quality notion of experience is illustrated.

2.1 The Concept of Experience

The concept of experience is reviewed in this section. It helps to get conceptual understanding of academic authors' arguments on experiences. The focuses of this research are meanwhile identified.

This study first looks at the dictionaries to check out the meaning of experiences. In Webster Dictionary and Oxford Dictionary, experiences result from direct observation of or participation in events. Experiences are something personally encountered, undergone, or lived through. Experiences also are the conscious events that make up an individual's life. With respect to the definition of experiences provided in Psychology, Reber (1985) defined experience as any event that a person has undergone, the knowledge acquired by participating in that event, and the aggregated knowledge. In a word, an experience means that an individual directly participate in or undergo any events or activities, and the individual personally learns, obtains and accumulates conscious or unconscious feeling, knowledge, or skill. It is hence to say that people get experiences all the time, as long as they participate in any

daily activities.

The conceptualization of experience, however, is broad for academic studies. Reviewing relevant studies, this research generalizes two premises that researchers rest on and attempt to explain the concept of experience. First, experiences address the psychic needs of a society (cf. Toffer, 1970; O'Sullivan and Spangler, 1998; Schmitt, 1999). Once members in a society make most of the basic and physical needs be satisfied, they would turn their attention, time and money to meet psychological needs. Schmitt (1999) pointed that functional features and benefits, product quality, and a positive brand image cannot satisfy customers' needs anymore. What customers want are offerings that "dazzle their senses, touch their hearts, and simulate their minds." (Schmitt, 1999, p. 22) Moreover, customers want companies' offerings to relate to and incorporate into their lifestyles. The offerings with such psychic benefits are therefore regarded as experiences (Schmitt, 1999). Furthermore, Norton (2003) referred to sociologist Pierre Bourdieu's contention and pointed that people need meaningful experiences in order to feel connected, important, and understood. Second, customers are emotional as well as rational (Schmitt, 1999; Holbrook, 2000), and customers prefer pleasure-oriented experiences (Solomon, 1980). Customers are increasingly viewed less as computer-like decision makers and more as humans who look for exciting adventures, emotional response to consumption situations, and consuming within various playful conditions (Holbrook, 2000). In other words, customers are emotionally driven while experiences are directed toward pursuing fantasies, feelings and fun (Schmitt, 1999; Holbrook and Hirschman, 1982).

Researchers have discussed the concept of experience according to the basic

definition in dictionaries and the above two presuppositions—(1) customers want experiences to satisfy their psychic needs, and (2) customers emotionally look for pleasure-oriented experiences. Generally, authors have contended that customers obtain experiences as long as engaging in consumption events (cf. Abbott, 1955; Holbrook, 2000; Laverie et al., 1993; Carbone and Haeckel, 1994; Berry et al., 2002). That is, experiences are always along with consuming (goods or services). Abbott (1955) considered all products as performing services that provide consumption experiences. What people really desire are satisfying experiences that are rendered by products. Holbrook (2000) agreed with Abbott's (1955) viewpoint. He argued that every consumption event provides some forms of experiences. Carbone and Haeckel (1994) and Berry et al. (2002) had also proposed the definition of experience, which is similar to Abbott's (1955) and Holbrook's (2000) definition. As they had argued, customers always get an experience along with products or services. Experience is the "take-away" impression or perception, created during the process of learning about, acquiring, using, maintaining, and (sometimes) disposing of a product or service.

In addition, several authors have viewed experiences as distinct offerings, and had discussed the distinction between experiences, products and services (cf. Pine and Gilmore, 1998, 1999; O'Sullivan and Spangler, 1998; Gupta and Vajic, 2000). Pine and Gilmore (1998) referred experiences to distinct economic offerings that are distinct from goods and services. Unlike goods and services are external to customers, experiences are essentially personal. Each experience derives from the interaction between staged event (like a theatrical play) and the individual's state of mind. The authors thereby defined that an experience happens "when a company intentionally uses services as the stage, and goods as props, to engage individual

customers in a way that created a memorable event.” (Pine and Gilmore, 1998, p. 98) Furthermore, O’Sullivan and Spangler (1998) proposed that experience is quite different from a product or service due to the level of involvement and the emphasis on personal needs. Experience is the state that an individual physically, mentally, emotionally, socially, or spiritually involve in or participate in the consumption. Then, conscious perception and a change in knowledge, skill, memory, or emotion result from such participation (O’Sullivan and Spangler, 1998). Gupta and Vajic (2000), moreover, suggested three factors that characterize and differentiate experiences from products and services. The first discriminating factor is the active role that customers are given in creating the context where they consume products or services. The other two factors are customer participation and social interaction. Gupta and Vajic (2000) thus concluded, “experience is a phenomenon that is socially produced and context specific.” (p.40) Even though Schmitt (1999) did not directly point out the difference between experiences, products and services, he took the similar viewpoint with most authors. In his work, experiences occur in response to some stimulation, such as marketing efforts before and after purchase. Experiences often derive from direct observation and participation in events. Since experience is implied as an individual’s personal perception resulting from participation in activities, Schmitt (1999) consequently suggested that marketers could provide the right consumption setting in order to arouse the desired consumer experience.

In the service sector, nevertheless, some scholars had viewed services as experiences. Services themselves have widely been described as performances (cf. Berry, Zeithaml and Parasuraman, 1985; Schlesinger and Heskett, 1991), drawing an obvious and important link to theatre. The people (actors), processes (script) and physical environment (set) are parallel to a live theatrical performance (Grove et al.,

2000; Harris et al., 2001; Schlesinger and Heskett, 1991). This theatrical approach conforms to the notion of staging a performance in delivering memorable experience (Pine and Gilmore, 1999; Gupta and Vajic, 2000). More specific discussion of service experience is presented in the next section of literature review.

Resting on the above review, this study concludes researchers' definitions of experience. In general, experiences are regarded as *outcomes*, which result from individuals' participation in consuming or purchasing activities. During the process of consuming or purchasing, customers themselves obtain sensation, feeling, change of knowledge or skill, and memory. Experience is, for this reason, inferred as an output of consuming (goods or services)—coming along with goods or services. Additionally, experiences are considered as distinct *offerings*, which are different from products and services, owing to meeting with customers' inherent, internal, personal, emotional, or psychic needs.

Here, because the concept of experience is somewhat broad for academic study, this research identifies two research focuses. First, this research specifies the context where experiences occur. As Gupta and Vajic's (2000) suggested, experience needs to be studied in relation to the activities and the social context where experience happens. This research investigates the experience, which happens when a customer physically participates in a deliberately designed service setting. Next, drawing on the two premises that experiences fulfill individuals' psychic needs and customers are experience-oriented, this research mainly focuses on the affective or emotional nature of customer experiences. Zaltman's (2003) argument additionally supports our focus. The author indicated that the subconscious sensory and emotional elements derived from the total experience have far more influence on consumer preference than

tangible attributes of a product or service. Moreover, Pine and Gilmore (1998, 1999) argued that the best relationships with customers are affective or emotional in nature.

2.2 The Concept of Service Experience

In this section, the concept of service experience is reviewed because one focus of this research is investigating experiences underlying a service setting, which is delicately designed. It therefore needs to review the concept of service experience, which is provided within the context of service settings.

There are two concepts relevant to experience, service experience and consumption experience. These two concepts are similar in terms of the basic definition of experience. They both are derived from customers' participation in service settings or consumption activities. Consumption experience can generally be identified as outcomes that individuals' participation in "any" consumption events. Compared to consumption experience, however, service experience is more specific due to service itself, service surroundings, service providers and related components of service delivery. With the characteristics of simultaneity and inseparability, services are produced and consumed at the same time and service providers and customers interact during the production/consumption process (e.g. Martin, 1999). Physically participating in such process or service setting is accordingly a necessary condition of customers' service experiences. Within service settings, customers get experiences through consuming service and interacting with service providers, other customers, and physical environment. Service experience, in essence, is as complex as it involves the whole service offering, which contains processes, people and

facilities (Grace and O’Gass, 2004).

Many researchers have devoted themselves to studying the concept of service experience (cf. Johns, 1999; Tseng et al., 1999; Grace and O’Gass, 2004; Otto and Ritchie, 1995). Some authors have examined service experience drawing on service processes or a service blueprint scheme (Shostack, 1984), which has been regarded as a useful tool for visually describing the concept of service operations. In John’s (1999) review article, he argued the customer’s service experience includes elements of core transaction and personal experience, which present in different proportions in different service outputs and encounters and contribute in different ways to each individual’s experience. He also referred the elements as core need fulfillment and emotional or hedonic content. Grace and O’Gass (2004) indicated three significant contributors to service experience, including core service, employee service and servicescapes. A survey study of 254 bank consumers was conducted and revealed that these three elements make a significant contribution to the service consumption experience. Taking the perspective of service operations, Tseng et al. (1999) proposed that a customer purchases a service along with an experience, which is created in the service operations. Their study hence used a system engineering technique (IDEF3) as a supporting tool to portray customers’ entire service experience. The finding indicated customers’ service experiences are shaped by elements of interacting with customers, physical surroundings and employee (Tseng et al., 1999). Bitner et al. (1997) took a parallel viewpoint, and regarded service experiences as the outcomes of interaction between organizations, related systems/processes, service employees and customers. Similar to previous research that merely focused on examining specific elements of service experience (e.g. Arnould and Price, 1993; Bitner et al. 1994; Bitner et al. 1990; Zeithaml et al. 1990), Bitner et al. (1997) also

put emphasis on investigating the roles of customers in creating quality and productivity in service experiences.

Other researchers have pointed that service experience is composed by elements or clues with functional/emotional characteristics. The term of “clue” means signals of a product or service that customers get and experience (Carbone and Haeckel, 1994; Berry et al., 2002). Carbone and Haeckel (1994) proposed two experience clues, performance clues and context clues. Performance clues are related to the function of the core service whereas context clues are not matter with performance. For example, one performance clue of banking service is saving whereas one context clue is cleanliness of the surroundings. Context clues include humanics and mechanics, being separately emitted by humans and things. Humanics determines the interpersonal relationships in a buying experience—how employees make customers feel. Mechanics are the sights, smells, tastes, sounds and textures generated by things. Carbone and Haeckel (1994) thereby argued that experience management is mainly concerned with systematic design and implementation of the context clues that are emitted by products, and/or services and the environment. Berry et al. (2002) subsequently indicated two parallel categories of clues that make up customer’s total experience. One category is the actual functionality of goods or services, and the other concerns the emotional reactions of people and environment. In accordance with Carbone and Haeckel’s (1994) argument, the emotional clues also include two types, mechanics and humanics. However, the experiential clue concept revealed in these two studies has not been empirically examined. Scholars just conceptually point out their thoughts on service experiences. Otto and Ritchie (1995) focused on the emotional characteristics of service experience. They argued that, “the essence of the service experience lies in individuals’ emotional reaction and subjective

perceptions.” (p. 54) Service experience is composed by six sub-dimensions, which are security, stimulation, comfort, hedonics, interaction and novelty. Their opinion on the concept of service experiences was similar to Hui and Bateson (1991), who called service experience as “the consumer’s emotional feelings during the service encounter.” (p. 174) Furthermore, Otto and Ritchie (1995) noted the distinction between service experience and service quality. In their viewpoint, the two concepts seem to be complementary and service experience appears to encompass the attributed measure by service quality and additional emotional evaluative component. Otto and Ritchie’s (1995) concern is convincing for the reason that service experience is an overall perception toward the whole service while customers participate in the service setting. Such perception therefore includes cognitive and emotional aspects. Cognitive attributes with relevant to service quality (i.e., tangibles and reliability) seems to make up service experience. This argument in Otto and Ritchie’s (1995) study is also similar to performance clues or functional clues that are discussed above.

Another authors have simply used the term service experience to represent the traditional service encounter (Hill et al., 2002; Clark et al., 2000). This result is vague and ambiguous after all. For instance, Goldstein et al. (2002) concerned service experience as the customers’ direct experience of the service. After all, such definition is somewhat unclear.

In the field of service marketing, service experience has been approached in another perspective. While service has long been regarded as performance (cf. Berry, Zeithaml and Parasuraman, 1985; Schlesinger and Heskett, 1991), a number of scholars have considered the theater (or drama) metaphor may help to understand how to create an outstanding performance and ultimately a memorable experience (e.g.

Harris et al., 2001; Tansik and Smith, 2000; Bitner, 1992; Bitner et al., 1994). It suggests that memorable experiences come from the design of superior performances, or great performances deliver memorable experiences. Grove and his colleagues had devoted themselves to work on service experience (e.g. Grove and Fisk, 1992; Grove, Fisk and Bitner, 1992; Grove, Fisk and John, 2000; Grove, Fisk and Dorsch, 1998). Drawing on the proposition that human behavior is drama (the drama metaphor) (cf. Goffman, 1959, 1967, 1974), they argued many of the drama concepts and principles might be used to capture the service experience, and they developed a view of service experiences that unified and extended beyond much of the extant services principles. In essence, they contended service, service experience, and service encounter as “theater.” (Grove and Fisk, 1992; Grove, Fisk and Bitner, 1992; Grove, Fisk and John, 2000) These three concepts are almost the parallel terms. Because services involve interaction between service organization, service providers and the customers, service are behavioral performance that cannot be held or stored but only experienced. The metaphorical depiction of behavior as drama is consequently appropriate for offering insights of examining face-to-face interactions among people (Grove and Fisk, 1992).

Grove, Fisk and Bitner (1992) accordingly proposed a comprehensive framework that portrays service experience as drama. Four key theatrical components constitute the service experience: (1) actors (service personnel) whose behaviors and presence help to define the service, (2) audience (consumers) to whom the service is provided, (3) setting (the physical environment) where the service occurs, and (4) service performance itself (the actions that shape the customers’ experience). The value of a service experience is largely a function of how well the service organization integrates theatrical components to generate a great performance (Grove, Fisk and Bitner, 1992; Gupta and Vajic, 2000). Grove and his colleagues’ notion of service experience is

consistent with Pine and Gilmore (1999), who argued, “Work is theatre and every business a stage” and proposed that every experience derives from the interaction between the staged event (like a theatrical play) and the individual’s state of mind. However, the view of service experiences presented in Grove and his colleagues’ workings is conceptual review and guideline. Further empirical investigation is still few except one qualitative study in 1998 (Grove, Fisk and Dorsch, 1998). In addition, to be mentioned, Grove and his coauthors had assumed that the sociological concepts of dramaturgy could be fully applied to services. Services are complex and can be approached by various perspectives. The drama metaphor of human interactions is just one perspective. Viewing service, service encounter and service experiences as the same concepts is not fully appropriate. Drama metaphor is applicable to describe service experiences, but cannot capture the whole aspects of services.

In conclusion, a review of experience lets us comprehend the conceptual meanings of experience. A review of service experience helps us more specifically to catch on the notion of experience underlying the context of service. Service experience is generally recognized as a customer’s whole journey with the service offering, including process, people, and facilities. That is to say, elements or components, which compose customers’ service experiences, are customers’ interactions with service organizations, physical surroundings, service employees, and customers. Moreover, what customers experience during the whole service journey contains functional and emotional clues or cues. Functional clues are related to the functionality (or performance) of the core services and products. Emotional clues concern customers’ emotional responds to people and environment, which do not matter with the actual performance of products and services. In another word,

functional clues concern what has been delivered to customers whereas emotional clues concern how services offerings have been presented to customers to arouse emotional response. Service experience is essentially multi-faceted. In accordance with one focus of this thesis, however, the emotional aspects of customers' service experiences are especially concerned.

2.3 The Quality of Experience

This section discusses the quality of experience. In order to illustrate the difference between service quality and experience quality, relevant reviews of service quality are first presented. The similarities and dissimilarities between service quality and experience quality are then introduced. Lastly, this study reviews relevant ideas of experience design and management to reveal how businesses elaborately create valuable experiences with the purpose to provide excellence experiences to customers.

2.3.1 Service Quality

As Parasuraman, Zeithaml and Berry (1985) proposed, due to three characteristics unique to services, service quality is more abstract than, and different from goods quality. Three features specific to service quality are intangibility, heterogeneity and inseparability of production and consumption. Meanwhile, regarding customer perceived service quality, Parasuraman et al. (1988) conceptualized that perceived quality is not like objective quality, but a customer's assessment of an entity's overall excellence or superiority, a form of attitude, distinct

from satisfaction, and a comparison of expectations with perceptions of performance. More definitely, perceived service quality is an attitude or a global judgment, relating to the superiority of the service.

Parasuraman, Zeithaml and Berry's (1988) conceptual definition of service quality has received a number of researchers' support; that is, a comparison to excellence in service encounters by the customer (Bolton and Drew, 1991; Cronin and Taylor, 1992 1994; Taylor and Cronin, 1994; Taylor and Baker, 1994; Oliver, 1993a; Babakus and Boller, 1992; Teas, 1993). Bolton and Drew (1991) concurred with this definition that perceived service quality is a customer's evaluation about overall service quality depends on the gap between expectation and perception of actual performance.

As for evaluation of the quality of service, researchers generally agree that service quality is more difficult for the customer to evaluate than goods quality. Parasuraman et al. (1985, 1988) proposed a multiple-item scale called SERVQUAL, for the evaluation of general service quality. The SERVQUAL scale was created from data on four service categories, which were a bank, a credit-card company, a firm offering appliance repair and maintenance services, and a long-distance telephone company. Later empirical verification reduced the original ten dimensions to five. These five underlying dimensions were suggested as the measurements, which were tangibles, reliability, responsiveness, assurance, and empathy. Through obtaining measures of expectation and perception of performance levels for service attributes related to each dimensions, calculating the difference between expectation and perception, and then averaging across attributes, each quality dimension thereby was quantified. Thereafter, in response to the argument on the confusion between

ideals and desired expectations, Parasuraman et al. (1991) conceptualized expectations as falling within a “tolerance zone” with the high end as a “desired” level and the low end as an “adequate” level (cf. Oliver, 1993).

Cronin and Taylor (1992) also agreed with the general definition provided by Parasuraman et al. Nevertheless, they suggested that SERVQUAL is inadequate, since SERVQUAL scale is based on Parasuraman, Zeithaml and Berry’s (1985) gap theory, the difference between customers’ expectations and perception of service performances. Because the emerging research considerably supports for the superiority of simple performance-based measures of service quality, Cronin and Taylor (1992) as a result developed and tested a performance-based alternative to the SERVQUAL scale, and named it as SERVPERF scale. Furthermore, Cronin and Taylor (1994) suggested that the SERVPERF scale is helpful for managers to measure overall service quality attitudes while the scale can be plotted relative to time and specific consumer subgroups (e.g. demographic subcategories, individual constituencies).

Oliver (1993) conducted a conceptual model of service quality and service satisfaction. Referring to Parasuraman and his colleagues’ proposition, global service quality is the sum of the dimension-specific aggregate difference scores and the total summation score would practically be used to indicate the customer’s perception of quality level. Oliver (1993) thereafter noted a number of concerns with this technique that carry consideration in use. First of all, the dimensions recognized by Parasuraman and his colleagues do not necessarily generalize across usage contexts. Next, while there is no possibility for customers to have expectations of low quality, even from “perfect” companies, the baseline standard of

“good” service that is defined as the simple meeting of expectation scores is unreasonable. In the third consideration, with regard to Ironson et al (1989), Oliver (1993) argued that the summation of aggregate dimension scores results in a composite scale. Fourth, the summation of difference scores is a psychometrically unsound procedure, with the problem of the inherent unreliability of different scores. Finally, the last problem is that “no summary gap perception is assessed across service dimensions.” Accordingly, Oliver (1993) suggested the inquiry of the conceptual premise instilled in the SERVQUAL instrument. While testing the wording of the expectations and perceptions scales, the trust of the instrument becomes more obvious.

In spite of the shortcomings related to the SERVQUAL instrument and such apprehension on the efficacy of SERVQUAL across different service settings, there is a general agreement that the 22 items in SERVQUAL are reasonably good measurements of service quality (Oliver, 1993; Surechandar et al., 2002). Moreover, Sureshchander et al. (2001) endeavored efforts to conceptualize service quality through considering all the aspects of consumer perceived service quality, and clarified five factors of service quality as critical from the consumers’ viewpoint. These factors are: (1) core service or service product, (2) human element of service delivery, (3) systematization of service delivery: non-human element, (4) tangibles of service—servicescapes, and (5) social responsibility.

In addition, quality evaluations do not merely include the outcome of a service, but also contain evaluations of the process of service delivery (Gronroos, 1984, 1988; Parasuraman, Zeithaml and Berry, 1985). Viewing services as largely intangible and subjectively experienced “processes,” Gronroos (1984, 1988) postulated two

dimensions of customers' perceived service quality: a technical (or outcome) dimension and a functional (or process-related) dimension. The technical quality of the process concerns "what" customers actually receive in the interactions with service organization or providers; the functional quality of the process involves "how" customers receive the service and "how" they experience the simultaneous production and consumption process (Gronroos, 1988). The functional quality is more related to the customers-service providers interactions, and is evaluated by customers relatively subjectively. On the other hand, customers evaluate technical quality more objectively than functional quality, due to its character of a technical solution to a problem.

2.3.2 Service Quality and the Quality of Experience

With the focuses to explore emotional or affective aspects of customers' experiences underlying the context of deliberately designed service settings, this research is also interested in exploring how customers perceive the quality of experiences or how customers evaluate the experiences. A notion of experience quality is proposed and discussed in the review of this section.

Relative to the research on service quality, investigations of experience quality do not catch much attention and studies are limited. Csikszentmihalyi and LeFevre (1989) conducted a study to process related research question of the quality of experience. As for the measurement of the quality of experience, two complementary approaches of measuring how people feel are generally used. Resting on flow theory (Csikszentmihalyi, 1975, 1982), the first approach predicts that "experience will be most positive when a person perceives that the environment contains high enough opportunities for action (or challenges), which are matched with

the person's own capacities to act or (skills).” (Csikszentmihalyi and LeFevre, 1989, p. 816) That is, the quality of experience can be assessed by comparing the frequency of high-challenge and high-skill reports in the contexts of study. The second approach is relevant to traditional variables, such as measures of happiness, creativity, strength, satisfaction, and motivation. That is to say, the quality of experience at least depends on four factors: (1) an affect or hedonic valence factor (i.e., happy, cheerful, sociable, satisfied), (2) a potency or arousal factor (i.e., active, alert, strong, excited, etc.), (3) cognitive efficiency (e.g., concentration), and (4) motivation (e.g., wishing to do what one does). With reference to these two measuring approaches, this thesis infers that Csikszentmihalyi and his colleague's viewpoint of experience quality focused on how people subjectively evaluate the experience and how people emotionally feel. This inference is helpful for defining the conceptual meaning of experience quality. Meanwhile, the focus of Csikszentmihalyi and his colleague's viewpoint is quite parallel to the focuses of this thesis, which stresses the importance of investigating the emotional or affective aspects of customers' experiences.

Because there is not much research on experience quality, this study makes a preliminary definition for experience quality according to Csikszentmihalyi and his colleague's investigation and the conceptual definition of service experience (see Section 2.2). ***This study preliminarily defines experience quality as representing how customers emotionally evaluate their experiences while participating in a consumption event and interacting with service surroundings, service providers, other customers, customers' companions and other elements.***

Conceptually, the notion of experience quality explored in this study is a distinct construct. However, due to limited research on experience quality, the following

paragraphs discuss relevant relation of service quality and experience quality in order to *indirectly* explain the afore-mentioned definition of experience quality.

For a start, there are conceptual similarities between experience quality and service quality. In this study, experience quality means how customers emotionally assess the quality of experience when they participate in a consumption activity and interact with physical surroundings, service providers, other customers and other elements. Such meaning of experience quality is quite similar to service quality, especially the functional quality of the service production and consumption processes (Gronroos, 1988). As service quality evaluation involves more than outcome, it also concerns how the service is delivered and perceived by customers. Gronroos (1988) argued that the situations where customers interact with service providers are critical to the quality evaluation and such interactions determine the level of the functional quality. Such situations are “moments of truth,” which was introduced by Normann (1983) for service management. Like the functional quality, the moment-of-truth concept refers to the time and place when and where the service providers have the opportunities to provide excellent services to customers. Experience quality, which essentially be regarded as how customers emotionally perceive experience, is accordingly analogical to functional quality of service process.

Next, this study concerns that the evaluation of service quality is distinct from the assessment of experience quality. Researchers have proposed that the assessment of service quality is relatively cognitive (Dabholkar, 1995; Bahia et al., 2000). Dabholkar (1995) developed a contingency framework to explain the causal link between customer satisfaction and perceived service quality. He argued that the assessment of service quality is mostly cognitive, whereas the evaluation of

satisfaction combines cognition and affection. Dabholkar (1995) thereby used such difference between the two constructs to explain the causality for varied service encounters. While cognition is first formed in service experience, the causal link will be from service quality to satisfaction with premise that some affection is following the initial cognition. On the other hand, if there is a strong emotion relevant to the service, the causal link will be from satisfaction to service quality with condition that the emotion will influence the later cognition. The causal sequence of service quality and satisfaction would be different depending on the nature of the service experience. When little or no emotion is aroused in the service experience, customer's perceived service quality has an effect on the evaluation of satisfaction; when strong emotion is aroused, the assessment of satisfaction has an effect on perceived service quality. Hence, this study infers that the evaluation of service quality is quite relevant to cognitive in nature. Customers tend to appraise service quality more objectively and cognitively. Bahia et al. (2000) also contended that perceived service quality is cognitive whereas satisfaction is quasi-cognitive nature and affective predominance. Moreover, the findings of Parasuraman, Zeithaml and Berry's (1988) study also revealed insight that the evaluation of service quality is cognitive. Their results demonstrated the relative importance of the five dimensions of SERVQUAL in influencing customers' overall quality perception. Reliability is consistently the most critical dimension across four service categories; Assurance is the second most important dimension. Empathy is the least one in all four studying cases. Empathy concerns caring and individualized attention that the firm provides to customers. This dimension is comparatively affective or emotion. Such dimension (Empathy) is the least important one in affecting customers' overall quality perception. Consequently, with reference to researchers arguments (Dabholkar, 1995; Bahia et al., 2000; Parasuraman et al., 1988), this study postulates the assessment of

service quality is generally cognitive.

Compared to the cognitive nature of service quality evaluation, this study stresses the emotional or affective nature of experience quality assessment. This emphasis does not mean that the evaluation of experience quality only contains emotional nature. With respect to the conceptual definition, experience quality indicates how customers feel while participating in a consumption event and interacting with service surrounding, providers, other customers and other elements. The assessment of experience quality undoubtedly includes cognitive and emotional aspects. Nevertheless, emphasizing the emotional nature of experience quality can reveal more characteristics of experience underlying the contemporary experience marketing. The most specific characteristic belong to experience is that experience is generally regarded as providing more intrinsic or personal benefit for customers. In addition, researchers have recognized that customers are rational as well as emotional and consumption experience is viewed as a phenomenon directed toward pursuing fantasies, feelings and fun (Holbrook and Hirschman, 1982). For this reason, this study considers that customers tend to subjectively and emotionally evaluate the experience quality. Such consideration also conforms to the research focus of this study, which stresses the emotional or affective aspects of customers' experiences. Just like Schmitt (1999) stated, customers are more impressed by experiences that "dazzle their senses, touch their hearts, and simulate their minds." (p. 22) Pine and Gilmore (1998, 1999) suggested that the best relationships between customers and companies depend not only on satisfying customers' certain needs but also on having pleasurable interactions. The emotional or affective nature of experience is consequently quite important for maintaining relationships with customers.

2.3.3 Experience Design and Management—Company’s Practice

Recently, academic researchers and managers are becoming more and more aware of the need to create experiences for customers, especially for the practice of service management. With the recognition that offering goods or services alone is no longer enough (e.g. Pine and Gilmore, 1998, 1999; Schmitt, 1999; Berry et al., 2002), companies start to emphasize on providing their customers with excellent and satisfactory experiences. For a long time, performing excellent service has become a necessary requirement for business practices. Customers are also educated to ask for being served with perfect service quality, either by mass media or school education. Surveys on service quality are common examinations for customers and for businesses. However, the increasing interest in “experiences” has brought different insights and practices for marketers. The following review presents how businesses design and manage customers’ experiences. This review is helpful to understand what businesses have done to improve customers’ perceived experience quality from the businesses’ viewpoint.

Compared to research on service design, related research on experience design is still not many. Businesses tend to misunderstand the meaning of experience design and management. Managing experiences is not simply providing entertainment, fun or fancy (Berry et al., 2002). What companies need is a well-organized, comprehensive strategy of managing customers’ experiences (Pine and Gilmore, 1998; Berry et al., 2002; Berry and Bendapudi, 2003). Pine and Gilmore (1998) identified five key principles of experience design. The first is giving a theme to the experience, which means companies need to create a well-defined and consistent theme that ties all the design elements together into a staged experience. An

effective theme is succinct and compelling, and it organizes experiential elements into a unified story that completely captivates customers. The second is harmonizing impressions with positive cues. Because positive cues can provide customers with desirable impressions, companies need to manage cues that are consistent with the theme. Even the smallest cue can be helpful to the creation of unique experiences. As for creating experiences in customers' minds, the theme of experiences is the foundation and indelible impressions can fulfill the theme. The third principle of experience design is eliminating negative cues that diminishes, contradicts or distracts from the theme. Providing negative cues is generally easier than positive ones. Poor cues create more displeased customers experiences. The fourth is mixing in memorabilia. As Pine and Gilmore (1998) mentioned, if businesses have followed the first three principles, their customers would be willing to pay for memorabilia as physical reminders and commemoration of experiences. Just like Norton's (2003) argument, he took Hard Rock Café for example to indicate that people collect t-shirts as symbols of the activities they had participated and the experiences they had enjoyed. The fifth is engaging all five senses. Accompanying with sensory stimulants, experiences are more impressible and more memorable. This principle is similar to Schmitt's (1999) sense marketing, one of five types of customer experiences. Appealing to five senses, sense marketing provides aesthetic pleasure, beauty, excitement, and satisfaction to customers. With well-organized senses, sense marketing can create unique sensory experiences to differentiate companies and products, motivate customers and deliver value to customers.

Berry et al. (2002) suggested the first step toward managing customers' experiences is recognizing all the clues that a company sends to customers. The customer's total experiences are made up of the clues. To deliver valuable

experiences to customers, companies must manage and orchestrate all clues. Two categories of clues are proposed. One category considers the actual functionality of good or service, and the other category concerns the emotional reactions of people and environment. The emotional clues also include two types, mechanics and humanics, which are separately emitted by things and by people. In their argument, emotional clues are as important as functional clues, and these two kinds of clues work synergistically for customers' experience. Here, it is easy to realize that Pine and Gilmore (1998) and Berry et al. (2002) shared similar views of experience management. Since clues or cues give off signal to customers, companies must conduct well-conceived strategy to manage positive clues and eliminate negative ones.

Furthermore, Berry and Bendapudi (2003) performed an investigation on a medical facility, Mayo Clinic. They argued that Mayo Clinic told a consistent and compelling story about its services to customers through a carefully organized set of visual and experiential clues. They thereby introduced a concept of "evidence management," an organized and explicit approach to present customers with coherent and harmonized evidence of a company's abilities. In other words, the clues, which are emanated from people and tangibles, communicate important themes, mission or story to customers. Companies need to understand the story they want to present and ensure people and facilities provide customers with evidence of that story. Such argument further conforms to Berry et al.'s (2002) viewpoint and additionally concurs with Pine and Gilmore's (1998) perspective.

Most of the research on experience design and management, however, is theoretical ideas, which have not been empirically investigated. Pullman and Gross

(2004) empirically explored the relationship between different service elements that were designed to create valuable experiences and customer loyalty. They defined experience design as “an approach to create emotional connection with guests or customers through carefully planning of tangible and intangible service elements.” (p. 551) Experience design was particularly related to customers’ affective or emotional reactions toward the service design and encounter, and the link between such affective states and loyalty behaviors. In their study, emotional responses were thereby regarded as a mediator between the physical and relational elements (design elements) and loyalty behaviors. The findings validated such mediation relationship. Pullman and Gross (2004) moreover revealed the importance of emotional nature of customers’ experiences and their evaluation of experience quality.