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**The Factory Experience**  
**- Experience Marketing to the End Consumer -**

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## **Abstract**

There has been a shift of consumption from product, to service and finally to experiences in western societies. Moreover, changes in the business environment and speeded up by technology, have pushed companies to seek new strategies to cope with the ever growing difficulty of reaching consumers and differentiating themselves from competitors. Hence, traditional marketing is not enough anymore.

It has been recognized that experience marketing gives companies the opportunity to present themselves and their products through stimulation of senses. One possibility is to provide customers with experiences in a production environment. The experience environment can become a successful tourist attraction and at the same time act as a marketing arena for the company. Factory experience can thereby function as a multi-dimensional brochure for the product and the brand.

Based on personal interviews with marketing executives and managers responsible for visitor centres of eight different companies in northern Europe, this paper describes the phenomenon of factory experience and investigates the benefits of providing factory experiences. The study also presents an overview regarding the strategies of experience marketing, especially in a manufacturing context. The study demonstrates how the right sensory engagement can create an experience and that, in an optimal situation, the experience factory could become a self-sustaining marketing tool.

Keywords: Factory experience, tourist attraction, experience marketing, stimulating the senses, experience economy.

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## I. Introduction

The best drinking experience, sleeping experience, eating experience, taste experience, living experience, flight experience, driving experience; this is how companies try to present themselves today. All over the world, experience parks, themed hotels, themed restaurants, experience malls and experience centres are created, and this trend is just starting. Companies have realized that the creation of experience values and experience environments can be a great opportunity to differentiate products or services (Föster and Kreuz, 2002). Welcome to the experience economy!

*“...experience your life! This is the imperative of our time... Provided with growing buying power and rising time recourses, consumers explore the last reservations of exclusivity.”* (Gerhard Schulze, 1992, cited by Opashowski, 1995 p. 7)

*“They will forget what you said, but they will never forget how you made them feel.”* (Carl W. Buechner, cited by Neumann, 2002, p. 8)

### 1.1 The Experience Economy

There has been a shift of consumption from product, to service and finally to experiences in western societies. Instead of owning things, people seek memorable consumption that leaves a mark in them for a long time and might even change them. In this new society the focus has been moved from owning things or having some activity preformed, to acquiring softer values such as emotions and experiences. From a company's point of view the opportunity lies in that customers are willing to pay a premium price for having an experience when purchasing goods and services (Pine and Gilmore, 1999). According to Pine and Gilmore (1999), this is how all business should provide their products and services in the future in order to satisfy the consumers' demand. They argue that all businesses are in the theatre business, where employees should be actors staging experiences. What the customers in the experience economy are paying for is not the product given to the customer, nor the activities carried out for them, but for the time they spend with the companies (Pine and Gilmore, 1999).

Similar to Pine and Gilmore, Schulze (1997) has noticed that there has occurred a change in the societies in the western world. The main argument Schulze raises is that society has reacted to the changes in the environment of life with a change of its way of taking actions: people now act experience oriented. The search for experience has become an important aspect in everyday life. According to Schulze (1997), people have changed their perspective on life. From living life in order to secure it by earning as much money as possible, they now take an experience approach and the way they view their environment now focuses mainly on aesthetic values. Earlier Burenstam-Linder (1970) illustrated this phenomenon in society when he argued that customers spent so much time acquiring goods that there was no time left to actually enjoy using the belongings. However, today people have developed a new consumption pattern to escape this dilemma by focusing their consumption and specialising in a limited area (Burenstam-Linder, 1970, cited by Wikström, 1999).

An important issue Schulze (1997) raises is, that this “new esthetical of the everyday life” and choices people make connected with it, can be made either consciously or unconsciously. Striving for “prestige”, which mainly is defined through money and income, has been replaced with a desire to experience (Schulze, 1997). Rifkin (2000) noticed that the world has undergone a change as well. He argues that society has changed from owning, to renting, to leasing, to borrowing things. People pay money to spend time in a certain environment for short moments of their lives; Rifkin (2000) refers to this phenomenon as “having access”. Each person now becomes the consumer of his own life. Life itself is becoming a commercial market place, where people actually are purchasing their very existence (Rifkin, 2000).

There are many reasons why this phenomenon is occurring now. Many authors claim that the world around the customers has changed. Benedikt (2001) describes the world today as a predictable and fake place for life, and therefore people have become more dependent on created experiences. Shaw and Ivens (2002) describe a number of different reasons for this change. First of all, there has been an enormous increase in products, which has led to the commoditization of products, which compete not only on physical elements such as price, speed and quality. These traditional differentiators have become less and less useful and the time from innovation to imitation is becoming shorter. Shaw and Ivens (2002) argue further that loyalty to physical attributes

is weakening as it is becoming easier for consumers to switch brands; new technologies have speeded up this development. Because of the changes in the economic environment it has become easier for customers to afford “more stimuli”, which is very important in today’s society. (Shaw and Ivens, 2002)

Dwyer-Owens (2000) agrees with Shaw and Ivens (2002) that this shift in consumption patterns has occurred. She states that technology has made it possible for consumers to have “life like interactions” even online and companies must be able to meet these expectations. Like Shaw and Ivens (2002), Dwyer-Owens (2000) points out that the good economic situation has made it possible for many to afford being fastidious and demanding more than satisfaction of their basic needs. Another reason Dwyer-Owens (2000) mentions is that competition has increased; to differentiate the business concept, companies must seek new ways to offer something unique.

According to Sanson (1999), this uniqueness in a company’s perspective and the search for experience from a customer’s perspective can be referred to as “the third place”. The customers need for a third place derives from the belief that people today cannot be satisfied with only one home and one place to work; people require a “somewhere else” to have an enjoyable time (Sanson, 1999). An interesting example in this regard could be Starbucks, which markets itself not as a place that sells coffee, but as a “third place away from home” ([www.starbucks.com](http://www.starbucks.com)). However, in order to qualify as a third place, people must experience a chance to get away from home and feel good about doing so. The third place is therefore all about providing an experience for the guest (Sanson, 1999). Similarly, Csikszentmihalyi (1997) argues that people have a need for something more than the “everyday living”. He claims that people today are looking for the feeling of “flow”, which indicates an experience that is totally satisfying beyond a sense of just having fun. Different from other authors (Shawn and Ivens, 2002; Dwyer-Owens, 2000) Csikszentmihalyi argues from a holistic perspective of everyday life, not only in regard to consumption.

## 1.2 Changes in the business

Many authors are aware of the fact that the customers' need for experience is not a new phenomenon; most of them state that it has gone more or less unnoticed (Pine and Gilmore, 1999; Rifkin, 2000; Schulze, 1997). One of the pioneers to realise the trend was Walt Disney, who created an "*artificial world full of staged experiences*" (Pine and Gilmore, 1999, p. 3). Following Disney's example, various businesses have started to realise the new shift in demand and started to adapt to the trend as well. However, it seems obvious that consumers have suffered many times due to this rather slow adjustment. This could, for example, be seen in a large shopper report conducted in 2003, which reported that most consumers experience a relatively high frustration in their shopping experience. This frustration even resulted in that consumers either shopped less or even stopped shopping in a certain shop (Chain Store Age, 2003). According to Rifkin (2000), people always had experiences in their everyday life, but many of these experiences that once were free now cost money. Companies have started to realise that they can charge admission for giving "access" (Rifkin, 2000). What global companies such as Disney are doing is dragging the cultural sphere into the commercial market where it is commodified into experiences such as commercial spectacles and personal entertainment (Rifkin, 2000). According to Rifkin (2000), securing access to as many cultural resources and experiences that nurture one's psychological existence is therefore as important as holding on to one's property.

Companies have matured in the service economy and many previous product oriented companies, e.g. IBM, now make more money from the services they provide (Pine and Gilmore, 1998). The same change is likely to occur in service companies now, when services are sold with help of experience. Today experience is most of the time given away for free, but according to Pine and Gilmore (1999), experience will come even more into focus and finally become the economic offering. "*Charging admission to enter the service setting is truly the difference between being in the service industry and being in the experience business*" (Pine and Gilmore, 1999, p. 62).

Why the boom of the experience industry occurs right now is a question that Föster and Kreuz (2002) take into consideration. Similar to most of the authors mentioned above, they argue that saturated markets exist in many branches and

the changed consumption behaviour of customers makes it necessary for companies to find new concepts and marketing strategies.

Other authors have realized that pure products are not enough anymore as well. Jensen (1999) illustrates an interesting approach at this trend. He argues that a main component that a customer wants and needs to experience is a story connected to the product. His opinion is illustrated with an example about eggs: people today do not only want to buy an egg, it has to be from “free-range” chicken and people pay 15-20% more to have the feeling or story about a “happy” chicken and the romance of the countryside. According to Jensen (1999), society has changed into a “Dream Society” which is longs for feelings and stories related to products. The real product has therefore become a bi-product (Jensen, 1999). Hence, customers today crave additional benefits to the features of the product. Economically it is proven that every time the basic demand of the customers is covered<sup>1</sup>, the customers look for additional benefits (Föster and Kreuz, 2002). Because the functional benefits of the products are almost optimized, customers today look for psychological-emotional benefits to satisfy their demands.

In regard to this change, Prahalad and Ramaswamy (2003) state, that *“a new point of view is required; one that allows individual customers to actively co-construct their own consumption experiences through personalized interaction, thereby co-creating unique value for themselves”* (Prahalad and Ramaswamy, 2003, p. 12). It could be concluded that the new experience product is partly created by the customer.<sup>2</sup> Wikström (1996) also argues that the focus of business development is moving away from products to the processes taking place around the customer. She argues that the customer has become a co-producer, which means that the interaction between seller, buyer and the environment creates more value for the customer.

Schulze (1992) describes these changes from a market perspective. He illustrates today’s market as the “Experience Market” and refers to it as the interplay of the experience supply of companies and the experience demand of customers. According to Schulze (1992), customers today act differently and companies have to react to this trend. The new kind of supply customers

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<sup>1</sup> This is a sign of stagnating respectively weak growing markets.

<sup>2</sup> Compare to Mossberg (2000).

demand are products, which are mostly described with aesthetic words like beautiful, cosy, stylish, and interesting. Schulze (1992) refers to the experience demand as “inner oriented consumption”. An important issue Schulze (1992) raises is that, in this “experience market”, e.g., a dinner in a special restaurant, the restaurant not only competes with other restaurants, but with all the experience supply on the market, like special shoe stores, books, the opera, yoga lessons, chrome plated hub caps, soccer games or a new haircut. It is not always easy to determine when “normal” supply changes into experience supply, but according to Schulze (1992) there is a clear core area of experience supply, which is expanding rapidly. There are a lot of businesses and products, which have lost their perception of purely providing the customer with utility, but on the other hand have won a new meaning by providing experience. Examples Schulze (1992) mentions are furniture, clothes, and cars. Between the markets of pure experience supply and normal commodities are products and businesses with a mixed meaning; in this category the experience factor emerges increasingly. (Schulze, 2002)

The reason this experience factor plays an important role in business today is according to Mossberg (2001) a change of roles in the markets; customers have become more powerful and producers less powerful. According to Shaw and Ivens (2002) and Schmitt (1999), this change of roles occurred because people today are not “rational thinkers” anymore, which they are often claimed to be when doing business. People normally do not mix feelings with business. *“Business is not logical even if we try believing it is, because business is people and people have emotions”* (Shaw and Ivens, 2002, p. 41). As Jensen (1999) formulates it, *“people do not want to buy the products, but rather the stories and the experience behind the product”* (Jensen, 1999, p. 34) Hence, the product does not necessarily need to satisfy a functional need, but the stories behind the product fulfil emotional needs, e.g. buy an opinion or purchase care for something (Jensen, 1999). An example of such a product could be the Volkswagen Beetle. Jensen (1999) argues that the sales in the USA will be a great success not because of the quality of the product, but because *“it tells us a story, wrapped in nostalgia... when baby boomers were young and Woodstock was right here and now”* (Jensen, 1999, p. 34).

### 1.3 Experience providers

More and more companies want to display themselves as an experience company. Following this trend, many companies started to use the term experience in connection with their products without actually changing the offer. One example is the “Felix” advertisement of the new “Caesar” dressing, which is supposed to change the salad into an experience (Channel 5, 2003). How the experience occurs when buying the product is not specified. Presumably the experience refers to a different taste.

In order to claim that a product is an experience product, companies need to do more than just claim they are. They actually need to offer consumers an experience. Saab advertises that their car comes “*straight from the experience industry in Trollhättan*” (Channel 4, 2003). Again the experience is not specified, but one could assume that the experience refers to the actual product, i.e., the car and the driving experience. It seems that Saab, like many other producers, has realised the change in consumer needs and adapted to this during the actual consumption of the product. This could, for example, be seen in the increase in spending on product design.

However, the customers’ total experience is made up of all contacts with the company and its brands (Shaw and Ivens, 2002). Therefore companies should consider giving an experience during all the phases of the buying process. According to Pine and Gilmore (1999) customers often value the way in which they obtain something as much as the good itself: “*Witness the great feeling with which new Saturn car owners leave the lot after every employee in the place gathers around to clap and celebrate their purchase*” (Pine and Gilmore, 1999, p. 20). This illustrates that even in very traditional businesses, like car manufacturing, examples of the new way of presenting the company can be found.

The Audi Forum, for example, celebrating the Audi brand and all that it represents, opened in London on 22 February 2002. According to Audi ([www.audi.co.uk](http://www.audi.co.uk)), the Forum is the embodiment of the brand values and design principles, which have positioned Audi at the forefront of contemporary automotive design. Located directly opposite the famous Ritz Hotel in Piccadilly, the Audi Forum London is the sixth Audi showpiece site

of its kind. Its leading edge design sets a new precedent, which will eventually be followed by other Forum venues in major cities such as Paris, Munich, Berlin, Stockholm, Madrid, and New York. Everyone is welcome at the Audi Forum, whether for business or recreation. It doubles as a gallery and exhibition venue housing regularly changing themes. An innovative glass communication wall acts as a backdrop to the main exhibition and event areas. The wall is illuminated by a computerized LED lighting system, constantly changing the atmosphere. Previous exhibits have included an insight into Audi's innovative use of aluminium in car production, an introduction to the new Audi Cabriolet, a photographic exhibition celebrating Jimi Hendrix and his influence on the designers of the Audi TT, a celebration of Motor sport, 'fourbelowzero' an Audi winter, and 'Iconic' a celebration of design. (www.audi.co.uk)

A good example, which describes the trend of how companies adapt to changes in the business, could be the restaurant “Nocti Vagus“ in Berlin, Germany. Their motto is “*not seeing is seeing differently*” (www.noctivagus.de), and they offer a new kind of restaurant experience. Besides the meal in absolute darkness, the restaurant stimulate the senses with music and other sounds. According to their website (www.noctivagus.de), “*an evening at Nocti Vagus is going to be a pleasurable experience, which will be remembered in a very good way for a long time.*” Senses like tasting, feeling, smelling and hearing become more intense and it results in a whole new experience. (www.noctivagus.de) In the case of this restaurant, it is obvious that the product, i.e., “the meal”, has become a bi-product of the experience as a whole. Even if the restaurant stages the experience, it is assumed that the customers create the “feeling” by themselves.

This trend can also be found in the travel business, where experience centres have been created to turn the buying process of the product, i.e., travel and holidays, into an experience. The “World of TUI travel experience centre” in Berlin, Germany, tries to create the “holiday feeling” already when purchasing the tickets. In their centre all the senses are stimulated. Potential customers get to *hear* travel stories, are able to *see* videos and books about the potential destinations, are invited to *taste* drinks and snacks from all over the world, and there are three terminals where customers can *smell* flavours from all over the



world. According to TUI, all of this stimulates the customers to have a *feeling* of holiday while still at home. ([www.worldoftui.de](http://www.worldoftui.de))

Changes in the way of doing business can be found in almost all types of industries. The maturing from the service industry to the experience industry seems almost natural. However, purely manufacturing industries seem to be the ones that have to take the largest step in order to become providers of experiences. Traditionally, factories have been seen merely as centres of production. However, the possibility to use these plants as experience arenas can now be seen all over the world. This trend is very interesting and will be the focus of the thesis.

## **1.4 Factory experience**

Since it might not be possible to provide an experience at every sales location, production companies may be able to benefit from taking their customers into the factory and giving them experience in a manufacturing environment. Pine and Gilmore (1999) mention manufacturers that have staged their own experiences, though generally still as a sideline, by adding museums, amusement parks, or other attractions to their factory output. Pine and Gilmore (1999) continue by saying that even though some manufacturers might not be able to turn extra space into ticket taking museums, all companies can recast production as a miniaturised plant tour, thereby turning the everyday acquisition and consumption of a product into a memorable event. (Pine and Gilmore, 1999)

Many of the examples related to “experience in the factory” could be found in the USA, perhaps because many of the world’s largest plants are located there. Factory experiences can be seen in creations such as Spamtown (Hormel Foods [www.spam.com](http://www.spam.com)), Goodyear World of Rubber ([www.goodyear.com](http://www.goodyear.com)), Crayola Factory Museum ([www.crayola.com](http://www.crayola.com)), Twinkie ([www.twinkies.com](http://www.twinkies.com)), Tootsie Pop ([www.tootsie.com](http://www.tootsie.com)), Louisville Slugger Museum ([www.sluggermuseum.org](http://www.sluggermuseum.org)), Hammonds Candy ([www.hammondscandies.com](http://www.hammondscandies.com)), Harley Davidson ([www.harley-davidson.com](http://www.harley-davidson.com)), The World of Coca-Cola ([www.wocatlanta.com](http://www.wocatlanta.com)), Jelly Belly Factory ([www.jellybelly.com](http://www.jellybelly.com)), Sturgis Pretzels ([www.sturgispretzel.com](http://www.sturgispretzel.com)), Krispy Cream ([www.krispykreme.com](http://www.krispykreme.com)),

Tillamook Cheese ([www.tillamookcheese.com](http://www.tillamookcheese.com)), Kellogg's Cereal City ([www.kelloggscerealcityusa.org](http://www.kelloggscerealcityusa.org)), Ben and Jerry's Ice Cream ([www.benjerry.com](http://www.benjerry.com)), and Basic Brown Bear ([www.basicbrownbear.com](http://www.basicbrownbear.com)). All of these companies offer the visitors the opportunity to experience the manufacturing process and buy or try samples afterwards. Most of them also contain museums and eating facilities.

Hewlett-Packard has created Cooltown "*the customers experience centre*", in which customers can be engaged to see the opportunities HP's technology can offer. Cooltowns are also planned in Europe and Asia (Schick, 2001).

Some companies have taken a step even further such as Hershey's Chocolate World ([www.hersheys.com](http://www.hersheys.com)) that has not only a factory tour, but a 3 D Show and even a trolley works. Their homepage states: "*Singing trolley conductors take you on a fascinating, sentimental journey that is engaging for all ages*" ([www.hersheys.com](http://www.hersheys.com)). This experience can be viewed as a truly staging an event<sup>3</sup>.

Factory experiences may not be as common in Europe as in the USA; however there are some good examples. Lego, for example, created its own theme park Legoland, a "*place for the whole family to experience fun and adventure*" ([www.legoland.dk](http://www.legoland.dk)).

Similarly the company Bonbon has created its own candy themed park, "*a world of fun, a family amusement park based on the BonBon universe with fun-packed festivities and amusements for an entire day that our guests feel like experiencing again and again and want to describe to others with enthusiasm!*" ([www.bonbon-land.dk](http://www.bonbon-land.dk))

Heineken offers people an experience when visiting their factory in the Netherlands. The tour around the factory; called the Heineken Experience, opened in May 2001 and gives visitors a chance to fully experience the history of the brand and what it represents today. It contains a film where visitors can experience the speed of the bottle line as an actual bottle. Visitors are also given an insight into the brewing process. Finally, visitors can try a glass of Heineken at one of the bars. According to Heineken, the visitors will discover

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<sup>3</sup> Compare to Pine and Gilmore (1999), staging an event.

that “*Heineken is more than a quality beer, a brewery with respect for people, society and the environment. Heineken stands for enjoying life*”. ([www.heinekenexperience.com](http://www.heinekenexperience.com)).

Especially in Sweden, there are many small production companies. To overcome disadvantages in regard to their size, companies, for example, in the glass, pottery and sweets business, have build co-operations to create whole experience areas with different small factories. An example in this regard is the Kingdom of Crystal ([www.glasriket.se](http://www.glasriket.se)), which offers visitors the chance to see glass smelteries and to “*experience the magic moment of creation in front of the oven*” ([www.glasriket.se](http://www.glasriket.se)). The area includes 15 different glassworks, which all are accompanied by shops and most of them also have a museum. The prices at the production places are discounted, but is that the motive for visitors to visit, especially from far distances?

A similar concept can be found in Sweden’s Pottery District ([www.keramikbygden.com](http://www.keramikbygden.com)), which is situated in the northwestern part of Skåne. Art and handicraft have old traditions in the area and there are a large number of potters as well as smaller and larger potteries. They all work with clay, but design, colors, glazing and production methods vary. Visitors are able to take part in workshops and courses, but they are as well welcome to see how various objects are developed and manufactured at the production places. There are showrooms and opportunities to buy ceramic ware. According to their web site “*the visit to Sweden’s Pottery District will be an unforgettable experience!*” ([www.keramikbygden.com](http://www.keramikbygden.com)).

Another example of an experience area can be seen in the town of Gränna ([www.grm.se](http://www.grm.se)) in Sweden, where visitors are invited to peppermint rock candy factories. Here they can witness the nearly 150-year-old production process of the peppermint rock candy and purchase the freshly made peppermint rock candy afterwards ([www.grm.se](http://www.grm.se)).

There are a few larger companies in Sweden that also provide guided tours in their factories such as Göteborgs Kex ([www.goteborgskex.se](http://www.goteborgskex.se)) and Saab ([www.saab.se](http://www.saab.se)). However, these can be viewed as not being very developed. There is not much information on the homepage and visits require bookings in advance. Volvo has perhaps developed their tour a little further, by offering a

tour around the factory in the so-called “blue train”; however, the information on the homepage is insufficient. A museum, offering visitors the chance to view the history of Volvo and its cars is also located nearby, but it is not included in the tour. ([www.volvo.se](http://www.volvo.se))

Perhaps Volkswagen gives the most developed factory experience by presenting Autostadt ([www.autostadt.de](http://www.autostadt.de)). They not only want to give their customers a driving experience, but also state on their website that “*the actual collecting of the new car should be an event itself*” ([www.autostadt.de](http://www.autostadt.de)). The factory area includes a museum, movie theatres, restaurants, guided tours even by boat, a five star hotel and almost everything else that has the slightest connection to cars. “*Imagine the feeling Volkswagen customer will feel after picking up their new car at Autostadt*” (Pine and Gilmore, 1999, p.20). This idea has been a huge success; from the opening in 2000, Autostadt had more than six million visitors. ([www.autostadt.de](http://www.autostadt.de))

## II. Problem statement

The consumption of experience has pushed companies to develop different strategies to match the needs. We believe that one possibility is to create experience centres at production plants. Therefore we will try to investigate and describe the phenomenon that we call “Factory experience”.

### 2.1 Purpose

The aim of this thesis is to give an overall framework of factory experience; we would like to describe factory experience from an experience marketing perspective and answer the following questions:

#### 1. What is factory experience?

We will define the concept and map the new trend of experience in the factory. It can be discussed whether the main value or offer in the factory is the product or the experience? It can be assumed that almost everyone visiting the peppermint rock candy factories in Gränna buys peppermint rock candy. Many people visiting Legoland purchase the exact same Lego that they can buy at any store as they feel it is something special to buy it at Legoland. Millions of people travel long distances in order to collect their car at Autostadt rather than at the local car dealer. Ben and Jerry’s Ice Cream is the largest tourist attraction in Vermont, attracting 300, 000 visitors annually ([www.econres.com](http://www.econres.com)). The Tillamook Cheese Visitor's Centre is one of the most popular tourist attractions in Oregon, attracting more than one million visitors every year ([www.tillamookcheese.com](http://www.tillamookcheese.com)). The Heineken Experience received 250, 000 visitors the first year, and moreover it was awarded best new tourist venue in the Netherlands in 2001 and has won the "ToerNed Attractie" Award ([www.heinekenexperience.com](http://www.heinekenexperience.com)). But what is actually the main offer, products, e.g., ice cream, cheese, and beer, or experiences?

We believe that, if these companies’ main offer is to sell products, the factory experience becomes a marketing tool. However, we argue that some of the companies providing a factory experience do not use this only

as a marketing tool, but have realized that it can be used as a product itself, thereby creating a new business area in the shape of a tourist attraction.

Depending on how the two parts, “experience marketing” and “tourist attraction”, are divided, we will try to integrate them into a model, which shows the intensity of both factors.

The companies’ perception of the factory experience will also affect the role of the product; in the case of “tourist attraction” the role of the product will weaken and become a souvenir. On the other hand, if the factory experience is used to market the product by attaching higher values to the product, e.g., giving customers a better understanding of the product, attaching a “story”, reflecting the quality of the factory experience, then the factory experience is just a part of the perception of the product. In this case, the product itself has become the experience.

The experience economy and experience marketing are rather recent discoveries, which were highlighted, by Pine and Gilmore in 1999. Still, there are a number of factories that have an extensive history of factory experiences. It therefore seems unlikely that so many factories have constructed the factory experiences purposely. Moreover, it can be assumed that it can be difficult to see the connection between some of the experience factories just from seeing what they are now. We believe that the existence of experience factories today can be better understood by exploring how they evolved.

## **2. Why are companies providing factory experiences?**

Depending on the strategy, in regards to question one, the company has for providing a factory experience, it could have various benefits. If viewed as a marketing tool, the company could improve the brand or build brand loyalty. Perhaps the factory experience is only a strategy to provide a unique sales point in the factory? Then the experience is only a part of the selling process, allowing the customers to test and increase their understanding of the product. If the factory experience is not a tool to sell more products, but is more for entertainment purposes, then the factory could become strictly a tourist attraction, which could generate income

itself through admission, restaurants, hotels, and souvenirs. So how do companies actually benefit from providing experiences in the factory?

According to Pine and Gilmore (1999), businesses are defined by what they collect revenue from. We will investigate the relationship between the factories that charge admission and their view of the purpose of the factory experience. Do experience factories that charge admission claim that they are tourist attractions and do those that do not charge admission view themselves as marketing tools?

### **3. How are companies providing factory experiences?**

What are companies actually doing to provide an experience at the factory? What attractions, services, and elements, do the experience factories include?

Is there a well-integrated strategy between the experience environments and the product that is manufactured? In order to benefit as much as possible from providing an experience in the factory, the environment should support the physical product in various ways, e.g., having the right theme, stimulating the right senses and leaving the visitors with the “right feeling”.

We will compare the theoretical strategies to give experience to how particular factories can provide experience. Through examples we will show how these strategies look in practice at “experience factories”. What are the different components of an experience factory? What are the strategies to stimulate the senses, entertain the visitors, and engage the guests? We will analyse the practical factory experiences and apply them to the general theoretical aspects of creating experiences.

We find this new trend fascinating, but are all companies conscious of what they actually are doing, and if so, what have they done to implement this strategy? Factory tours have been around for decades, but it is only recently the tours have been “experientialised” through focusing on design, architecture and adding various components such as restaurants, hotel, or even a roller coaster. Could the evolution of factory tours end up like theme parks, such as Disney Land? Consider the Bonbon factory

located in Denmark that started giving tours in a miniaturised candy factory due to hygiene reasons. Later various activities were added and now Bonbon has its own theme park, Bonbon Land ([www.bonbon-land.dk](http://www.bonbon-land.dk)), complete with rides that are all product themed.

## 2.2 Research Questions

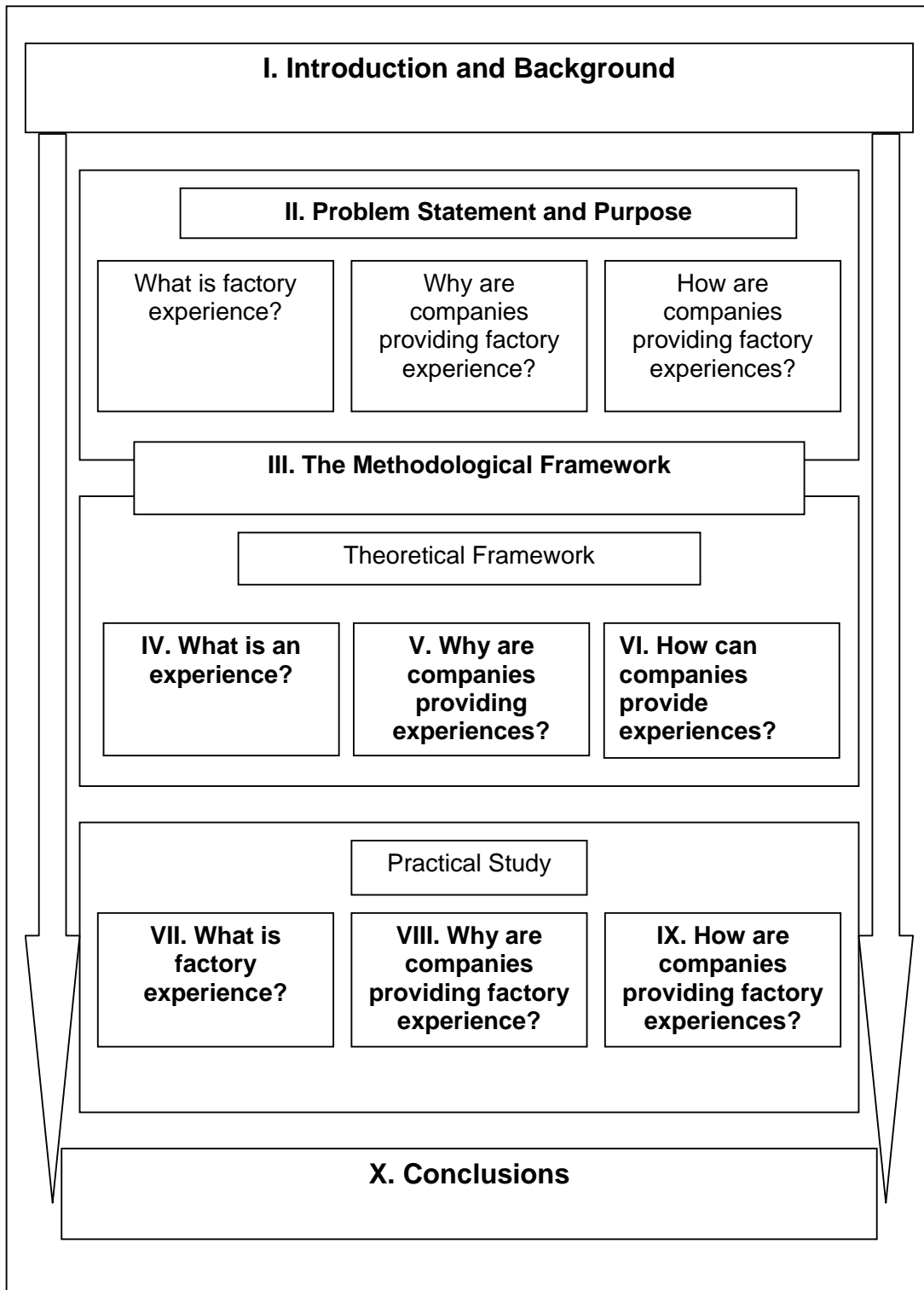
1. **What** is factory experience?
  - a) What is the main offer, the product or the experience?
  - b) Is it a marketing tool and/or tourist attraction?
  - c) How does the factory experience affect the role of the physical product?
  
2. **Why** are companies providing factory experiences?
  - a.) What are the benefits and possibilities of factory experience as a marketing tool and as a tourist attraction?
  - b.) Do the marketing strategies differ in regard to the purpose of the factory experience?
  
3. **How** are companies providing factory experiences?
  - a.) What elements do factories include to provide an experience in the factory?
  - b.) What is the relationship between the experience environment and the physical product?
  - c.) How do the strategies to create experiences in the factory in practice relate to the theoretical strategies to create experiences in general?
  - d.) How did the creation of factory experience evolve, and what could be its destiny?



## **2.3 Delimitations**

In order to generate a good result we had to narrow the topic of the study. Therefore, we had to exclude certain areas by consciously making some limitations. As we mention in the methodology chapter, we chose to focus only on experience factories that allowed all types of visitors, thereby limiting the study from business to business relationships, and in this context, areas restricted to customers. Thus, the areas where not all visitors are allowed access, are not included in the study. Consumer behaviour has, of course, a major impact on the experience factories; however, we chose to view the factory experience from a company perspective. Customer perspective was excluded, as the time frame did not allow us to conduct quantitative research in the form of a visitor research. In terms of theoretical limitations, we chose not to investigate the subject of human psychology, i.e., how experience is created, as it is not within our field of study.

Given the fact that we only sampled eight companies in our study, it could be argued that our contribution is limited to only the companies or the products studied. However, we believe that many of the conclusions have a general applicability, and can therefore be useful for all companies providing a factory experience regardless, of the type of product. Still, it would have been interesting to carry out more interviews. However, conducting in depth interviews is a time consuming process, and given the restricted time limit, this was not possible.



### **III. Methodology**

The purpose of having a research methodology is to give an insight into how work proceeds and also why the thesis is constructed the way it is. Moreover, the methodology also validates the progress of our study. In the following chapter we will begin by describing how we discovered the subject, followed by a description of the research strategy we used during the thesis. Thereafter, we will determine which form of data collection seemed most appropriate and describe the choices we made concerning the companies we chose to study. At the end of this chapter we will discuss issues regarding the validity and reliability of this thesis.

#### **3.1. Choice of Subject**

As the subject could almost be viewed as very new in terms of previous research, it can be important to describe how and why the subject evolved. During the Master Program in Tourism and Hospitality we came across the subject of experiences on many occasions. We became aware that much of the demand for tourism could be connected to the need for experiences. Tourism is growing each year; it is according to some, the largest industry in the world with more than 700 million international tourist visits a year (Nicholson-Lord, 2002).

However, facts and figures are not necessary to see the changes. As we already described in the introduction, changes in consumption patterns can be noted even through merely observing the surroundings. There has been an increase in restaurants, cafes and theatres the last decennium. Moreover, traditionally, only the tourist and entertainment industry have been viewed as experience industries. However, as the demand for experiences increased, we became aware that experiences are becoming more relevant to other industries as well. Many of the industries that added services to the product offered, are now taking the first step into the experience economy. Researching a fresh and fashionable subject was one of the main criteria for our choice of subject.

After closer research was conducted, we realized that there were many companies that had chosen to add experiences that either had an entertainment or utility purpose, e.g., retail stores adding a café or hairdressers adding the availability of the Internet. We divided the main strategies of the companies and what they could add in terms of more entertainment or more utility with the purpose of finding an ideal solution of what should be added in which context. However, we realized that this was more complicated than we first thought. With our increasing knowledge of experience theories, we came across various examples of an even newer trend. We noticed that many companies had added various elements of experiences in connection with their factories, and similarly, supermarkets added experience approaches. At first, the logic behind this seemed mysterious, but as the phenomenon unfolded, the benefits became more evident. As this was not enough, we realised, through further research and discussions with our tutor, that the subject has gone more or less unnoticed in terms of research.

This subject thereby filled our criteria; first of all it is a very current subject; secondly almost no research has been done on the subject; and thirdly we found the subject very relevant and interesting. Thereby, we finally chose to focus on experiences in factories.

The term “factory” normally refers to a plant with production. However, we chose to refer to the whole environment visitors are allowed in as “experience factories”. This was chosen even though some “experience factories” contained only some elements of experiences and other contained only few elements of a factory.

### **3.2 Research design**

A research design is a basic plan that should guide the data collection and analysis of the study (Kinnear and Taylor, 1996). Most studies can be classified depending on the existing knowledge of the subject before initiating the study. When a number of factors are not known within the research area, the study is considered explorative. As the area of factory experience is a more or less unexplored we concluded that an explorative research design had to be

selected. According to Kinnear and Taylor (1996), explorative research is usually designed to obtain a preliminary investigation of a situation with a minimum of expenditure, cost and time. This research design is characterized by flexibility in order to be sensitive to the unexpected and to discover insights not previously recognized (Kinnear and Taylor, 1996). Since our aim was preliminarily to investigate the phenomenon, factory experience, and the topic itself requires rather flexible thinking, we assumed this research design to be appropriate. Furthermore, according to the same authors, explorative research is appropriate in situations of problem recognition and definition, which in our case was useful to explain the phenomenon of factory experience. The option of identifying and choosing alternative courses of action during the process of research was an important issue during the evolution of our thesis; therefore this kind of research seemed most correct according to our goals.

### **3.3 Data collection**

This thesis is explorative in nature, and thus a qualitative research was chosen. The basic concept of experience is highly individual and in its connection to marketing, a rather new issue. A qualitative approach frequently uses methods such as common sense and personal interpretation of things, while a quantitative approach requires the researcher to use standardised methods. In order to answer the main research question, we needed data, which is rather difficult to analyse in a quantitative context, e.g. values and attitudes. The qualitative study also provided us with the possibility to study the selected issues in depth and detail. (Kinnear and Taylor, 1996) Getting a deeper understanding of factory experience would not have been possible to manage with a quantitative study. We were aware that this method could give both objective and subjective information and that it reduces possibilities of generalisation; however, since the method contributed to a more holistic view of the study, we argue that the chosen research method was the most suitable for our study.

### **3.4. Data Sources**

Data can be gathered through two broad types of sources, primary and secondary. According to Yin (1999) primary data is collected for the first time with the particular focus on the study. Secondary data on the other hand, are data collected prior to the study; hence the sources do not have the same connection to the specific study (Yin, 1999). Generally, explorative research can include secondary data sources, observation, interviews with experts, group interviews with knowledgeable persons, and case histories (Kinnear and Taylor, 1996).

For our thesis we regarded secondary data sources, interviews with experts, and observation as most appropriate. In order to obtain these data sources, our first step was to find suitable companies for our investigation.

#### **3.4.1 Choice of companies**

As we were interested in drawing general conclusions, we chose to study more than one company. Another option would have been to conduct a case study; however, the case study approach is considered to be a method that is not appropriate with the intention of generalising the findings. (Kinnear and Taylor, 1996) Therefore we chose not to focus on one company, but decided to explore more companies based on specific issues.

The basic criterion of our research was to choose companies producing end products, excluding service companies and companies that focus only on business to business activities. The companies we were looking for could not have any restrictions in regard to who is allowed to visit; hence the chosen companies should have an experience factory open to the public. Most important was that the companies should show production in connection to the visit. However, we included companies that do not show the whole production process or simulate the manufacturing. The reason for this was that many factories could not show the production due to health or security reasons. However, even for those where some sort of staged factory tour was demonstrated as a substitute, the real factories had to be located nearby.

We searched for companies that had developed the factory tour the most by adding various elements of experiences. The country that had developed the furthest in this aspect is the USA. However, due to lack of time and economical resources, we had to evaluate the companies based on their location. Unfortunately, we therefore had to exclude the USA and concentrate primarily on northern Europe. Still we managed to find suitable companies relatively closeby. The companies we finally chose are all located in southern Sweden, Denmark or northern Germany. A final consideration was that we wanted study different products in order to be able to draw more general conclusions about the experience factories and not only on one type of product.

In Sweden we chose Volvo as they have a well-known factory tour and it is very near. We also contacted SAAB, but due to difficulties in finding a suitable date for an interview we had to exclude them. However, as we managed to research two other automobile manufacturers we felt that other products should be given priority. In Sweden, there are many small production companies. We found three co-operations with different small factories experience within one area. These are The Pottery District, The Kingdom of Crystals, and Gränna that are mainly connected though the local tourist offices. We viewed the “areas” as the experience factories and the actual smaller production companies as the mother companies in order to simplify the research.

After more research we discovered that Legoland actually is also an experience factory. However, due to risk of espionage the actual factory had never been open for visitors, and instead a film simulates the production. We included Legoland as the purpose of Legoland could be seen in an evolutionary perspective of a factory growing into an experience world. In Germany there are many larger producing companies. We chose to study the Flensburger Brewery, Bayer’s visitor centre BayKomm and Volkswagen’s creation Autostadt. The Flensburger Brewery was chosen because breweries have an extensive history of factory tours and it would be interesting to see how breweries can adapt to the experience economy. The latter two were chosen as both are well known companies which both offer visitors a well developed experience.

### **3.4.2 Secondary Data**

According to Kinnear and Taylor (1996), secondary data can provide useful background information on an area and can also give a broad historical perspective on the nature of the area. In general, secondary data can be classified as coming from internal sources and external sources. (Kinnear and Taylor, 1996) The secondary external sources used include books, articles, and WebPages. In the beginning of our study we collected and read large amount of secondary external data in order to become more familiar with the relevant issues. However, as our study became more focused, we discovered that there is very limited information about experiences in the factory environment. As a result, most of the theoretical discussion is based on literature concerning experience is general. As the thesis progressed we also collected internal data in the form of brochures, information leaflets, and the Internet pages of the companies. It is important to mention that this data originates from within the organization in which the research is conducted. (Kinnear and Taylor, 1996)

### **3.4.3 Primary data**

In addition to the secondary data we also required primary data as it provides current data about e.g., customer buying behaviour, perceptions, attitudes, and motivations (Kinnear and Taylor, 1996). The primary research source for this thesis consisted of a series of detailed interviews, conducted with experts of the chosen companies. Moreover, observations were also made during the visits to the experience factories.

#### **Personal Interviews**

According to Kinnear and Taylor (1996), it is logical to acquire data from people by asking questions. Since the information needed was data about the respondents and their association with the specific experience factory, attitudes, perceptions, motivations, knowledge and intended behaviour can be best obtained through interviews. (Kinnear and Taylor, 1996) The interviews conducted each lasted between two and three hours. We prepared questions in advance as a guideline through the interview, but spontaneous questions and information were included during the course of the interview. Initial contacts



were made by e-mail, followed by telephone contacts to agree about appointments. Respondents were chosen on the basis of their involvement in each experience factory; we focused mostly on marketing executives and people responsible for the visitors' centres of the experience factories. The following table is a presentation of our interview respondents and their positions in the companies:

Company	Name	Position
<b>Flensburger Brewery</b>	Katja Möller	PR- and Online-Manager
<b>Volvo Cars</b>	Glenn Evans	Head of Visitor Service
<b>Tourist Office Gränna</b>	Patrik Hertelendy	Tourist consultant
<b>Pottery District</b>	Lars Paulstrup	Tourism and marketing
<b>Kingdom of Crystal</b>	Anna-Carin Birgersgård	Managing Director
<b>Bayer</b>	Birgitta Ortmann	Head of Visitor Service
<b>Autostadt</b>	Axel Schadewald	Marketing Manager
<b>Legoland</b>	Åke Vad Jensen	Market Manager

We made audio recordings of all of the interviews. Interview analysis consisted of listening to the tapes; extracting the most essential information; and transcribing the information. We would also like to add that some of the interviews were conducted in Swedish and others in German, and all have therefore been translated into English.

### **Personal Experience and Observation**

In addition to the interviews, a great deal of this thesis draws upon the experiences and observations we made during the visits to the experience factories. Observation is the process of recognizing and recoding relevant objects and events during the phase of data collection. (Kinnear and Taylor, 1996) For us, it meant to experience, and perhaps prove, the information we gathered during the process of data collection in the interviews and the secondary data. However, we have to admit that a personal interest in actually experiencing the topic of our thesis was as well a major driving force related to this form of data collection.

### 3.5. Research evaluation

#### Validity and Reliability

According to McDaniel and Gates (1998), validity indicates, “*whether what we tried to measure was really measured*” (p. 10). The validity depends on how the empirical data is collected and what kind of data is used. The validity of a measure refers to what extent the measurement instruments and procedure, in our case those mentioned above, are free from errors (Mc Daniel and Gates, 1998). In our thesis the construct validity, the degree to which a measure confirms a hypothesis created from a theory based upon the concepts under a study (Mc Daniel and Gates, 1998), seems mostly important. Since our aim was to understand the concept of factory experience mainly based on the interviews, we decided to develop an interview guide with the aim of still securing a dialogue with a natural flow. Thereby we were trying to obtain the concept of construct validity.

A necessary precondition for validity is that the measuring instrument is reliable. According to McDaniel and Gates (1998), reliability indicates measures that are consistent from one administration to another. This refers to how consistent the outcomes are, and if they would generate the same results on different occasions. (Mc Daniel and Gates, 1998) Our choice of method makes it more difficult to relate to reliability, because the data we collected derived from individuals and their perceptions of the experience factories. This data could have been affected by the way our respondents interpreted and answered our questions and it could be doubted that the outcomes of the interviews would be the same on another occasion. As a result, the reliability of our thesis is influenced by how honestly the interview respondents were in answering our questions. Bias can exist if the respondents choose to hide certain facts that are not favourable to him/her, or make the situation appear better than it is in reality. In general, factors that are likely to influence this could be the environment, the comfort of the respondents during the interview and the bias they were exposed to. (Mc Daniel and Gates, 1998)

In order to gain as much reliability as possible, we gave our respondents the opportunity to decide the time and the place of the interview, in a time period of around 3-4 weeks. In order to increase our trustworthiness, we asked our interview respondents before the interview, if they would agree to a publication of the content and the company, or if they wanted to be handled with confidentiality. However, none of the respondents required confidentiality. Another attempt to create honesty and trust, was that during the interview, we started with rather broad questions and narrowed them down depending on the situation, so that the respondents were able to choose what they wanted to reveal.



## IV. What is an experience?

*"We have all experienced times when, instead of being buffeted by anonymous forces, we do feel in control of our actions, masters of our own fate. On the rare occasions that it happens, we feel a sense of exhilaration; a deep sense of enjoyment that is long cherished and that becomes a landmark in memory for what life should be like. This is what we mean by optimal experience."*

Mihaly Csikszentmihalyi (1997, p.9)

### Definitions

**D**efining experience is a difficult task since it can be interpreted in so many ways. It can be viewed from many different perspective and presumably results in various definitions. The word experience can have many different meanings.

First of all, it is useful to start with basic definition. The Cambridge Dictionary defines an experience as "the process of getting knowledge or skill which is obtained from doing, seeing or feeling things" ([www.dictionary.cambridge.org](http://www.dictionary.cambridge.org)).

People experience all the time. According to Lyons (1973), experience presents itself as a flow comprising the simultaneity of breathing, hearing, seeing, feeling and all else that currently situates an individual in a world. In other words, people can experience everything, and therefore every known object is "experienceable", even dreams<sup>4</sup>. Lyons (1973) continues by saying that experience is like consciousness, it is always of something. Therefore it can be understood that the only barrier to qualify as experiencing something is it must be conscious.

From the total experience that people have all the time while they are conscious, certain acts or moments can be abstracted, as they are valued more

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<sup>4</sup> Consider e.g., how a nightmare affects people.

than other moments. These moments are what people normally refer to as an experience.

According to Carlson (1997) an experience can be defined as a *constant flow of thoughts and feelings* that occur during moments of consciousness. Similarly, Gendlin (1962) describes an experience coming from the emotions people constantly have. Therefore, it could be assumed that emotions are involved when people have an experience. In order to qualify as an experience the event should therefore be rich with sensation (Pine and Gilmore, 1999).

Experiences can also be described in a *physical context*. For example, Carlson (1997) claims that an experience consists of many different experiences related to other people, surroundings and products, which all affect how the individual's will interpret the situation. Therefore it could be understood that it is the individuals' reaction to the situation that generates the experience. Shaw and Ivens (2002) describe experiences similarly, but from a customer perspective. According to them, "*the customer experience is a blend of a company's physical performance and the emotions evoked, intuitively measured against customer expectations across all moments of contact*" (Shaw and Ivens, 2002, p. 6). Worth noting here is that "blend" refers to the many things forming something together. Shaw and Ivens (2002) also point out that it is not just the contact when purchasing that is important, but every contact with the company or its brand.

Some claim that the individual's reaction depends on how much the situation *engages* people (Mossberg, 2001; Pine and Gilmore, 1999). According to Mossberg (2001) engagement is necessary to have a strong, positive experience. Pine and Gilmore (1999) describe experiences as events that engage individuals in a personal way. To have an experience, individuals should therefore not just be entertained, but also engaged. How engaged a person becomes depends foremost on personal factors such as interest, product factors and the situation (Mossberg, 2001).

Pine and Gilmore (1999) claim also that the event needs to be *memorable* in order to qualify as an experience. Csikszentmihalyi (1992) defines a positive experience, as the optimal feeling, which creates joy and warmth that the individual will remember for a long time. The definition implies that when

strong feelings are evoked, people remember situations better. According to Mossberg (2001) these experiences can vary in value and strength. In general the stronger the experience has been, the longer it should be remembered (Pine and Gilmore, 1999).

Some believe that in order to have an even stronger experience, a so-called extra-ordinary experience, there has to be some *element of surprise* in the experience (Arnould and Price, 1993; Mossberg, 2001). The word extra-ordinary refers to something out of the ordinary, something that is not expected; hence surprise becomes a necessary ingredient. According to Csikszentmihalyi (1997) the “flow experience” is such an optimal experience. It is characterized by a sense of playfulness, a *feeling of being in control*, concentration and highly focused attention, mental enjoyment of the activity for its own sake, a distorted sense of time and a match between the challenge at hand and the people’s skills (Csikszentmihalyi, 1997). When people experience such an extra-ordinary experience, the high degree of mental concentration can be assumed to affect the perception of time. This notion of distortion of time can often be found when a person reaches high levels of pleasure during the actual consumption. Consider the expression “Time flies when you’re having fun”.

The extra-ordinary experience should be the goal for each company; however it seems unlikely that a customer can have an extra-ordinary experience frequently from the same event. If experienced too often, the event will become a part of the everyday routine.

In general it can be argued that the events that generate the experience should be within a limited time and that the event should be viewed, at least in some respect, as not “too ordinary”. Therefore it can be assumed that an event can generate an experience for one person, while others just see it as an everyday event that will not be remembered as it is viewed as too ordinary.

The events or activities that stand out from the rest of the elements that are experienced become an experience. These moments may have specific meaning to an individual due to some sort of stimulation. We will therefore refer to an experience as:

*“An event that engages a person in an individual way, evokes strong emotions, and thereby leaves a memorable impression”.*

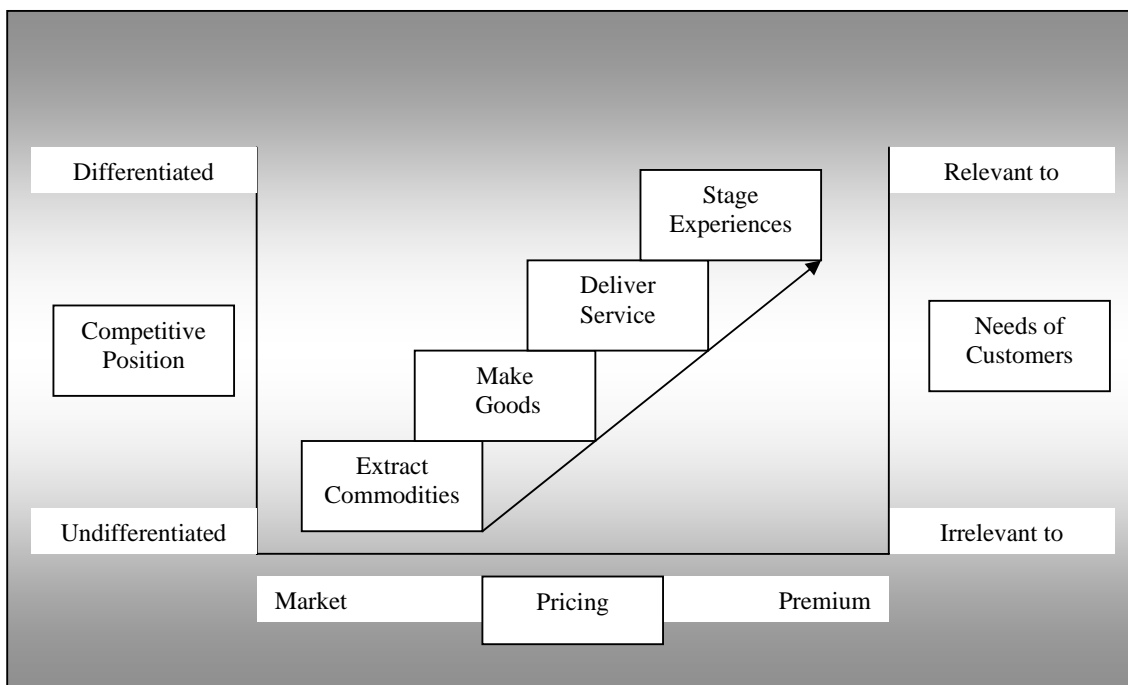
However, to create the opportunity for an extra-ordinary experience, the event also has to include something unexpected and has to have an effect on the person by stimulating more than one sense. The event should also evoke such strong emotions that the notion of reality is somewhat distorted, making the individual lose sense of time and space. It also seems logical that it must be difficult for an individual to set expectations for an event that includes something unexpected.



## V. Why are companies providing experiences?

As mentioned earlier, many researchers have recognised that there is a shift in the preferences of consumption (e.g., Shawn and Ivens, 2002; Dwyer-Owens, 2000). Therefore it seems logic that companies have to adapt to this shift in consumption. From a company perspective, going into the experience business can be very profitable. The progression of economic value takes a huge leap when an experience is added to the service or product provided. (Pine and Gilmore, 1999) This means that a much higher price can be charged as the customer finds the offering more relevant to his or her needs (Pine and Gilmore, 1999).

**Figure 1: The Progression of Economic Value.**



Source: adapted from Pine and Gilmore, 1999, page 22.

Another major reason for companies to become experience providers is that the extended service encounters take a longer time and therefore more opportunity exists for the customer to react emotionally to the employees and the service setting (Arnould and Price, 1993). Föster and Kreuz (2002) argue that the direct contact with the customers is an advantage. They argue that when the

experience is directly integrated in the contact with the customers, information, philosophies, and brands can be emotionally prepared and embedded in stories, in environments, and made experienceable through the senses (Föster and Kreuz, 2002). Studies have also have shown that the longer the customer stays in the service setting, the more he will purchase (Kumar and Karande, 2000).

Given the many possibilities to stage an experience, it would also become easier for a company to differentiate itself from its competitors and thereby be able to charge a premium price (Pine and Gilmore, 1999). Similarly, Schmitt (2000) argues that experience marketing can differentiate a product from competitors and therefore it can also promote innovations. Föster and Kreuz (2002) state that, through the creation of experiences around the product, the characteristics of the product and brand can be differentiated in a lasting way. Therefore experience marketing can also generate loyalty consumption (Schmitt, 2000).

According to Schmitt (2000), experience marketing can be very useful in creating an image and corporate identity. This can occur as the experience, which the customers purchase around the product, can act as a central point even in regard to the brand image (Föster and Kreuz, 2002). Coca Cola and Pepsi, for example, are having an everlasting duel in order to convince the customers that their respective products deliver the best drinking experience (Föster and Kreuz, 2002) Also consider how Harley Davidson creates a myth about the lifestyle around their product (Pine and Gilmore, 2000)

Urquhart (2002) argues that it is much more difficult and expensive to reach the targeted audience today; however this is one-to-one communication and carries very little waste. Therefore Urquhart (2002) claims that experience marketing is a personal and very targeted strategy. He also believes that it is more cost effective, as return on investment and accountability are good.

However, the effectiveness of the communication is highly depending on the consumers' motivation, opportunity, and ability to process brand information (MacInnis, 1991). These are major advantages experience marketing has over more traditional marketing communication tools. According to MacInnis (1991), the motivation refers to the consumers' desire to take part in the

communication, the opportunity is the limited time in which the consumer has a possibility to process the information, and the ability means how skilled the consumers need to be in order to properly understand and evaluate the information.

A study showed that a direct experience with a product increased the consumers' opportunity and ability to process the information (MacInnis, 1991). Mooy and Robben (2002) claim that consumers that have experienced a product with all their senses understand the product better. It also seem that the consumers learn more as they can choose the pace to process the information themselves (Hoch and Deighton, 1989). The opportunity can also be assumed to increase because consumers can determine how much time they want to spend evaluating the product. It also seems likely that the motivation to process the information should increase since the consumers play an active role (Mooy and Robben, 2002). Motivation should also increase because the consumers made the choice to participate themselves (Hoch and Deighton, 1989) Similarly, Urquhart (2002) argues that experience marketing stimulates positive behaviour as customers are not forced to take in marketing, but instead are allowed to discover the benefits themselves.

The consumers' ability can be enhanced even further in some situations through demonstration. This is especially important with more complex products, as the consumer can find it difficult to judge the product properly (Kempf and Smith, 1998). Moreover, the credibility is higher, as the interest of the source and the consumer are the same (Hoch and Deighton, 1989). The information learned when a consumer has first hand experience can therefore be assumed to have greater direct influence on the behaviour (Smith and Swinyard, 1982). Kumar and Karande (2000) argue that atmospherics should be designed to create an environment that produces specific emotional effects, and this will enhance a customer's likelihood of purchase. According to Underhill (1999; cited by O'Shaughnessy, 2003) almost all unplanned purchases are made due to touching, hearing, smelling or tasting something at the service setting. Therefore experience marketing induces trial and purchase (Schmitt, 2000). Urquhart (2002) also claims that it changes peoples perception and as positive experiences are shared, it can be assumed that the message will reach thousands more.

Finally, it can be assumed that the customer will remember the message better through experience marketing. According to Pine and Gilmore (1999), the more senses that are stimulated, the more memorable the experience will be. Similarly, Urquhart (2002) claims that experience marketing is more memorable than traditional marketing, as more senses are engaged, thereby making the message easier to remember. Consider Pavlov's dogs or the recent technique called sense memory, where senses are "record" stimuli and "play them back" so the sense respond to things that are not really there (Moston, 2001). *"They won't remember what you said, but they will always remember how you made them feel"* (Carl W. Buechner, cited by Neumann, 2002, p. 8). An experience might therefore even have the power to change a person. A final reason that makes the message more memorable could be that the information is more vivid and physical (Paivio, 1971 cited by Hoch and Deighton, 1989).

## VI. How can companies provide experience?

*“You cannot produce experiences; you can just provide the circumstances in which people can experience!”* (Schulze, 1992, p. 44)

Similarly, Mossberg (2001) states that a company is not able to give an experience to the customer; it can only create the circumstances and the environment in which customers could have an experience. Pine and Gilmore (1999) also argue that experience is made up inside a person and the outcome depends on how a person, in a specific mood and state of mind, reacts to the interaction with the staged event. Therefore, it is essential to know how companies can provide the circumstances that lead to an experience, what are the strategies to do so? Pine and Gilmore (2000) argue that every product can be “experientialised”. More specific to our study, Steiner (2000) argues that not only cheese factories, glasswork factories or car manufacturers can provide experience. Every product that fits into an experience environment can provide an experience.

According to Pine and Gilmore (1999), an experience occurs when a memorable event is staged that engages the customer in a personal way (Pine and Gilmore, 1999). This means that the customer does not necessarily need to be entertained in order to have an experience; focus should rather be to get the customer engaged. Pine and Gilmore (1999) refer to this as “staging”. Föster and Kreuz (2002) take this idea one step further by saying that experience environments are specific “worlds”, in which companies should try to stage experience in many dimensions. Visitors should have the possibility to actively “travel” into these worlds and create experience by “playing” with it (Föster and Kreuz, 2002). Similar to Pine and Gilmore (1999), the active role of the customer is therefore highlighted by Föster and Kreuz (2002). Arnould and Price (1993) argue that the setting, the employee-customer relationship, and the process have an effect on the experience. However, it is important to mention that even other customers can have a strong effect on the experience. (Mossberg, 2001)

Opaschowski (1995) states that, to be able to cause an experience, the product has to appear irreplaceable, emotional stimulating, individual, clear, unique, new, and trend oriented. Instruments to achieve these criteria are, according to Opaschowski (1995), strategies to differentiate, product design and quality, personal service, and a holistic approach to the product and the environment. According to Föster and Kreuz (2002), there are many ways to create experience environments. Architecture, use of all kinds of media and artwork, such as video, projections, lighting, mechanical installations, graphics, as well acting and shows, are some examples. The customer should be stimulated by all five senses, i.e., seeing, hearing, tasting, feeling, and smelling; souvenirs should also be added to give the customer memories of the experience. (Föster and Kreuz, 2002)

To provide an overview of the strategies to provide an experience in theory, we will divide them into three categories. In the first part, “before the experience” we will describe strategies regarding the communication of experiences before the actual visit to the experience environment. In the second part, “during the experience”, we will present strategies regarding the stimulation of the senses when customers are visiting the actual experience environment or “experiencescape”. We continue with a more detailed description of what we refer to as the “experiencescape”. Furthermore, we will introduce some theories about how to engage the customers during their visit in the experiencescape. The third part, “after the experience”, will give theoretical suggestions how to make the experience more memorable. Finally, we will conclude by presenting in this chapter theories regarding the actual product and attempts to make it more “experienceable”.

## **6.1 Before the Experience**

### **6.1.1 Influencing the Impressions**

One of the first things that a company must do in order to provide experience is to decide what impressions they would like their guest to have before actually entering the experience environment. According to Shaw and Ivens (2002) these impressions should reflect the brand values of the company. Similarly,

Pine and Gilmore (1999) state that it is important to create a brand image that emphasises the experience a customer can have surrounding the purchase, use, or ownership of a product. Advertisements can, for example, stress how long one can run after eating a Snickers chocolate bar (Pine and Gilmore, 1999). We believe that TV commercials or advertisements such as for the amusement park Liseberg in Sweden could be a good example. By seeing a commercial or advertisement, e.g., for the “Balder” roller coaster, the feelings that customers later are likely to have, are already expressed<sup>5</sup>.

Voelpel (1999) claims, that a story is a sequence of dramatic events that evokes an emotional experience in the audience. The task in advertising is to tell a story that evokes a specific emotional experience in the audience that will yield a specific result. That result is often a desire for a product or a service. Voelpel (1999) and Jensen (1999) agree by saying that this story or history of the product has already become the main offer of many companies. *“Marlboro is no longer merely a cigarette- it’s an entire story that you can buy in the shape of tobacco, clothing and adventure travel. This story is about the wild west, about independence...!”* (Jensen, 1999, page 34). This example illustrates that the story can already be told before experiencing the product. However, Voelpel (1999) also warns companies against being fooled when a corporate marketing strategy seems to be more of an idea than an emotion. He claims that a story with an idea, but without emotion always fails. The story must convey the emotion and then carry the idea along for the ride (Voelpel, 1999). The goal is that every single creative element of each of the outgoing messages serves to dramatize and strengthen these basic story points, so that the joy and relief expressed by the characters at the end will be fully experienced by the audience (Voelpel, 1999).

### **6.1.2 Influencing Expectations**

In order to explain how expectations can be influenced, it is necessary to take a quick look from the customers’ perspective. The general equation of satisfaction, the customers’ expectations minus the customers’ perception of what he/she received, is widely accepted. (Pine and Gilmore, 1999) However, this normally only includes expectations and perceptions concerning the

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<sup>5</sup> The passengers’ screams were expressed in written form.

physical aspects of the product. Shaw and Ivens (2002) argue that the customers also have emotional expectations and will therefore evaluate the product depending how it made the customer feel before, during and after use. Therefore, it can be useful to have strategies to influence the expectations already in the stage before the consumption. Shaw and Ivens (2002) argue that companies need to exceed both emotional and physical expectations if they want to be sustainable in the long run.

According to Pine and Gilmore (1999), one strategy to influence the expectations is to have a theme. The theme should be clearly defined and customers should know what to expect already before entering the experience environment. In order to communicate the theme, even the name should support the message of what the customer can expect before entering the environment. (Pine and Gilmore, 1999) Consider how the name Rainforest Café represents the theme of the experiencescape. Since the theme can be seen as an important overall strategy regarding the whole process of the experience, we will discuss this topic later more deeply.

### **6.1.3 Meeting the Expectations**

It is likely that the customers have some expectations before the experience; therefore it is important that these expectations should be met during the experience. Next, we will present theories in regard to strategies to meet these expectations. A study, made by “The Marketing Forum” in 2000, revealed that the expectations of services at hotels are very high and are mostly met by companies; on the other hand, the expectations of the services in the car industry are very low and are still poorly met (Shaw and Ivens, 2002). Consequently, the best service in the car industry may still be considered rather poor by hotel standards. According to Shaw and Ivens (2002), companies should therefore not only try to imitate the best practice of a certain task from their own industry, but should stretch into other industries and adopt the best way to perform a certain task. According to Stewart-Allen (1999) companies should scour the globe for ideas as the best practice is not always in their own backyard. This is perhaps why, for example, Volkswagen uses the Ritz Carlton Hotel to set standards and train the staff at Autostadt.



According to Shaw and Ivens (2002), the physical expectations take a very essential role with regard to customer satisfaction. If companies constantly fail to meet the physical expectations the customer will in time change behaviour, leading to higher costs for the company (Shaw and Ivens, 2002). The basic idea is that the customer will not trust that the company will deliver exactly what and when the customer orders, and therefore develops strategies to ensure this. E.g. if a delivery is usually late, than the customer will make more calls to the call centre ensuring that the delivery is on time, thereby adding cost to the company (Shaw and Ivens, 2002). This is why Shaw and Ivens (2002) state that companies get the customers they deserve. Still O'Shaughnesse (2003) claims that emotions blind people to evidence that challenges loyalty. Therefore a company could become successful even if it fails to meet the physical expectations. An example could be a fan toward a soccer team that is playing poorly (O'Shaughnesse, 2003). However, Shaw and Ivens (2002) warn that a company cannot survive in the long run if it only meets the emotional expectations. The customer may seem loyal, but if the physical expectations are not met, it seems likely that the customers will only stay loyal for a short time out of pure sympathy (Shaw and Ivens, 2002). Therefore it can be concluded that the company needs to meet both the physical and the emotional expectations.

An argument mentioned by Shaw and Ivens (2002) is that if expectations are constantly exceeded, the customers' expectations are claimed to increase. However, Pine and Gilmore (2000) state that in order to overcome this problem of "customer expectation inflation", companies need to constantly refresh the offer. Moreover, companies should try to surprise their customers with something extra that is not directly related to the offer, and therefore cannot be expected during the next interaction (Pine and Gilmore, 2000).

## 6.2 During the Experience

### 6.2.1 The Experiencescape

Many authors use different terms to describe what we refer to as the experiencescape. In order to explain the terminology of the experiencescape we take a similar approach used by Mossberg (2001) and use the term servicescape explained by Bitner (1992) as a foundation. Bitner describes the servicescape as a complex mix of environmental features around a service, that influences internal responses and behaviour. *“The physical facility where the service is performed, delivered and consumed... is referred to as the servicescape”* (Zeithaml and Bitner, 2003 p. 282.). Adapting the concept of the servicescape, Mossberg (2001) develops the term “Upplevelserummet”<sup>6</sup> and describes it as the physical surrounding, in which services are produced, delivered and consumed. We agree with Mossberg, that most of the variables of the servicescape are part of the experiencescape as well. However, we believe that with the term experiencescape it becomes easier to relate the experience to both products and services. It is also important to mention that even whole experience areas<sup>7</sup> can be referred to as experiencescape.

*“The experience space is conceptually distinct from that of the product space. In the experience space, the individual consumer is central, and an event triggers an experience. These events have a context in space and time, and the involvement of the individual influences the experience. The personal meaning derived from the experience, is what determines the value for the individual.”* (Parahalad and Ramaswamy, 2003, p. 14) This description by Parahalad and Ramaswamy highlights the individual perception in the experiencescape. We believe that the “events” they mention can be interpreted in many different ways and many authors argue that there are many elements that generate the “event” for the customers.

Shaw and Ivens (2002), for example, argue that the experience is made up of a “blend” of many things coming together. Hence, the experience is created from all the different elements in the experiencescape. Similarly, Föster and Kreuz

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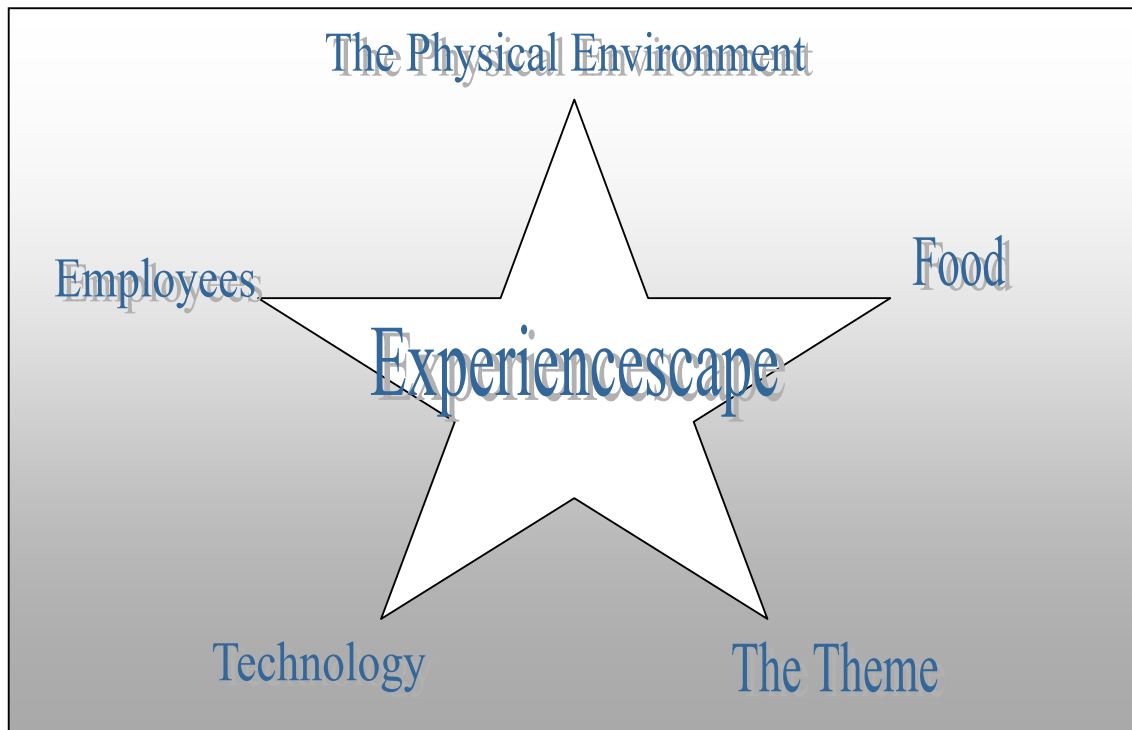
<sup>6</sup> Translated: experience room/space/environment.

<sup>7</sup> As mentioned in chapter 1.4.

(2002) argue that the experience environment, which we refer to as the experiencescape, should evoke emotional experiences and thereby create a whole experience world, which can be used to promote products and brands in a different way. It is therefore important that everything that signals something to the customer is well coordinated. We believe that just as integrated marketing communication (IMC) can strengthen the message companies send out (Zeithaml and Bitner, 2003), “integrated experience communication” (IEC) can be assumed to bring synergy to the company if well coordinated.

The experiencescape consists of how the senses are stimulated and what kind of emotions they evoke. Förster and Kreuz (2002) argue that light, audio devices, and aromatic essences should be included in the experience. The successful interplay of these stimulants could have a great influence on the purchase decision and the experience of the customers. Therefore, an experience provider should stimulate a variety of senses, create an experience that is personal, and try to involve the customers emotionally, physically, intellectually and even spiritually (Förster and Kreuz, 2002). Mossberg (2001, p. 20) completes this statement by saying that “*No matter what impression companies want to give to their customers, improving the servicescape is always a goal*”. Moreover, we believe that when providing a customer with an experience, this servicescape evolves into the experiencescape, and improving it should be the goal of experience providers. In this experiencescape, both the functional attributes and the emotional attributes play an important role (Kumar and Karande, 2000). Mistry (2000, p. 55) states, that it is not enough to purely present a product anymore. “*People need to be able to touch the product, feel it, smell it or hear it.*” (Mistry, 2000 p. 55) Similarly, Filser (2000) argues that the environment should provide customers with a hedonic, esthetic, and playful experience. Steinecke (2000) takes another approach by saying that, what we refer to as experiencescape should act as a “mindscape” for the customers. He argues that companies need to create dream worlds, which customers can “dive into”. These dream worlds contain stages, where customers can play different roles, meeting places, where people can interact, and arenas, where consumers can experience new things.

**Figure 2: Elements of the Experiencescape.**



In the following section we will present elements of the experiencescape mentioned in the literature, which we regarded as important for our study.

### **Food and beverage**

Especially stimulating the senses seem to be an important issue. The more senses that are stimulated, the more memorable the experience will be, and therefore companies should set off the senses by adding stimulants that support the theme (Pine and Gilmore, 1999). According to Pine and Gilmore (1999), the easiest way to implement this strategy is by adding food or drinks to the service, e.g., supermarkets with taste samples. Especially food seems to be very effective, as it stimulates many senses. Wilkie (1995) argues in this context that smell is more important than the other senses. According to Wilkie (1995), smell is a straight line to feelings of happiness, hunger, disgust, and nostalgia, which are the same feelings marketers want to tap. Stimulating as many senses as possible should always be a goal; however Pine and Gilmore (1999) warn that there are combinations that do not work well together, e.g., a bar in a laundromat.

## **Technology**

Föster and Kreuz (2002) state that interaction should be a key word in a stimulating experiencescape. New technologies like videos, projections, light games, mechanical installations, and graphics, can be options to create interplay between the environment, the company, the product and the visitor (Föster and Kreuz, 2002). The journal “Display and Design Ideas” (2003) presents information on trends to create a three dimensional experience. They describe that, for example, the availability of illuminated stained glass sculpture forms from interior designing companies, experimenting with light and colors, and the right sound could “*create experience by engaging the senses in every way*” (“Display and Design Ideas”, 2003 p. 54). Pine and Gilmore (1999) take a similar approach by mentioning that there are goods that enable experiences. These goods affect the senses and examples are textured materials, lights and lightning controls, audio equipment, and flavor equipments, (Pine and Gilmore, 1999). An interesting illustration of technology in this context could be audio-animatronic animals at the Rainforest Café (Pine and Gilmore, 1999).

## **Employees**

Feelings are produced by how the whole environment stimulates the senses. Shaw and Ivens (2002) state that if a company does not know what feelings they are trying to give to their customer they cannot expect the staff to give it to the customers. Therefore companies must plan, define and deliver the emotions they are trying to stimulate, as they would with a physical element (Shaw and Ivens, 2002). One possibility to implement this strategy is through the employees. Shaw and Ivens (2002) argue that there lies a huge opportunity for companies that are able to capture customers’ emotional expectations. Perhaps the gap between the customers’ expectations and the staff’s behaviour is the main cause of failure. Where one particular day and a specific encounter could have great meaning for the customer, it may only be another day at work and yet another customer for the employee. Shawn and Ivens (2002) discuss an interesting example in this regard:

A customer at a bank is making the final down payment on a mortgage, which is a very important event for the customer. If the importance of the event is completely ignored by the bank, the customer will have a very disappointing experience. Therefore it is important to have employees that understand their own importance in order to provide the customer with an experience. Imagine how the customer would have felt if the manager of the bank came and shook the customer's hand (Adapted from Shawn and Ivens, 2002).

### **The physical environment: Design and Architecture**

When entering the experiencescape people should enter a world that is different from the everyday environment. Here the physical environment of the experience seems to be of great importance. Strong experiences should capture the individual and transfer him/her from the normal everyday environment (Mossberg, 2001). Opaschowski (1995) argues that an environment of appealing ambience, a good atmosphere and communicative animation is the main factor to be attractive as an experience supplier. As an example Opaschowski (1995) states that in a restaurant, the overall atmosphere is even more important than the food itself. Föster and Kreuz (2002) take a more specific approach by saying that architecture can be one tool to change a "normal" environment into an experience environment. If combining architectural elements with various media and design elements, an interaction not only between these elements, but also with the customers can be stimulated (Föster and Kreuz, 2002). Similarly, the Hospitality Design Magazine (2000) argues that design in the environment plays a key role in the total experience. However, the design has to connect to the kind of experience. The example of a restaurant especially for children at a doll factory is given to underline their thoughts: "*we wanted this room to be soft*" (Hospitality Design Magazine, 2000 p. 42).

Beside the elements that are already mentioned, Steiner (2000) argues that "Landscaping" and "Waterscapeing" can act as useful tools to improve the experiencescape. Steiner (2000) argues that having an overall planned physical environment can act as a "buffer" between the information, the entertainment, and the commerce in the experiencescape. Whelan (2002) concludes that environmental design is more than just creating an aesthetically pleasing

physical environment; it also includes providing a positive experience for customers by building an identity that is synonymous with the experience (Whelan, 2002).

## **The Theme**

*“Just to hear the name of any theme restaurant- Hard Rock Café, House of Blues,... - and you know what to expect when you enter the place”* (Pine and Gilmore, 1999, p. 46) According to Pine and Gilmore (1999), the envisioning of a well defined theme is the first crucial step towards staging an experience. Similarly, Schmitt (1999) argues that the chosen theme acts as a mental anchor, reference point, and a memory cue; hence, the theme is an important part of experience marketing. The theme can appear in form of visual symbols, verbal slogans, jingles, general concepts, or in a combination of these theme elements, to evoke sensory imagery (Schmitt, 1999). Steiner (2000) states that the theme is one of the major factors of success in experience marketing, as it communicates the first message of an experience environment. A poorly developed message could influence the customers’ incentive to visit the experience environment (Steiner, 2000). Pine and Gilmore (1999) agree by saying that a poorly developed theme provides the customers with nothing to organize their impressions, and thereby the experience loses the lasting memory effect. Pine and Gilmore (1999) continue by saying that an effective theme should be concise and compelling. They argue that the theme should not be a corporate mission statement or a marketing tag line, but the theme must drive all the design elements and staged events of the experience toward a unified story line, that captures the customer holistically (Pine and Gilmore, 1999). An interesting example Pine and Gilmore (1999) give which relates to the theme is illustrated below:

*“Consider the Forum Shops in Las Vegas, a mall that displays its distinctive theme-on ancient Roman marketplace-in every detail. The Simon DeBartolo Group, which developed the mall, fulfils this motif through a panoply of architectural effects. These include marble floors, stark white pillars, "outdoor" cafes, living trees, flowing fountains-and even a painted blue sky with fluffy white clouds that yield regularly to simulated storms, complete with lightning and thunder. Every mall entrance and every storefront is an elaborate*

*Roman re-creation. Every hour inside the main entrance, statues of Caesar and other Roman luminaries come to life and speak. "Hail, Caesar!" is a frequent cry, and Roman centurions periodically march through on their way to the adjacent Caesar's Palace casino. The Roman theme even extends into some of the shops. A jewellery store's interior, for instance, features scrolls, tablets, Roman numerals, and gold draperies. The theme implies opulence, and the mall's 1997 sales-more than \$1,000 per square foot, compared with a typical mall's sales of less than \$300-suggest that the experience works." (Pine and Gilmore, 1998, page 103)*

### **6.2.2 Engagement**

In the context of consumer behaviour, Krugman (1965, cited by Poiesz and Bont, 1995) views involvement as the number of bridging experiences, connections, or personal references, between an individual and a product or issue per minute. Andrews, et. al., (1990, cited by Poiesz and Bont, 1995), refer to involvement as an internal state variable that indicates the amount of arousal, interest, or drive invoked by a particular stimulus or situation. For many researchers involvement is equivalent to motivation to process information (Poiesz and Bont, 1995).

In order to give customers an experience they need to feel engaged (Mossberg, 2001; Pine and Gilmore, 1999). According to Mossberg (2001), people become engaged mainly due to interest, product factors and the situation. How engaged a person becomes can therefore be assumed to be very individual. Stenhouse (2003) also argues that communicating a message passively is not enough anymore; involvement is a main factor in experience marketing. According to Stenhouse (2003), companies need to make customers want to be involved and feel involved. Urquart (2002) describes the need for interaction in order to be successful in providing experience. In his opinion, hands-on opportunities for trial, discovery and purchase, are a good way to engage the customers. In regard to this interaction and with connection to the flow theories of Csikszentmihalyi (1997), Tedesco (2000) argues that it is very important that customers are provided with an immediate feedback as part of the experience. Furthermore, Tedesco (2000) states that there should be a balance between the



challenges of the experience and the skills of the customers in order to engage the customer successfully.

In order to build trust, companies should provide the customer with a higher feeling of involvement and control over the situation (Shaw and Ivens, 2002). BMW, for example, has created a system that enables the customer and the dealer to trace the order and know exactly where and what activities are carried out. By giving the dealer the possibility to communicate the progress of the car, a much more positive relationship can be created. (Shaw and Ivens, 2002) However, most of the authors mentioned above argue that engagement can either be educational or entertaining. Together with others<sup>8</sup>, Föster and Kreuz (2002) argue that this engagement can either be done passively or actively. It is also important to mention that in an experience context, entertainment and education are usually mentioned in some kind of interrelated way. Steward-Allen (1999) for example argues that entertainment in a brand experience becomes “Infotainment or Edutainment”. In the following sector we will take a closer look at the different factors and approaches.

### **Entertainment and Education**

Generally, entertainment is regarded as “*a regime of universally intangible mainstream output from the leisure and content industries*” (Hartley, 2002, p. 83). Pine and Gilmore (1999) argue that entertainment occurs when people passively absorb an experience through their senses, e.g., viewing a performance, listening to music, or reading for pleasure. Entertainment is, according to Pine and Gilmore (1999), not only the oldest form of experience, but also the most developed one. Wolf (1999) argues that it is becoming ever clearer that all consumer businesses are going to have to be partly about entertainment, in order to be noticed in the increasingly crowded market places. Furthermore, Wolf (1999) states that in the emerging world economy, where entertainment and the laws of entertainment businesses affect more of the rest of the world of commerce and culture, successful businesses need to “star” brands to bring consumers through the door.

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<sup>8</sup> Compare to e.g. Pine and Gilmore, 1999; Mossberg, 2001.

Another approach to look at entertainment is from the tourism perspective. Since we will raise questions regarding tourism in the analysis, it might be of interest to present this perspective as well. In relation to tourism, entertainment could be connected to the term, hedonistic tourism, which involves the tourists in seeking pleasurable activities. This type of experience is based on physical pleasure and social life. (Swarbrooke and Horner, 1999) However, we believe that even education can be viewed from a tourism perspective, and seems relevant for our study. Educational tourism involves the tourist travelling for the purpose of learning something new (Swarbrooke and Horner, 1999).

In a general business perspective, pure entertainment might not generate enough effect for the company in terms of marketing; therefore it is useful to combine the entertainment with education (O'Shaughnessy, 2003). According to Singhal (1999), "Entertainment-education" is the process of purposely designing and implementing education to both entertain and educate, in order to increase audience knowledge about an educational issue, create favourable attitudes, and change behaviour. Singhal (1999) argues that this strategy uses the universal appeal of entertainment to show individuals how they can live safer, healthier, and happier lives. However, Singhal and Rogers (1994) argue that the idea of combining entertainment with education is not new. For thousands of years, entertainment media traditions in music, drama, and print have been utilized for education, information, and instruction. (Singhal and Rogers, 1994) However, according to Singhal (1999), the conscious use of the entertainment-education strategy in mass communication, especially in television, radio, and film, is a recent phenomenon. The general purpose of entertainment-education programs is to contribute to *social change*, defined as the process in which an alteration occurs in the structure and function of a social system (Singhal and Rogers, 1994). Social change can happen at the level of the individual, community, organization, or society. We believe that seen from a company's point of view, entertainment-education could be a great instrument not only to relate the entertainment to the product and the brand, but also to connect the company at a society related context.

According to Pine and Gilmore (1999), in education experiences the guest absorbs the events unfolding before him. However, education involves the active participation of the individual. Thus, Pine and Gilmore argue that

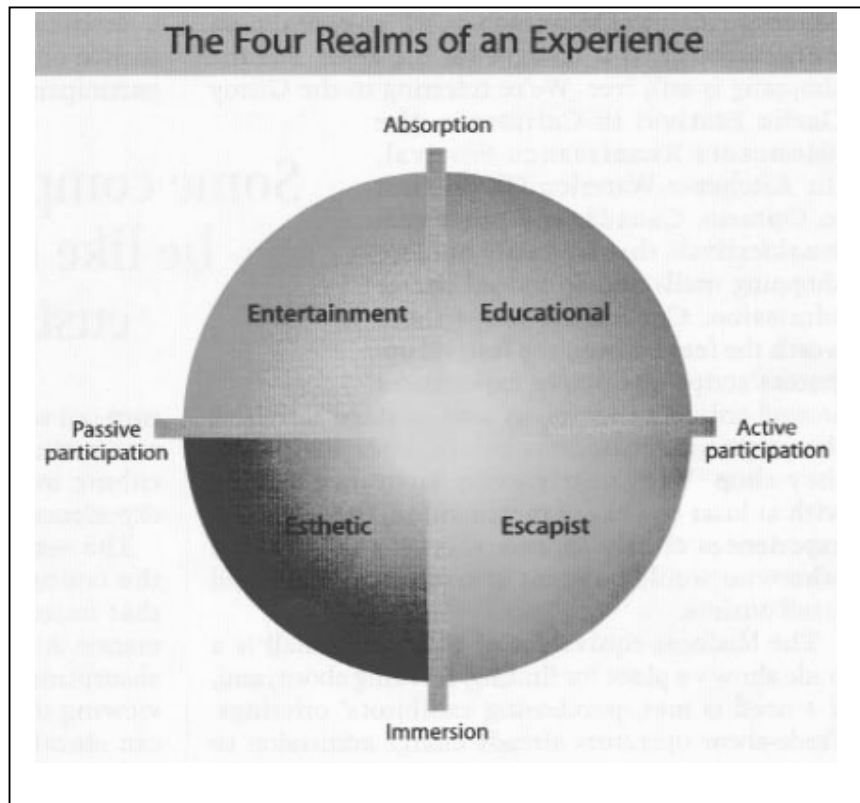
educational events must actively engage the mind or the body of the guests to result in an experience. Similarly, O'Shaughnesse (2003) argues that one way to improve the experience can be to increase the educational elements. Consumers may look at art without any pleasurable reaction until they are told about its association, e.g., who made it, how long it took, how to evaluate it. Education, i.e., learning about a thing, makes all the difference and that is why a perfect counterfeit of a product is not as valuable as the real thing. Consider for example how the naked eye cannot tell the difference between a diamond and a zircon (O'Shaughnesse, 2003).

Since we have determined that the demands of customers have changed, and that experience today is more important than ever, it can be assumed that education about a product or a brand has to be entertaining as well. Here the terms "infotainment" or "edutainment" could be useful to describe attempts of companies. Hartley (2002) mentions "Infotainment" as a term used to describe the blending of factual reportage with the conventions usually associated with fictional entertainment. In everyday use, this term usually refers to particular types of television programmes, e.g., cooking, gardening, and home improvement shows (Hartley, 2002). Edutainment is a hybrid term, in the model of infotainment, which describes the use of media entertainment techniques in educational services (Hartley, 2002). However, since experience in a business context usually contains education about the product, e.g., learning how to drive safer more safely, for example, but delivered in an entertaining way, we believe that edutainment is an important factor, especially in regard to experience at factories.

### **The Four Realms of an Experience**

Opposed to some of the authors mentioned above, Pine and Gilmore (1999) describe education and entertainment as two parts of an interconnected model. They argue that experience can be categorized into four broad categories. On the basis of two dimensions, participation and relationship with the environment, Pine and Gilmore categorized the four realms, as depicted in Figure 3.

**Figure 3: The Four Realms of an Experience.**



Source: Pine and Gilmore, 1999, page 30.

Entertainment, e.g., watching television or attending a concert, is described as tending to be an experience in which customers participate more passively than actively. Pine and Gilmore (1999) argue further that in entertainment, the connection with the event is more likely one of absorption than of immersion. Continuing, Pine and Gilmore argue that educational events like attending a class or taking a ski lesson tend to require more active participation, but consumers are still more outside the event than immersed in the action. The third part of the model, the escapist experiences, is likely to teach as well as educational events can, or amuse as well as entertainment, but they involve a higher customer immersion. *“Acting in a play, playing in an orchestra, or descending the Grand Canyon involves both active participation and immersion in the experience”* (Pine and Gilmore, 1999, p. 29). Pine and Gilmore argue that by minimizing the customers' active participation, an escapist event becomes an experience of the fourth category, the aesthetic. *“Here customers or participants are immersed in an activity or environment, but they themselves have little or no effect on it like a tourist who merely views*

*the Grand Canyon from its rim or like a visitor to an art gallery”* (Pine and Gilmore, 1999, p. 29).

### **6.3 After the Experience**

Strategies to increase and prolong the effect of the experience are probably the least common among companies; however, there are a few possibilities. According to Pine and Gilmore (1999), selling memorabilia connected to an experience is a strategy to extend an experience. People purchase certain products primarily for the memories that they convey (Belk, 1990; Love and Sheldon, 1998). People buy these products to evoke treasured sights, recall courses, important occasions and moments. They buy these memorabilia as tangible artefacts of the experiences they want to remember (Pine and Gilmore, 1999). Similarly, Föster and Kreuz (2002) argue that these kinds of products, which could be referred to as souvenirs, are a good opportunity to establish a memory of the experience in the customers’ minds. According to Pine and Gilmore (1999), all companies can add memorabilia; however there has to be a demand on the customers site as well. Therefore companies must first provide an experience full of positive cues that customers consider memorable.

### **6.4 Making the Product more “Experienceable”**

So what should companies do to adapt their product to the experience-craving consumers? One of the first steps to give experiences is to customise the services and products (Pine and Gilmore, 1999). Imagine the experience of coming into a restaurant for the second time and being greeted by name and asked if you want to sit at the same table as last time. According to Pine and Gilmore (1999), companies should also “experientialise” the product or add – “ing” to the product, e.g., shoes become a walking experience. This will move the focus from how the actual product performs to the individual performance during the actual use of the product. As companies producing the same product can focus on different uses, this will also make differentiation easier (Pine and Gilmore, 1999).

Another strategy to make a product more experiential is to add elements that engage the senses more. A company can do this by highlighting the sensations created from its use. However, focus should be on the senses that mostly affect the customers (Pine and Gilmore, 1999). Shaw and Ivens (2002) give an example of car producers spending huge amounts on every model to give the car doors just the “right” sound when they close. This example shows that the use of the product itself could provide an experience for the user. However, it is important to remember that the experience is actually the everyday use of the product (Shaw and Ivens, 2002). *“The tendency of the motor industry is to think of a customer experience as a reaction to the marketing and solely the trip to the show room.”* (Shaw and Ivens, 2002, p. 22)

Companies can also form “good clubs”, thereby charging customers extra for the experience of acquiring their goods (Pine and Gilmore, 1999). Similarly, only producing a limited number of a model can transform the ownership of the product into an experience. Pine and Gilmore (1999) claim that the scarcity of a good can heighten the experience of having one. This limitation can be restricted to a limited edition, but can also be limited by location of sales (Pine and Gilmore, 1999).

## VII. What is factory experience?

Explaining a factory experience is a difficult task. The term can be broken down into the two words, factory and experience. As illustrated in the theory, there are many different opinions of what an experience actually implies. In the theory we defined a general experience as “*An event that engages a person in an individual way, evokes strong emotions and thereby leaves a memorable impression*”. This is a term that, we thought, included most of the important issues found in literature. The term factory might seem easier to define; however, in the context of experience, we believe that it could be defined not only as a pure manufacturing place, but as the whole environment the experience is staged in.

Then how should we explain factory experience? We believe that the term factory experience can be interpreted in many different ways and is usually very personal.

We therefore started our interviews by inquiring: *What is a factory experience to you, and more specifically what would a “factory experience” include?*

Most of the respondents mentioned some sort of education as the most important ingredient to a factory experience. This could include learning more about the product, the company or the role that the type of product has in people’s lives. However, many also mentioned that the experience needed to be entertaining as well (Birgersgård, Kingdom of Crystals; Ortmann, BayKomm, 2003). Jensen (Legoland, 2003) mentioned that it should be a total experience involving all the senses. To experience something that is not expected was mentioned by both Jensen (Legoland, 2003) and Schadewald (Autostadt, 2003). At Autostadt, for example, “97 % of the visitors were surprised by what they experienced” (Schadewald, Autostadt, 2003). Evans (Volvo, 2003) regarded the production process as important, but also stated that it requires visitors who have an interest in it. Moreover, Evans (Volvo, 2003) claimed that the goals of the experience should match the company’s interests, “*The experience should describe who we are, where we came from, and what we are doing now*”.

After getting more opinions and having actually taken part in factory experiences, we realized that our definition of experience in general, covers most, but not all aspects included in a factory experience. Engaging the visitors seems to be a key factor, even when experiences are put in a factory environment. Educational experience was in general regarded as more important than an entertaining experience; however many regarded both as necessary elements to engage the visitors. Some referred to this mixture as edutainment or infotainment (Ortmann, BayKomm, 2003; Möller, Flensburger Brewery, 2003), thereby stressing the fact that they are interdependent for a successful factory experience. Strong emotions should also be evoked through engaging the senses, which, according to Pine and Gilmore (1999), should leave a memorable impression.

It is interesting that the element of surprise was also considered an important aspect. Surprise is, as we concluded in the theory, a necessary ingredient in order to have an even stronger, so-called extra-ordinary experience (Arnould and Price, 1993; Mossberg, 2001). Hence, the term factory experience cannot only qualify as an experience, but could even be regarded as an extra-ordinary experience, as it often includes something unexpected and also could have an effect on the person by stimulating many senses. Finally, the demonstration of the production process, and the close connection to the company's objectives were mentioned. The explanation is that it is necessary to include the visitors' perspective of a factory experience, as well as to include the company's perspective into the description.

Therefore, in order to explain a factory experience, we would also have to add the element of surprise, the importance of stimulating many senses, and the reflection of the companies' goals, to the other elements already mentioned by our definition of an experience in general.

In our opinion it can be assumed that the experience is coordinated according to the companies' goals of the experience factories. Therefore we believe that it seems logical that companies, which use the experience factory as a marketing tool, or simply as a way to sell more products, try to give an experience filled with elements supporting this strategy. Hence, education, such as demonstration of the product and corporate core values, should be found in the



companies choosing this strategy. The Kingdom of Crystal demonstrates the production process and gives an understanding that the products are not simply glasses, but rather art (Birgersgård, Kingdom of Crystals, 2003). Visitors to Volvo are given an understanding of the enormous research and development involved in creating a safer car. At Volkswagen visitors can see a Beetle cut in half and learn about, e.g., the internal parts and the cars complexity.

We believe that the companies that have created the experience factories more as an attraction have added more elements with entertainment. At Legoland, the main purpose is to give an entertaining experience through, e.g., the many new thrill and fun rides. However, according to Jensen (Legoland, 2003), entertainment does not necessarily mean that the experience is not educational. In our opinion, learning how to design Lego models at the computer station at Legoland could be considered as a way to learn by playing. However, it is important to mention that all of the experts we interviewed have the opinion that education is just a part of the perfect mix to provide guests or visitors with an experience.

Our definition of an experience in general includes that an experience is individual. This was not directly mentioned by any of the respondents. However, by giving these different examples it becomes clear that there is no general explanation of a factory experience and that every individual has a personal perception of the term. This reflects and underlines the very importance of individuality in experiences. Thereby we still can conclude that the final issue mentioned in our definition of experience, i.e., individuality, is also important in the context of factory experience.

## **7.1 Product or Experience as the Main Offer.**

To further describe what factory experience actually implies, it could be helpful to map and categorise the different experience factories. In the previous chapters we gave examples of experience factories and concluded that many of the companies sell products<sup>9</sup> and generate visitors<sup>10</sup> because of the experience

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<sup>9</sup> Hence, a product oriented offer.

<sup>10</sup> Hence, an experience oriented offer.

provided in the experience factories. We believe that these two parts, i.e., products and experiences, are the most relevant components in the main offer and reflect the view the experience factories have of themselves. Do they really want to sell more products or are they simply interested in generating visitors?

We therefore inquired: *What is the main offer or value that you, at the experience factory, present during the visit to the experience factory; the product or the experience?*

The following graph illustrates what the main offer of the experience factories is.

**Figure 4: Product or Experience as the main offer.**



As illustrated by Figure 4, at one extreme are the experience factories, which have products as the main offer during the visit to the experience factory. We believe that Volvo's visitor centre might be the experience factory, which gives the most product and company orientated experience. *"This is not a tourist attraction, but a presentation about Volvo and its products"* (Evens, Volvo, 2003). However, according to Evans (Volvo, 2003), many visitors often have a perception before the visit that the experience factory is a tourist attraction. Even the local tourist organisation, Gothenburg & Co, views Volvo's experience factory as an asset for tourism in the region. Some travel agencies have exploited this, by including the tours in their packages, thereby charging people for the visit that is actually free (Evens, Volvo, 2003). However, we agree with Evans (Volvo, 2003) and perceive the main offer at the experience factory to be product focused.

The Flensburger Brewery's visitor centre perceives the main offer of the experience factory similarly to Volvo's visitor centre (Möller, Flensburger Brewery, 2003). The difference is that the brewery charges an admission for the

tour, which, according to Möller (Flensburger Brewery, 2003), does not even cover the cost of the beer and food that is included in the tour. According to Paulstrup (Pottery District, 2003), the experience is the main offer at the Pottery District. However, we believe, that from a tourist attraction perspective, the experience is still rather poorly developed. There are, for example, not many other experiences wrapped around the offer and there is no clear connection between the different factories. That is perhaps why we got the impression that the experience is perceived as many individual factories with outlets. Hence, in our opinion, the main offer is more focused on the products, than on actually giving an experience.

We believe that this can be the main difference compared to the experience given at Gränna and the Kingdom of Crystal, where the factory experience is much more developed. In our opinion there are more activities connected to the offer, with the product as an important pull motive. We therefore believe that the offers are more focused on the actual experience than in the Pottery District. When only looking at the Kingdom of Crystal from a destination's perspective<sup>11</sup>, the factories are seen as pure tourist attractions. However, we believe that since the company, i.e., the Kingdom of Crystal<sup>12</sup>, also has to take the factories' goals into consideration, the experience has to include some focus on the products. *"The offer is foremost the experience at the factories; however everyone is aware that the experience increases sales afterwards, and sales are still very important"* (Birgersgård, Kingdom of Crystal, 2003). Therefore the offer is placed closer to the centre in Figure 4, including both the product and the experiences equally as the main offer.

The main offer at Autostadt and BayKomm is the experience, with only a little emphasis on the product. We noticed that Autostadt does not actually sell cars, nor does BayKomm try to sell chemical products. *"Autostadt does not sell products, it is a destination"* (Schadewald, Autostadt, 2003). *"To experience chemistry is the main offer at BayKomm!"* (Ortmann, BayKomm, 2003). That is why their offers are placed closer towards the experience in Figure 4.

The other extreme in the model is when the offer is mostly experience oriented. At Legoland the offer is focused on the experience; *"we are in the experience"*

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<sup>11</sup> The local tourist organisations.

<sup>12</sup> A separate company since 2000.

*industry*” (Jensen, Legoland, 2003). Jensen (Lego, 2003) continues to argue that it is not the actual product of Lego that draws people to Legoland, but rather people come for the attractions. Hence, we can conclude that visitors come for the experience.

It is important to notice that the experience factories view of themselves can be assumed to be different from the visitors’ perceptions. Volvo is perhaps the experience factory with the largest difference in this respect. Also worth mentioning is that some of the experience factories rather view the offers as more experience orientated than they may probably be. The Pottery District, for example, might perceive the main offer to be the experience, but from our perspective more has to be included and better cooperation has to be made to be an experience provider. Moreover, we believe that it is important to give visitors the right expectations, as it can otherwise lead to disappointments. Consider young children at the very technical Volvo tour.

## **7.2 Marketing tool or tourist attraction?**

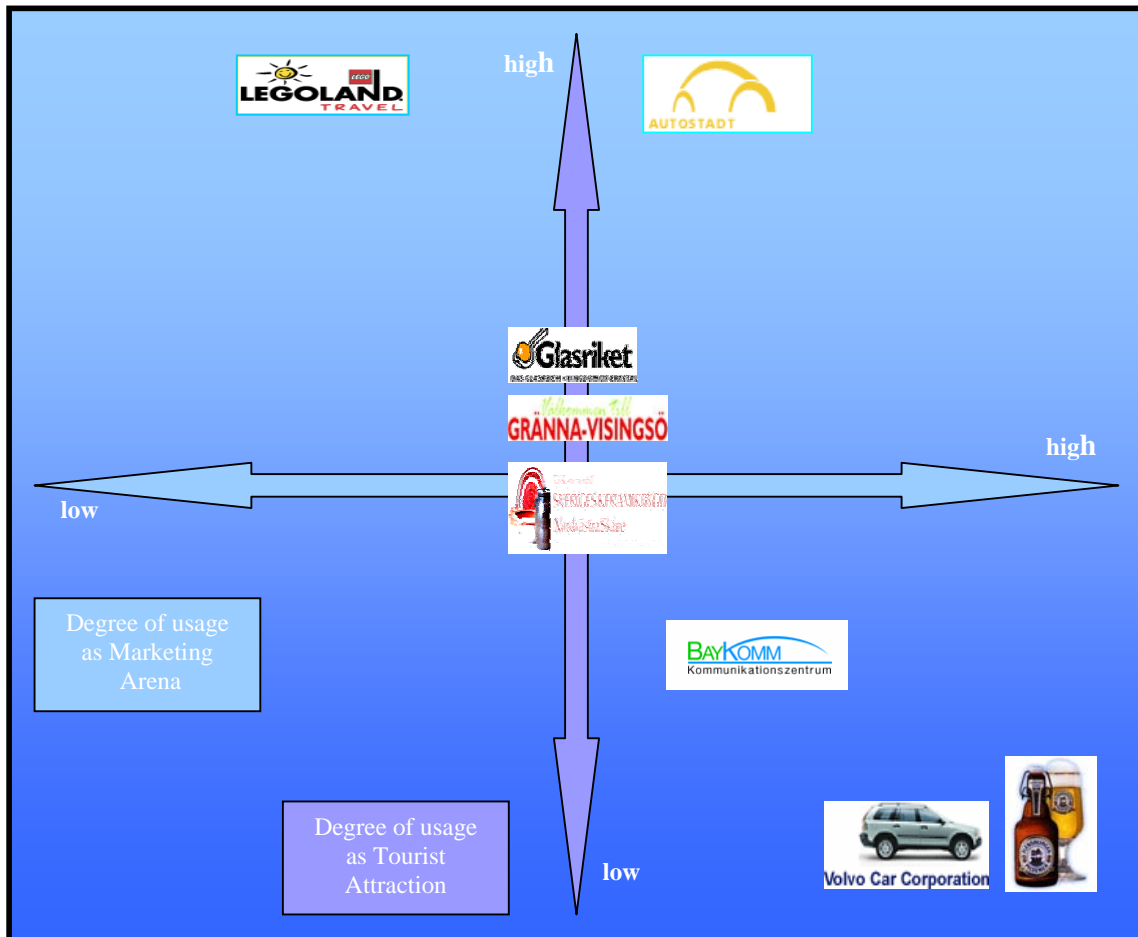
From a “core business” perspective<sup>13</sup> the experience provided at the factories can serve different purposes. To “market a product” is defined as “*to make goods available to buyers in a planned way, which encourages people to buy more of them*” (www.dictionary.cambridge.org). This suggests that a main effect of many of the experience factories is to market products. We therefore believe that, if the companies’ main offer is to sell products, the experience factory becomes a marketing tool and acts as a marketing arena for the company. However, we argue that some of the companies providing a factory experience do not use this only as a marketing tool, but have realized that it can be used as a product itself, i.e., generate income itself. Attraction is defined as “*something which makes people want to go to a place or do a particular thing*” (www.dictionary.cambridge.org). As mentioned previously in the theory, many of the experience factories actually attract most visitors to their regions. Thereby the experience factory can create a new business area in the shape of a tourist attraction. The effects from being a marketing tool and being a tourist attraction are the two most important benefits from the experience factories.

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<sup>13</sup> The view of the mother company e.g. Volkswagen, Bayer, Lego, and the actual companies that have a factory in Gränna, The Kingdom of Crystal, The Pottery District.

We therefore inquired: *Should the experience factory be seen as a marketing arena or is it a tourist destination?*

**Figure 5: Marketing Arena or Tourist Attraction**



We believe Volvo and Flensburger Brewery can be positioned in the lower right corner in the figure above, as the experiences offered at the factories are mainly used for marketing purpose. *“The factory visit is purely a marketing tool. We have made studies that show that the people that try the beer once stay loyal with the brand for a long, long time and that is the main reason why we established it”* (Möller, Flensburger, 2003). Similarly, Evans (Volvo, 2003) states that *“Volvo does not sell experiences, we sell cars”*.

For all of the cases where the factory experience consists of more than one factory, i.e., the Kingdom of Crystal, Gränna, and the Pottery District, the factory experiences are mostly seen as marketing arenas by the individual

factories. However, we believe that since the factories are too small to have an attracting effect by themselves, they depend on the destination as a whole. Therefore the aspects of viewing the factory visit as a tourist attraction cannot be totally ignored. However, *“the factory can be seen as a three-D brochure”* (Birgersgård, Kingdom of Crystal, 2003) and can therefore be seen as a marketing arena as well. Hence, they are position in the centre of the Figure 5.

From Bayer’s perspective, BayKomm is an instrument to establish people’s trust in Bayer. *“It is a way to change and influence the image of Bayer as a company, and of the chemical industry as a whole”* (Ortmann, BayKomm, 2003). However, even though Ortmann underlines the fact that the experience factory is not meant to be a marketing arena, we still believe that the description can be interpreted as marketing.

Seen from Volkswagen’s perspective Autostadt is a communication platform that should not market a specific product, but rather focus on mobility as a whole (Schadewald, Autostadt, 2003). *“There is not a single brochure of Volkswagen products to be found in Autostadt”* (Schadewald, Autostadt, 2003). However, from our point of view, the factory is definitely used as a marketing arena for the brand as a whole. Despite the marketing objectives, Autostadt is now the second biggest tourist attraction in Germany (Schadewald, Autostadt, 2003).

Legoland is in the experience industry, so it might seem obvious that Legoland is a tourist destination. However according to Jensen (Legoland, 2003), both Lego and Legoland are becoming aware that Legoland has marketing effect on its visitors. *“In recent years it has become more and more a way to display new products.”* (Jensen, Legoland, 2003). However, we still view Legoland as a tourist attraction as the main offer is the experience.

Most of the experience factories are more developed as marketing arenas than as tourist attractions. However, some of those that were created as marketing arenas and could increase the experience, and charge admission, e.g., Volvo. This can, according to Pine and Gilmore (1999), occur because customers are willing to pay more if the offer is more relevant to their needs. Moreover, given the fact that there has been a shift in consumption preferences toward

experiences<sup>14</sup> (Shawn and Ivens, 2002; Dwyer-Owens, 2000), we believe that the more developed the experience is, the likelier it is that the visitors are willing to pay for the experience. Another argument could be that the basis for any form of marketing is that it actually reaches an audience (Kotler, 1980). Therefore we can conclude that the experience factories must succeed in attracting visitors before they can act as successful marketing tools. However, if the experience at the factory is developed without connection to the product, the benefits of acting as a marketing tool could be lost. Creations, such as Legoland, that already attract millions of visitors and generate great income can move in the other direction by synchronising the experience better with the product. Hence, we can conclude that there exists interdependency between being a marketing arena and being a tourist attraction. Therefore we believe that the best situation is, when the experience factories have a well-developed experience built upon values that support the company and its products. When a company has accomplished this, they have in fact created a self-supportive marketing tool.

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<sup>14</sup> Chapter I.

### **7.3 The role of the main product?**

Products have traditionally been divided into categories depending on use, function or price. According to Love and Sheldon (1998), this categorization is perhaps why little is known about the symbolic meaning that consumers assign to products. We therefore agree with Love and Sheldon (1998), who state that souvenirs are actually tangible expressions of meanings, and the expressions of the experiences, which these meanings represent. Hence, we believe that another effect of the experience at the factory is that the perception of the product could change.

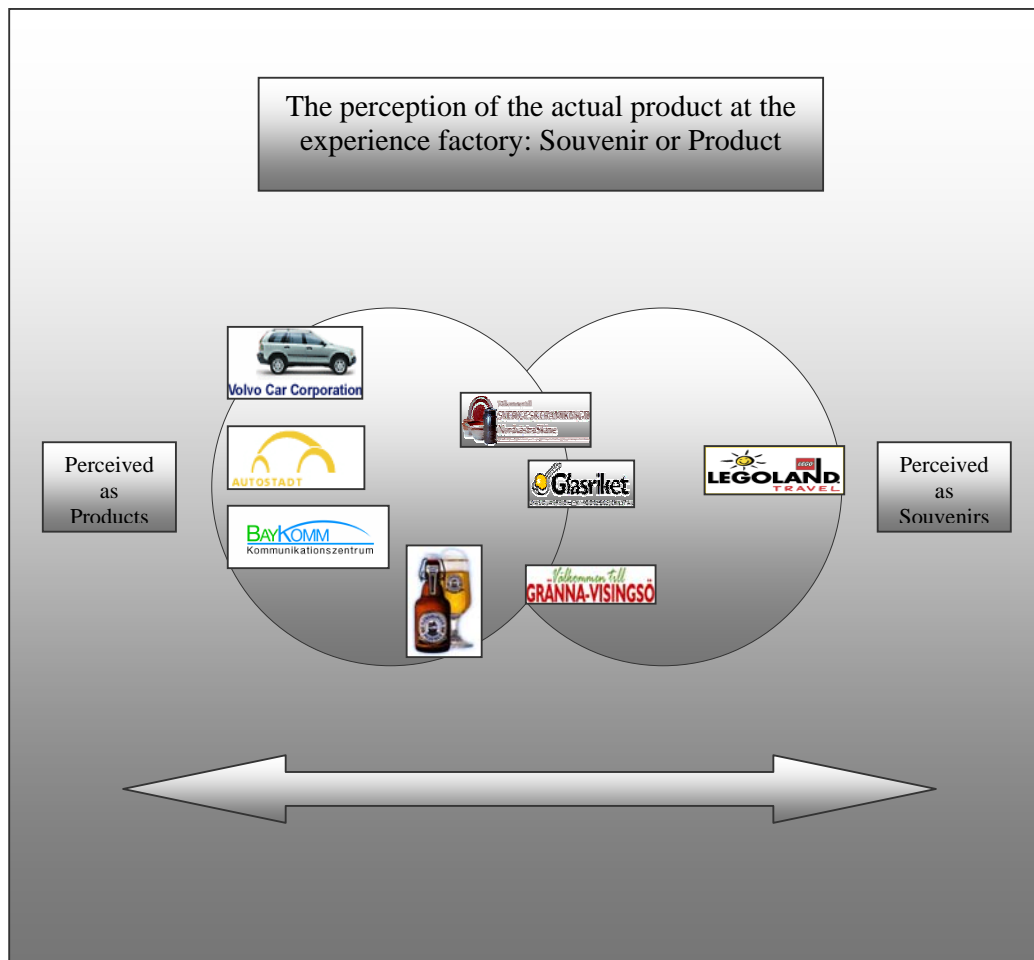
We argue that in the case of “tourist attraction”, the role of the product could weaken and become more of a souvenir. This implies that the visitors would purchase the “actual” product to remember the experience they had, since, according to Belk (1990), frequently our past is accumulated into the products that our lives have touched. Therefore, the products represent more to us than just the function (Love and Sheldon, 1998), as they also say who we are and where we been during our life (Belk, 1990).

On the other hand, if the factory experience is used to market the product by attaching higher values to the product, e.g., giving customers a better understanding of the product, attaching a “story”, and reflecting the quality of the factory experience, we believe that the factory experience is also a part of the perception of the product. In this case the product itself could become the experience, e.g., a car becomes a driving experience, as the new knowledge from the experience increases the perceived value of the product. Similarly, Jensen (1999) claims that the real product could become a bi-product if stories are attached. However, we believe that even though the experience has changed the visitors’ perception of the product, the actual role of the product remains the same. This means that the visitors would not purchase the product in order to remember the experience they had.

We therefore inquired: *How does the factory experience affect the role of the product?*



**Figure 6: Perception of the main Product.**



As mentioned above, Volvo does not perceive itself as a tourist attraction; moreover the product is far too expensive to be purchased on impulsive behaviour, no matter how good the experience is. Still, according to Evans (Volvo, 2003), “*There have been occasions when special customers e.g. sheiks, the Russian mafia, etc. wanted to buy cars directly after the visit to the factory*”. However, this is, according to Evans (Volvo, 2003), due to the special distribution agreements not possible.

According to Ortmann (BayKomm, 2003), the products of Bayer would not be purchased as souvenirs even though the experience factory is not regarded as a marketing arena. We still believe that the experience at BayKomm could cause the role of the product to become more of a souvenir if they had another

product. However, as Bayer's products are mainly intermediate products<sup>15</sup> (Ortmann, BayKomm, 2003) and the remaining consumer products, e.g., medicine, are not the type that we believe would have the emotional appeal of a souvenir. It can therefore be assumed that the function of the product remains as "normal" products.

In our opinion Autostadt has all characteristics of a tourist attraction and also offers many special souvenirs related to Autostadt. However, according to Schadewald (Autostadt, 2003), the car still remains as the main product, as Volkswagen did not create Autostadt to sell souvenirs. Like Volvo, the product can also be assumed to be too expensive to be purchased on pure impulse behaviour. The same agreements as Volvo, concerning distribution, apply to Autostadt, and the Flensburger Brewery. The Flensburger Brewery, however, offers visitors a limited amount of special beer (Möller, Flensburg Brewery, 2003) that, in our opinion, can be considered to be a souvenir. We believe, that if visitors were allowed to buy beer, the products would be purchased mostly for consumption, but could still have a memory function.

People visiting the Pottery District and the Kingdom of Crystal purchase products for various reasons. We assume that the motive for the visit affects the perception of the product. According to Birgersgård (Kingdom of Crystal, 2003), there are tourists who purchase the products as souvenirs, as well as customers whose main motive is to purchase products at discount prices. For the latter group, we believe that the experience is just an extra offer to justify the journey. Similar purchase motives were mentioned by Hertelendy (Gränna, 2003). However, it seems that the experience works as stronger incentive than the product itself. According to Hertelendy, (Gränna, 2003) visitors want to try the experience, i.e., the peppermint rock candy, rather than purchase it just because they feel like tasting something sweet.

Legoland is a tourist attraction; therefore the products function mainly as souvenirs and the visitors want to try the experience with the products. However, Legoland also has a brand shop with a complete collection of all the products (Jensen, Legoland, 2003).

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<sup>15</sup> 70% of sales are business to business.

In general, we could conclude that the more experience orientated the main offer is, the more the product is perceived as a souvenir. However, we found out that there were more aspects that needed to be considered. The role of the product is also affected by the price of the product, as mentioned by Evans (Volvo, 2003) and Schadewald (Autostadt, 2003). Moreover, the product has to have some emotional appeal, e.g., medicine would never be considered a souvenir even if the main offer were perceived as a good experience. We also believe that the product needs to be well connected to the experience, as a souvenir should act as a memory of the experience (Belk, 1990; Love and Sheldon, 1998). However, Pine and Gilmore (1999) claim that there is only demand for souvenirs if the experience is filled with positive clues. We therefore believe that the experience itself needs to have emotional value worthy of remembering.

#### **7.4 Historical perspective**

The experience economy and experience marketing are rather recent discoveries highlighted by Pine and Gilmore in 1999. Still there are a number of factories that have an extensive history of factory experiences. It therefore seems unlikely that so many factories have constructed the factory experiences purposely. Consider the Bonbon factory located in Denmark that, due to hygiene reasons, started giving tours in a miniaturised candy factory and later became a popular theme park ([www.bonbon-land.dk](http://www.bonbon-land.dk)). Others could have been constructed for similar purposes, but may have evolved in other directions or simply have developed at a slower pace. Therefore it is difficult to see the connection between some of the experience factories just from determining what they are now. We believe that the existence of experience factories today can be better understood by exploring how they evolved.

We therefore inquired: *When how and why did the “experience factory” evolve?*

Factory tours have been around for decades: *“People have always had an interest in seeing how products are produced”* (Ortmann, BayKomm, 2003). We believe that many of the tours have undergone changes during their

development. However, we noticed that some of the experience factories still maintain much of their original structure, e.g., Volvo, and the Flensburger Brewery. They mainly renewed the information during the tours and added new technology to better serve the marketing objectives of the company and its products.

We believe that the evolution, from companies providing products to companies providing experiences, can easily be seen in Gränna. According to Hertelendy (Gränna, 2003), the factories for a long time simply sold homogeneous products competing mainly on price. Later, services, in terms of different distribution, were added. Some of the factories started to offer customised products, e.g., companies could order packages with their logo, and special shape of the product. Today many of the companies have moved into the experience industry, organising kick offs, where groups are invited to eat and drink while being entertained. Some even have added a fun bakery contest to see who makes the best and the worst creation (Hertelendy, Gränna, 2003). We regard this as very good example of an industry finding new ways to differentiate the offer. As mentioned in theory, simply competing on price is not enough any more (Shaw and Ivens, 2002).

The Pottery District and the Kingdom of Crystal have undergone a similar evolution. They began as pure manufacturers over time, adding various elements and ending as experience factories. The factories in both areas suffered from the industrialisation period; however, the old traditional handcraftsmanship was kept, and that is one of the main competitive advantages they have today (Birgersgård, Kingdom of Crystal, 2003; Paulstrup, Pottery District, 2003). Therefore we can conclude that, because the companies maintained old-fashioned methods, the companies are actually better adapted to meet the new demand of the consumers today than many of the companies that adapted to the industrialisation.

The stories of Autostadt and BayKomm do not have such an accidental evolution. Both of the creations were started for different reasons: Autostadt in order to reach clients, which is becoming increasingly difficult, and BayKomm in order to cope with the fear and lack of knowledge about chemistry. They also shared similar goals, i.e., to improve the image both for the industry as a whole and for the company. They were both planned from scratch to serve the

purposes of the company and the demand of the market. (Ortmann, BayKomm, 2003, Schadewald, Autostadt, 2003)

As mentioned, the evolution of the experience factories can turn the factory into a self-sustaining business unit that generates income itself. Legoland seems to be a good example in this regard.

*“The story of Legoland began in 1968 to show the product and the possibilities of what could be done with Lego. They had designers building models outside the factory on a field. There were no attractions, but still managed to get 600,000 visitors the first year. The actual factory has never been open for visits mainly due to the risk of espionage. Legoland increased fast in size, first with miniland and then some attractions to follow. Everything that is built at Legoland is built by ordinary Legos and can be built by anyone. Now all the attractions are themed after products e.g. Extreme racer.” (Jensen, Legoland, 2003)*

This case shows how a company manufacturing a product started with a simple exhibition, and ended up as a successful experience provider within one year. According to Jensen (Legoland, 2003), the development continued to follow new trends and the entertainment demands of the visitors. However, today Lego is starting to realise that the theme park could also act as a good marketing tool for Lego. It is interesting that, in our opinion, it was the limitation of not being able to allow visitors in the factory<sup>16</sup> that can be assumed to be one of the main reasons that Legoland exists today.

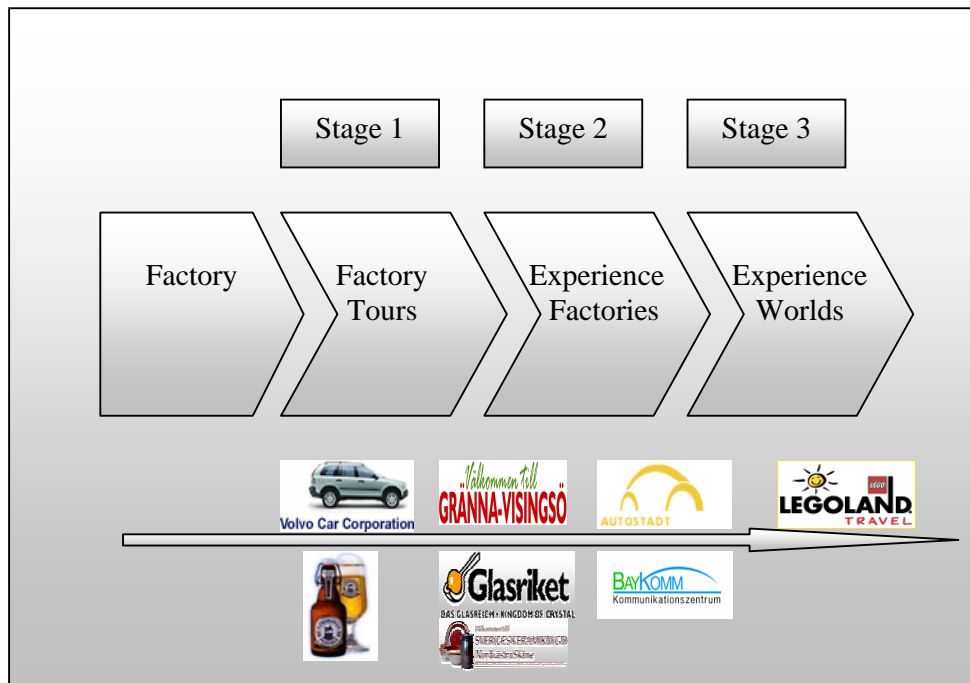
Many of the respondents did not see how their experience factory could be compared to Legoland. When viewing the experience factories from a historical perspective, the connection between them becomes much clearer. In our opinion, the experience factories are simply in different stages in their development. The first step is to increase the experiences by offering a factory tour and perhaps a shop, a museum, or a restaurant. The second step is to increase the elements of experiences further, with much focus on edutainment. Elements not directly linked to the product are added. This requires a more purposely constructed environment in order to ensure that the visitors get the

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<sup>16</sup> Due to the risk of espionage.

right experience. Finally, the third step is to transform the factory into an experience provider. The experience factory becomes a staged experience world. Larger elements with less focus on the product are added in order to attract more visitors.

**Figure 7: Evolution of Factory Experience.**



We argue that the experience factory is in a form of evolution that almost seems natural for producing companies. In experience literature, the changes in western society, e.g., the shift of consumption, but also changes in technology and business environment, have pushed the development (Shaw and Ivens, 2002; Dwyer-Owens, 2000; Pine and Gilmore, 1999).

We agree to some extent with Pine and Gilmore (2000), who claim that today the experience is usually given away, but that in the future the experience will come even more into focus and finally become the economic offering. However, we still believe that the truly successful experience factories can manage to increase the experience without losing the focus of the product.

## **VIII. Why are companies providing factory experiences?**

As we described in the Chapter 5, there are a number of advantages for companies that would like to implement an experience approach. Even though some of the companies have not chosen the strategies intentionally, all have realised that they benefit from providing factory experiences today. We argue that there are two main benefits generated for the company by offering a factory experience. These are either some type of marketing benefit including sales, or some kind of income directly generated by the experience factory. A case study conducted on the Wensleydale Cheese Experience, also revealed that these two broad categories include all benefits generated for the company (Swarbrooke and Horner, 1999). It therefore seems logical to say that all the companies must benefit either from marketing effect or income directly generated from the experience factory.

### **8.1 Charging Admission or not?**

There are companies that have started to realise that they can charge admission for giving “access” (Rifkin, 2000). According to Pine and Gilmore (1999), business is defined by what it collects revenue from. This means that the experience factories that charge admission are experience providers, while those that do not charge admission are selling and marketing products. We will investigate the relationship between the experience factories that charge admission and their view of the purpose of the factory experience. We believe that the companies that view the experience factories as tourist attractions will be more likely to charge admission. The opposite can be assumed to be true for the companies that view the factory experience mostly as a marketing tool.

Therefore it seem logic that: no admission = marketing tool, or that: admission = tourist attraction. The basis for this argument is that the companies must benefit in one way or another from offering factory experiences: either from the marketing effect and sales, or income directly from the experience factory.

**Figure 8: Admission charge of the Experience Factories**

<b>Experience Factory</b>	<b>Admission charge</b>
Volvo Visitors Centre	None
Flensburger Brewery	None (5 euro for food)
Pottery District	None
Gränna	None
BayKomm	None
Autostadt	10-14 euro
Legoland	24 euro
Kingdom of Crystal	None

As shown by Figure 8, Legoland is the experience factory which charges the highest admission, at roughly 24 euros ([www.legoland.com](http://www.legoland.com)). Autostadt charges the second highest admission. However, the visitors collecting a car are not charged, i.e., the experience is “thrown in” for free (Schadewald, Autostadt, 2003). Still, we view Autostadt as something in between a tourist attraction and marketing tool, as it can be assumed to give great benefit for the brand image. That is perhaps why Schadewald (Autostadt, 2003) argues that they do not want to charge admission, but they do, because their own costs would be too high otherwise. For this reason we believe that the admission charged is not high in comparison to the experience.

From our point of view, BayKomm is perhaps the only experience factory that does not have a clear connection in terms of benefits. According to Ortmann (BayKomm, 2003), BayKomm does not charge admission for any visitor; moreover it is not meant to be a marketing tool. However, as Bayer and all of the other companies are commercial organisations, we can conclude that Bayer still benefits somehow. Benefits are not generated through admission; therefore we assume that Bayer benefits from the experience factory with a better brand image. Moreover, Ortmann (BayKomm, 2003) agreed, that it is likely that the chemical industry as a whole benefits from reducing the fear and lack of knowledge about chemistry. The problematic issue from our perspective is that the companies in the industry can be assumed not to benefit greatly from



actually having an experience factory, but would according to Ortmann (BayKomm, 2003) lose much, if they did not have a proper “communication platform” of some kind. Finally, we can assume that, as the experience factory is generating public trust, it would destroy the whole purpose and ruin the company’s reputation, if income was generated from the fear that the company is perceived to have caused.

None of the areas, which consist of more than one experience factory, charges admission. The main reason for this is that the sales are directly linked to the factory visit; it is well known that the experience increases sales (Birgersgård, Kingdom of Crystals, 2003). However, in the cases where the experience is a larger part than the actual product e.g. when peppermint rock candy factories in Gränna organise kick offs, the visitors are charged for the experience and get the product for free. When the visitors are allowed to create the product themselves, the production suffers and sometimes even has to stop totally. In this case, it can be reasonable to charge for the experiences at the experience factories (Birgersgård, Kingdom of Crystals, 2003; Hertelendy, Gränna, 2003).

The Flensburger Brewery charges an admission; however, the admission does not even cover the costs for the free beer and the meal offered at the end of the tour (Möller, Flensburger Brewery, 2003). Therefore we could claim that the visitors pay for the food and get the experience for free. According to Evans (Volvo, 2003), Volvo does not charge any admission for the tour, as it has been an unwritten rule not to charge admission. This could be because many people in the region see it as their privilege to have public access to the factory tour, i.e., Volvo belongs to the city (Evans, Volvo, 2003). However, we also believe that that policy creates goodwill and that a better image for Volvo.

Therefore we can conclude that those companies that benefit greatly from direct sales and the marketing effect do not charge admission. We believe mainly this is due to their knowledge that the visitors either buy more products or are willing to pay more for the same product after their perception has been changed. However, this “free” experience can be assumed to be included in the price customers pay for the product as any other considerable cost. Consider, for example, what is included in the price for food at an expensive restaurant. Therefore we can conclude that there is a relationship between little or no admission, and the marketing effect. The benefit equation therefore should be:

**“No” admission = marketing tool vs. admission = tourist attraction.**

It seems interesting that some of the experience factories generate income, both from admission and from the marketing effect, e.g., Legoland and Autostadt. This is what we refer to as being a self-sustaining marketing tool. That means that companies actually can charge people money for taking part in promotion for the company. Imagine viewers paying to see a company’s advertisement.

Most of the experience factories do not charge any admission today. We believe that in the future these companies should try to increase the experience at the factories so that an admission can be charged for the factory experience. As mentioned above, Pine and Gilmore (1999) state that companies are defined by what they are charging money for, and therefore admission is necessary to become a true experience provider. Moreover, as an attraction by definition, draws visitors by its qualities<sup>17</sup>, it becomes vital that the experience factories actually provide qualities that the visitors value. However, this will not only justify an admission, but will also increase the perceived value of the product. As according to Pine and Gilmore (1999), the progression of economic value takes a huge leap when an experience is added to the service or product provided. This means that the product becomes perceived as having a higher value when it is imbedded in an experience. Compare, for example, the cost for a cup of coffee prepared at home and a coffee served at an exclusive café. Here, the experience factories have taken the step toward becoming experience providers and thus by definition also becoming more of a tourist attraction.

## **8.2 Benefits as a Tourist Attraction**

The cornerstone behind the reason for the experience economy is that the progression of value should increase when a product or a service is turned into an experience (Pine and Gilmore, 1999). Consider, for example, how the value for peppermint rock candy will increase when factories organise kick offs, rather than simply sell the products. One argument that Pine and Gilmore (1999) mention is that when a company becomes a true experience provider, the experience will be charged for and the product will be thrown in for free.

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<sup>17</sup> [www.dictionary.cambridge.org](http://www.dictionary.cambridge.org)

Hence, the visitors at the kick off are not charged for the product, but for the experience. Here the benefits for the experience factory are comparable to those of a tourist attraction. However, we believe that it is unlikely that any of the companies ever will become pure experience providers. Even Legoland, that in our opinion has developed the furthest in terms of charging for the experience, only represents a very small part of the income generated by the Lego Corporation. This would be true even if additional Legolands were built (Jensen, Legoland, 2003). Therefore it seems logical that the main effects of the factory experiences for the companies are communication benefits, and how this affects the perception of the products and the brands.

This, however, does not mean that income cannot or should not be made by the experience factories themselves. On the contrary, as mentioned above, we believe that the truly successful experience factories should be able to have an experience that supports the product, and at the same time offers an experience worth charging admission for. If success is measured in this respect, then perhaps Legoland and Autostadt are the most successful. For example, Autostadt is the second biggest tourist attraction in Germany, attracting two million visitors each year (Schadewald, Autostadt, 2003). If the number of visitors is multiplied by the average admission of roughly 12 Euro, it certainly seems to contribute a rather large part to the investment. For some of the experience factories, e.g., the Kingdom of Crystal, many benefits of the factory experience as a tourist attraction, might indicate that focus on the experience will continue to grow, thereby becoming more of a tourist attraction like shown in Figure 5. However, before they are able to charge admission, which according to Birgersgård (Kingdom of Crystal, 2003) is currently being discussed, we believe that the actual factory visit needs to be more staged.

Experience factories can also generate additional income through other admissions, restaurants, souvenirs, and merchandising. The main advantage of Legoland, for example, is, “*that it is a very effective way to make money*” (Jensen, Legoland, 2003). However, we noticed that income could also be improved by offering various packages for the visitors, as it is often necessary to include some sort of eating facilities and even accommodation because many of the visitors are travelling from farther away. Horner and Swarbrooke (1999) note, that on-site accommodation encourages visitors to spend more time and more money. Autostadt, for example, has a luxury hotel and because of the

number of activities offered, visitors can spend up to two days within the boundaries of the park (Schadewald, Autostadt, 2003). Moreover, packaging is, according to Hertelendy (Gränna, 2003), important to increase synergy and cooperation among all actors involved.

### **8.3 Benefits as a Marketing Tool**

As discussed in the Chapter 5, experience marketing seems to be superior to traditional marketing in a number of ways. However, most previous literature is based on the premise of benefits from a retail context. We were therefore interested if the experience marketing effect from the experience factories generated the same benefits.

We therefore inquired: *“If the experience factory is seen as a marketing tool, what could be the advantages compared to other marketing tools?”*

In Chapter 5 we mentioned that experience marketing results in: higher credibility, as the risk involved in purchase decisions is reduced, longer contact, stronger and more intense contact, (more senses stimulated), longer remembrance, higher motivation to take in messages, better cost efficiency, and better understanding of the product. Almost all of the experience factories mentioned the same factors. However, many of the experience factories underline that the benefits are difficult to measure in economic terms. A few respondents also mentioned better targeting abilities of the experience factories; however it was not regarded to be as precise as expected.

For Volkswagen, Volvo, Bayer, Lego and the Flensburger Brewery, the brand image and brand loyalty seem to be of major importance and they are well aware of the advantages of this form of communication reaching not only customers, but society as well. Many respondents mentioned, like Urquhart (2002), that it is becoming increasingly difficult to reach clients today. *“Advertisement on TV and other media is not enough anymore!”* (Schadewald, Autostadt, 2003).

An argument mentioned by almost all respondents as well is that people are actually coming of their own free will. This will, according to Hoch and Deighton (1989), increase the motivation to take part in the communication. Volvo, for example, views that as a great opportunity: *“When they are here, we have their attention, and if it is positive then we keep their attention for a long time”* (Evans, Volvo, 2003). Similarly, Möller (Flensburger Brewery, 2003) argues that *“There is a lot more time and you are able to talk to the people, there is the possibility to impart much more knowledge and information than in, for example, a television spot. You have a response rate of 100%!”* (Möller, Flensburger Brewery, 2003).

*“The most important part is getting in contact with clients, experience can act as a client binding instrument and even generate new clients”* (Schadewald, Autostadt, 2003). Similarly, most of the other respondents argue that the personal contact is very important in improving the experience. We believe that this personal contact, mostly through guides, gives the company the opportunity to handle the customers in a more customized way, e.g., individual questions and wishes can be handled better. *“Customers should not receive information passively; rather should be engaged to stimulate interactive communication”* (Ortmann, BayKomm, 2003). That is also why BayKomm even invites some groups for coffee and cake in the cafeteria to stimulate discussions about the content of the experience (Ortmann, BayKomm, 2003). According to Birgersgård (Kingdom of Crystals, 2003), the experience becomes very personal due to the individual encounter with the craftsmen.

According to Birgersgård (Kingdom of Crystal, 2003), the factory experience itself is usually connected to something fun, e.g., being on holiday, partying, eating at nice restaurants, and therefore it becomes part of a positive experience as a whole. Similarly, we believe that the emotions felt during the factory experience could be transmitted to the product.

According to theory, the memory effect is longer when something is experienced, than if just seen or heard. This is something that all respondents mentioned. The length of the memory is in general an effect of how many senses are stimulated (Pine and Gilmore, 1999, Urquhart, 2002). Ortmann (BayKomm, 2003), for example, stresses that experiences are longer remembered: *“if hearing something, then the effect results only in a short*

*memory effect, if seeing something the memory stays a bit longer, but if talking and touching something, then people will remember it for the rest of their lives” (Ortmann, BayKomm, 2003).*

Communicating knowledge about the company and especially about the product, seems to be of high importance for all of the companies. The benefit is the new understanding of the product and the brand. The complexity of a product could be a negative aspect in the decision process, but we believe that by generating more knowledge, this negative aspect could be eliminated or even turned into an advantage. *“What people get to know, they are more likely to buy”* (Pottery District, 2003). Moreover, the complexity of a product could also be seen as an advantage in terms of generating interest; as mentioned by O’Shaughnesse (2003) novelty generates curiosity. We also believe that the new knowledge about the product is likely to change even the perceived value of the product. Guests at the Volvo tour, for example, stated after a visit *“that they could not understand how the cars could be so cheap”* (Evans, Volvo, 2003), thereby referring to the complexity of the production process. Similarly, the visitors at the Kingdom of Crystal experience learn that it takes up to seven craftsmen to create a glass; visitors realise what is produced is actually art and therefore expensive (Birgersgård, Kingdom of Crystal, 2003). According to O’Shaughnesse (2003), these types of products require that the customer has a certain amount of knowledge in order to be able to evaluate and appreciate the product to its full extent.

Finally, people are shopping more and more with their hearts, rather than being rational thinkers. (Shaw and Ivens, 2002; O’Shaughnesse, 2003; Schmitt, 2000) Therefore, it seems logical that companies inviting visitors have a good opportunity to present more than just the products, by showing the values and stories connected to them. Jensen (1999) concludes that people do not buy the products, but rather the stories and the experience behind the product. We agree with Jensen (1999) that people purchase opinions or care for something. We therefore believe that companies can show that they are acting responsibly and demonstrate awareness for society in an understandable and reliable way, e.g., BayKomm, Volvo, Autostadt. This is what Schmitt (1999) refers to as related experiences. Clues such as friendly guides show a nice company and that leads to a changed view of the product and the problems that they cause. *“If the guides are friendly Bayer is a friendly company!”* (Ortmann, BayKomm,

2003). We also noticed that Volvo demonstrates this attitude through showing visitors the concern for their employees, e.g. in terms of safety. The experience environment should support the product as well as the brand. *“The guests are provided with a holistic experience; more is necessary than just Lego bricks to understand Lego, the product and the brand”* (Jensen, Legoland, 2003).

Given the many benefits illustrated, we believe that Legoland, and perhaps BayKomm should connect their offer better to their products. The experience factories already give a good experience, but we believe that the benefits in terms of marketing could be increased to some extent, without affecting the experience in a negative way. This would actually mean moving more towards becoming a marketing arena (see Figure 5). Jensen (Legoland, 2003) mentioned that recently Lego is becoming more aware of this and currently is constructing ways to increase the synergy.

## **8.4 Limitations of Factory Experience**

We have so far not noticed any theoretical discussions regarding the limitations of experience marketing. The benefits that can be generated by experience marketing seem to be without any limit. However, we are aware that there are trends in marketing; therefore arguments supporting newer marketing theories will arise. New theories are often based on arguments that the former marketing strategies had certain limitations. Therefore, we can assume that there are limitations concerning offering experiences in a factory.

We therefore inquired: *“Are there any limitations that you have, in offering factory experience?”*

The replies to this question can be categorised into two broad areas. We differentiate between limitations regarding the actual experience factory and limitations regarding the product.

#### 8.4.1 Limitations regarding the Factory

Almost all of the respondents mentioned resources, geographical issues like space and infrastructure, and seasonality as limitations with regard to the factory. Autostadt, for example, has a capacity of 10.000 people per day, and during the summer this can easily be reached and results in a space limitation (Schadewald, Autostadt, 2003). Moreover, seasonality was mentioned as a problem often related to the capacity. Volvo, for instance, has between 5000-9000 visitors per day during the high season, and during the low season only 200 per day (Evans, Volvo, 2003). Having that many visitors can be a benefit if the experience factory is supposed to be a tourist attraction, but could also be a limitation. The experience factories that do not charge admission and view the experience factories as marketing arenas, could be interested in having more targeted visitors, as the companies do not benefit from providing a free experience to the “wrong” visitor. We believe that Volvo, for example, would actually be better off<sup>18</sup> by receiving fewer visitors, but who are more relevant for the sales, i.e., fewer tourists and school classes. Similarly, Schadewald (Autostadt, 2003) claims that the targeted audience is not similar to the group coming today. The target audience is younger than the average visitor (Schadewald, Autostadt, 2003). We believe that this can lower the effect of the experience factory, as older people generally can be assumed to be more reluctant to change brands.

Urquhart (2002) claims that experience marketing is a personal and very targeted strategy. In our opinion, it can be assumed that the visitors that come to the experience factories have an interest in the product or the company; therefore targeting precision should be good. However, as mentioned above, the experience may still attract the wrong visitors. Especially Volvo seems to have this problem, as the difference between the visitors’ perception of the factory experience and the companies’ view of the tour, can be assumed to be the largest. *“Many tourist see Volvo as a tourist attraction that you have to visit if you are in Gothenburg. Therefore all types of visitors come here, including children and Danish beer drinkers, for whom the tour is not interesting at all”* (Evans, Volvo, 2003).

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<sup>18</sup> In terms of marketing benefits.



When evolving from a factory into experience factory, problems can arise. For example, both the craftsmen at the Kingdom of Crystal and the Pottery District do not fully understand that the opening hours need to be extended to the suit the tourists. This is even a larger problem during traditional Swedish holidays (Birgersgård, Kingdom of Crystal, 2003; Paulstrup, Pottery District, 2003). Birgersgård (Kingdom of Crystals, 2003) mentioned that the infrastructure is a disadvantage, especially as many of their visitors are international guests, travelling by air, and they require a car in order to visit the factories. Even Jensen (Legoland, 2003) argues that infrastructure like parking is a limitation. *“Every time we enlarge the park, parking must be added as well and this is as well a matter of financial resources.”* (Jensen, Legoland, 2003).

Many of the experience factories also claimed that the production can suffer due to the experience, and this was often used as an excuse not to increase the experience in the actual factory. Both Schadewald (Autostadt, 2003) and Evans (Volvo, 2003) claim that valuable production time can be lost if the long trains used for the tours are get in the way. At Gränna and Kingdom of Crystal this occurs when visitors are allowed to create the product themselves (Birgersgård, Kingdom of Crystal, 2003, Hertelendy, Gränna, 2003).

On the other hand, we noticed that sometimes the experience suffers because of the production, as there are areas where visitors simply are not allowed due to safety, health or security. Fear of espionage seemed to be a problem, especially at the factories of Volvo, Volkswagen and Lego, since the cost of research and development is rather high and competition is fierce. The experience can also suffer when too much focus is on the product. Jensen (Legoland, 2003) claims that the experience at Legoland needs to be the number one priority.

*“Experience marketing cannot take up too much room or the experience itself will suffer. If Legoland has marketing and sales clues everywhere, than there is a risk that Legoland will be “Disneyized” with too much product promotion. There is a risk of losing the fingertip feeling of giving experiences. Similarly, if focusing too much on generating money the total experience will suffer. Before Legoland had high prices at the restaurants, but people could not afford to eat whatever they felt like. Now Legoland has more and cheaper offers, so that everyone can enjoy good food for a good price and have a good experience”.* (Jensen, Legoland, 2003)

#### 8.4.2 Limitations regarding the Product

There are, as mentioned, also many product-related limitations. It can be argued that some products are more suitable for experience factories than others. Glass, pottery and Lego are very thankful products as there are almost no limitations for what can be created (Birgersgård, Kingdom of Crystal, 2003; Jensen, Legoland, 2003; Paulstrup, Pottery District, 2003). Schmitt (1999) claims that some customers treat cars as objects of beauty, passion, and desire. Moreover, Schmitt (1999) argues that selling a car is selling a whole complex of feelings, associations and experiences. Evans (Volvo, 2003) mentioned that cars are products that most people are interested in to some extent, as a car is a “*product that our lives circle around*” (Evans, Volvo, 2003). For those reasons, we assume that there are often many emotions involved when purchasing cars. However, Schadewald (Autostadt, 2003) believes that “*just cars are not enough to give an experience; they need to be surrounded by other types of experiences around the whole theme mobility*”.

Cars can be seen as a positive product, but according to Evans (Volvo, 2003) cars can also be seen as negative products. For example during the 70's there was a strong people movement that suggested the society should be without cars. This can be compared to the problem Bayer experiences, as “*chemistry is not in the mind of the people, but BayKomm tries to change that*” (Ortmann, BayKomm, 2003). Moreover, “*Bayers products are not as much known as the problems that they are believed to cause*” (Ortmann, BayKomm, 2003). After the visit we believe that the products can be perceived to actually cause more positive things than negative, although the negative are more visible. Moreover, BayKomm deals with very serious issues like genetic science, and such issues could be seen as a limitation, because the experience cannot be too entertaining. Here we believe that there has to be a balance between the seriousness of the scientific problem and the experience of the visitors.

Other considerations are external factors that affect the world. The dollar exchange rate, SARS and terror attacks such as September 11<sup>th</sup> all influence the world economy. Tourism related industries are especially vulnerable as people travel less. The products perceived as luxury products, e.g., designed glass and pottery, are especially sensitive to economic fluctuations (Birgersgård,

Kingdom of Crystal, 2003; Paulstrup, The Pottery District, 2003). On the other hand, products such as beer and sweets, are very resistant to these fluctuations (Hertelendy Gränna, 2003; Möller, Flensburger Brewery, 2003).

In some factories, e.g., Volkswagen and especially Volvo, the visitors are not allowed to take pictures and are therefore left with no memorabilia. We therefore believe that the companies should think of providing alternatives to pictures, which Autostadt does to some extent by offering a broad choice of souvenirs.

It can be argued that some of the products that are more expensive such as cars, have an advantage compared to other products as the cost to give the customer an experience represents a smaller proportion of the price. Because of the high prices of the product, Volvo dealers in the USA can even offer the clients the experience of travelling to Sweden and collecting their car. Similarly, Volkswagen offers the trip and the experience at Autostadt. In these cases the cost and the profit of the product is higher, and more can be spent to give each customer an experience. On the other hand, we noticed that some products have a more interesting production process, for example, glass manufacturing and pottery making. It can also be assumed to be an advantage if the product is eatable or drinkable, as the tour can stimulate more senses and really make visitors want to try the product afterwards. As mentioned in the theory, (Wilkie, 1995; O'Shaughnessy, 2003), consumers are more likely to buy products if they can smell them, as smell connects directly with the emotional centre of the brain. However, we agree with Schadewald (Autostadt, 2003) that perhaps the most important issue is that there are enough financial resources. As mentioned in the theory, Steiner (2000) also explains that having financial resources is the most important issue. Steiner (2000) also argues that not only cheese factories, glasswork factories or car manufacturers can provide experience. Every product that fits into an experience environment can provide an experience. (Steiner, 2000) Therefore we conclude that if there are enough financial resources to support the product, every factory can be turned into an experience.

*~Why are companies providing factory experience? ~*









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## IX. How are companies providing factory experience?

### 9.1 Elements of an experience factory

What are companies actually doing to provide an experience at the factory? What attractions, services, and other elements, do the experience factories include? Figure 9 gives an overview of what elements the examined experience factories contain:

**Figure 9: The Experience Factories and their Elements.**

Flensburger Brewery		Film, Factory Tour, Food and Beverage.
Volvo Cars		Presentation, Factory Tour, (Museum, Security Centre, Car Track, Volvohallen, Shop (not part of the factory experience)).
The Pottery District		Factory Tour, Shops, Food, Museum.
Gränna		Factory Tour, Shops, Boat Trips, Food, Kick Offs, Entertainment, Events.
Kingdom of Crystal		Factory Tour, Shops, Restaurants (Hyttstill), Museum, Exhibitions, Events.
BayKomm		8 different themed rooms, architecture, a garden, conference and education centre, Factory tours, food and beverages, a bistro, events, sometimes movies.
Autostadt		9 restaurants, shops, a luxury hotel, factory tours, attractions for children, film attractions, art, landscaping, communication stations, museum, brand pavilions, events.
Legoland		20 restaurants, Hotels, shops, fun rides, rollercoaster, different attractions, 4 D theatre, film of factory tour.

We believe, while some of the experience factories have been renewed with elements to support the increasing demand for experiences, many of the experience factories maintained their original factory tour as the main attraction. From our point of view, the newest trend seems to be consciously constructed experience worlds, which also serve as marketing arenas for the companies.

We discovered that the core in some of the experience factories, (e.g. Volvo and the Flensburger Brewery), is still the original factory tour. The tours remain more or less as they were from the start; however, some elements have been upgraded with new technology (Evans, Volvo, 2003; Möller, Flensburger, 2003). Volvo, for example, has changed from the old wagons driven by a forklift into more modern tour trains (Evans, Volvo, 2003). To some extent surrounding services have been added to the experience. At the Flensburger Brewery not many things have changed, other than that a dinner has been added to the tour (Möller, Flensburger, 2003). Volvo has added some elements such as a souvenir shop and a museum; however, these are not connected with the factory tour (Evans, Volvo, 2003).

We have observed that in the areas where more than one experience factory is located, efforts from the local tourist organisations have been made to connect the many experience factories and add supporting elements. At the Pottery District, the old pottery factory of Höganäs still operates during high season, not so much for production, but rather to display the traditional handcrafts involved in the production process (Paulstrup, Pottery District, 2003).

Both Autostadt and BayKomm were created purposely from scratch. (Schadewald, Autostadt, 2003; Ortmann, BayKomm, 2003) We observed, that both have included many experience elements that are not built around the production, but rather around the core values of the brands, e.g., environment or security. Thus the actual production only acts as a small although important part of the experience. During the visit to BayKomm, visitors can experience different themes that move society in eight different rooms. (Ortmann, Baykomm, 2003) We detected that both Autostadt and BayKomm focus on architecture and design. However, Autostadt is much larger and includes many more activities. It contains, for example, seven multimedia cinemas of different sizes, nine restaurants, a luxury hotel and much more. (Schadewald, Autostadt,

2003) In our opinion, this can almost be compared to a theme park like Legoland, except for the absence of roller coasters and other fun rides.

## **9.2 How does the Experience influence the Product?**

In order to benefit as much as possible from the experience factories Pine and Gilmore (1999) suggest that it is important that the whole experience supports the company and its products. In this chapter we will try to investigate the relationship between the product and different elements of the experiencescape. We argue that stimulating the right senses and leaving the visitors with the “right feeling” during the actual factory experience could influence the perception of the product as well as the company. Pine and Gilmore (1999) mention that having the right theme that supports the product, represented through the whole factory experience, is very important. We, however, will try to illustrate our own view of the theme in connection to factory experience and in relation to the product. The employees are another element of the experiencescape (Shaw and Ivens, 2002). We believe that their behaviour, and the information they provide could also have an impact with regard to the product and the company. Since the main subject of this thesis is factory experience, it might be of importance to mention how the actual factory tours influence the product and the company.

Generally, it can be assumed that everything in the experience environment can be related to the product (Shaw and Ivens, 2002). We believe if guests have a negative experience in the experiencescape, it might influence the way people perceive the product, even after their visit. If people see sloppiness in the production or in the tour itself, the perception of the product could turn negative. Hence, Integrated Experience Communication<sup>19</sup> could be of great importance. The factors mentioned above only represent a small part of the elements in the experiencescape. However, in our opinion, they are especially important in regard to the product and in order to have a maximal marketing effect. That is why we will discuss them more in detail in the following chapters.

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<sup>19</sup> Adapted from Integrated marketing communication by Bitner (1992) also see chapter 6.2.2.

### **9.2.1 Relating the Senses to the Product**

According to Pine and Gilmore (1999), stimulating as many senses as possible should be a goal. However, we argue that the senses stimulated should be the “right” senses in regard to the product. The senses should support the product and the company’s values.

In our opinion, Autostadt has successfully implemented this link between the senses and the product. The tests that the car has to undergo during the production can, for example, be experience, by having the same senses stimulated. Visitors can, for example, experience ice, vibrations, wind, fog, and warmth, in various specially designed rooms. (Schadewald, Autostadt, 2003) Similarly, visitors to the smelteries in the Kingdom of Crystal encounter with the extreme heat necessary to produce the creations. According to Birgersgård (Kingdom of Crystal, 2003) “*visitors can smell the warmness from the ovens.*” At the Flensburger Brewery the actual tasting of the product combined with the guides’ knowledge could change the perceived value of the product after the visit. (Möller, Flensburger, 2003) We believe that even these stimuli are likely to change the perception of the product after the visit at the experience factory.

In our opinion, a mismatch in the relationship between the “feeling” visitors get at the experience factories, and the product or the company, could turn into a negative feeling. We agree with Schmitt (1999) who states; “*when they feel good, they love the product and the company; when they feel bad, they will avoid the product and the company*” (Schmitt, 1999 p. 122).

### **9.2.2 The Role of the Theme**

In our opinion, the theme should show the overall image of the experience factory. It is the main thing that should serve as a lead star of the experience (Pine and Gilmore, 1999). We agree with Schmitt (1999) that themes represent the message that communicates content and meaning about the company and its products. However, in our opinion, another level of a theme, besides the companies’ values and the product, exists. We believe that some of the experience factories could have a more general and society oriented theme.



We observed that one possibility is that the theme could be narrow, focusing only on experiences from the companies' own products. In our opinion, this can be seen at Gränna, the Kingdom of Crystal and the Pottery District. Other companies have realised that the theme can also reflect the whole company and its values (Schmitt, 1999). In our opinion, Volvo has done this by focusing on the company's history and its core values. We observed that during the actual visit to the production area, there are, of course, cars, but otherwise there is no real connection to the product. Even Evans (Volvo, 2003) states that *"it is difficult to connect the tour environment with the different products; there are so many different customer groups who are treated differently. So we try to get the main attention to the Volvo brand, not any particular product."*

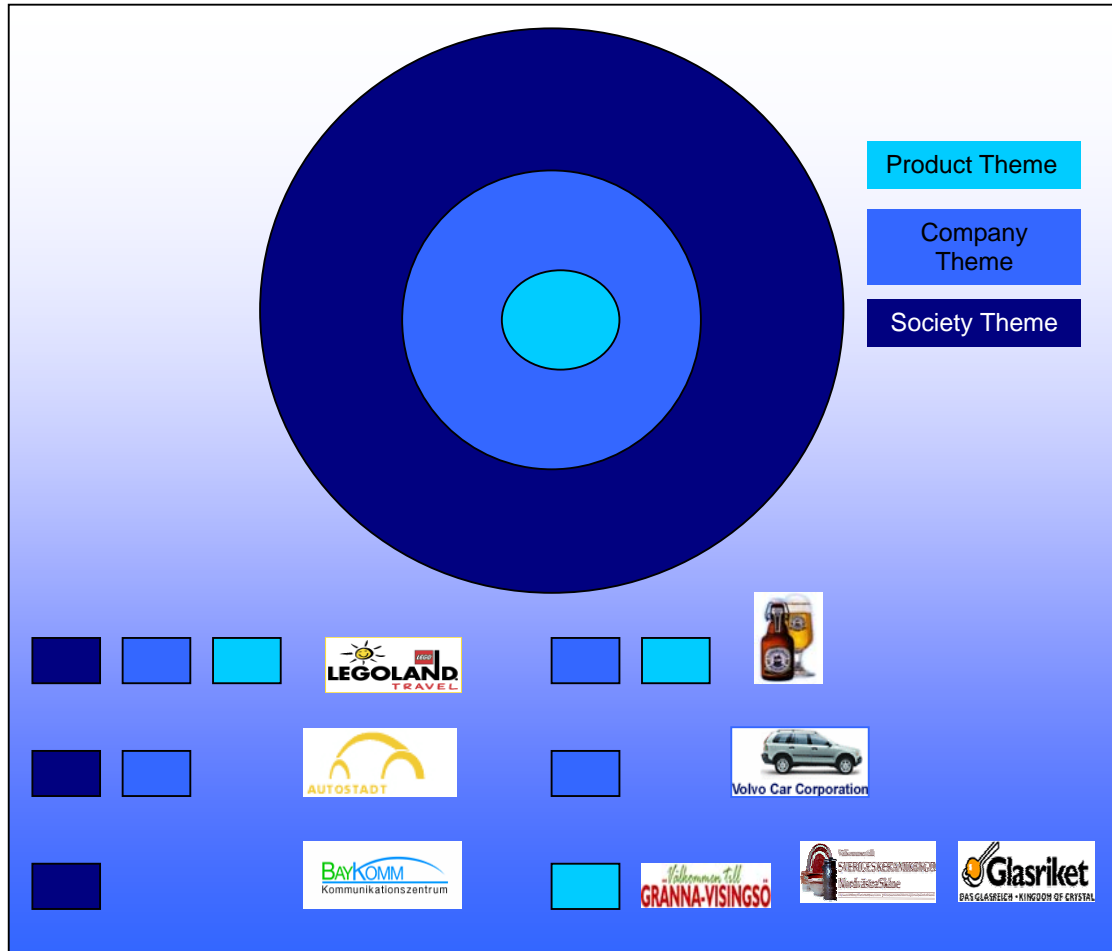
In our point of view, the Flensburger Brewery has the same kind of factory experience, but the experience environment is much more connected to the products. The visitors are, for example, able to experience all products during the tour (Möller, Flensburger, 2003). The guides have a lot of knowledge about the different products, and they function as convincing marketers for the brand (Möller, Flensburger, 2003). *"The dry humour as the central theme of the brand, and the image of being traditional is visible throughout the whole visit, and especially through the guides"* (Möller, Flensburg, 2003). However, even if the factory experience is much more product oriented, we believe the theme mostly acts as a mental anchor for the brand and the company.

As mentioned above, we believe that the theme can relate to a broader context. Schmitt (1999) takes a customer perspective by saying that people in general use certain social categories to describe themselves; we argue that, similarly, companies can look for social categories to connect on a broader level with customers. In our opinion, this social identity can be found even in the themes of some experience factories. In these cases, not only the product or the brand is represented in the theme, but issues of interest to society as well. At Legoland the theme is "Play on" (Jensen, Legoland, 2003), which in our view relates not only to the use of the products of Lego, but rather to the creativity necessary to play in general. Hence the theme acts a society connected theme. Still, we discovered that the environment shows that everything is connected to the products of Lego, and therefore the theme acts as a link between all three categories illustrated in Figure 10.

At Autostadt the theme is “Cars, people and what moves them” (Schadewald, Autostadt, 2003). This theme not only refers to mobility, but also to issues that move people emotionally in a broader context. Similarly, we found that BayKomm’s theme is broader than the company and its products, representing chemistry in general and issues surrounding chemistry. The theme is “Bridge to the society, bridge to chemistry” (www.baykomm.bayer.de).

Figure 10 shows the categorization of the theme of the different experience factories. It is worth mentioning again that a theme does not necessarily have to be in only one category.

**Figure 10: The Context of the Theme.**



We believe that if the theme represents the products and the company in a broader context, the experience environment can include many more subjects, and perhaps touch visitors more emotionally. Autostadt, for example, includes education on safety in general (Schadewald, Autostadt, 2003), and even people that are not interested in cars should still be interested in their own and their family's safety. On the other hand, we believe, if the theme becomes too broad without referring back to the product, the experience can be great, but the benefit for the company can be lost. Consider how the experience at BayKomm focuses on the problems and possibilities caused by chemistry as a whole, but does not display any of their own products. We believe that the product does not receive any direct benefit from the experience; however, according to Ortmann (BayKomm, 2003) this lack of direct benefit is a conscious strategy of Bayer. Our conclusion is that the main benefit for the experience factories choosing this strategy is some form of corporate citizenship<sup>20</sup> and increased interest for the type of product. It can be assumed that the experience factories that choose focusing their theme on their own product, can expect a direct effect on sales. However, this strategy is likely to only generate short-term loyalty.

Whether experience factories want to have a narrow theme just around their specific product, or a broader theme including the effect it has on people, it is important to have a clearly defined strategy (Pine and Gilmore, 1999). The Pottery District, for example, does not include anything else but pottery: *"If the theme would also include other cultural activities then the message would become unclear"* (Paulstrup, The Pottery District, 2003). Moreover, the theme can appear in the form of visual symbols, verbal slogans, jingles, general concepts, or in a combination of these theme elements, to evoke sensory imagery (Schmitt, 1999). BayKomm has the theme "A bridge to society", and includes a symbol of a bridge as their logo; there is even a real bridge included in the architecture (Ortmann, BayKomm, 2003). Therefore we can conclude that the theme has influence on the product and the company, and also might even determine where the company and their products stand in relation to society.

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<sup>20</sup> Demonstrating concern for public and thereby acting as a responsible member of society.

### **9.2.3 Relating the Employees to the Product**

We can assume that the guides are perhaps the most important sources of information for the visitors. At Volvo everything said during the tour has to be approved by the information staff (Evans, Volvo, 2003). We detected that the control of the information is even stricter at BayKomm. During the visits, guides are only allowed to communicate in the language they are trained in. The reason is that similar to the other parts of the experiencescape, the behaviour of the employees can have an effect on the perception of the product and the company (Shaw and Ivens, 2002). At BayKomm the staff is very friendly. This friendliness is associated with the visitors' view of the company and therefore also the product (Ortmann, BayKomm, 2003). According to Ortmann, (BayKomm, 2003), many visitors leave with the impression; *"The guides at BayKomm were so nice, then Bayer must be a friendly company"*. We believe, that even at the Pottery District, the friendliness and professionalism of the craftsmen could influence the perception of the product. Similarly, the high quality of the service at Autostadt should reflect the quality of the car (Schadewald, Autostadt, 2003). We detected that in fact most of the attractions at Autostadt where employees are involved, deal with issues that can easily be associated with the car, such as safety, environmental issues, and social concern.

### **9.2.4 The Factory Tour and the Product**

As mentioned above, we believe that the factory tours especially have an effect on the perception of the product. These tours can act as important parts of the experiencescape, and the following examples illustrate how the tours act as a tool of credibility and authenticity.

*"Where a product is linked to its town of origin, a visit becomes a bit like a pilgrimage!"* (Pine, 2000 p.73).

The peppermint rock candy production in Gränna goes back more than 150 years, but visitors have only been allowed to see the production during the last 30 years (Hertelendy, Gränna, 2003). According to Hertelendy (Gränna, 2003), most companies were afraid that the product would suffer from too much competition by allowing people to see the production process. *"It was long a secret that people thought should only be known in Gränna."* (Hertelendy,

Gränna, 2003). After the secret was known, there were no reasons for the other factories to not allow visitors as well (Hertelendy, Gränna, 2003). We believe that this story reflects why peppermint factories in Gränna always stress the fact that the peppermint rock candies are authentic, i.e., traditional products from its origin, Gränna.

As already mentioned, the factory tour at Volvo demonstrates that the core values are not only represented in the product, but throughout the whole company. We observed that visitors can see that the employees' safety comes first, even in the production. Later during the tour, the precision involved in the production is mentioned, which we believe is meant to signal high quality. Finally, we observed that environmental consideration is demonstrated by informing visitors that the factory is heated in an environmentally friendly way. "*Safety is built into the backbone of Volvo*" (Evans, Volvo, 2003). In our opinion, this is a good example of Integrated Experience Communication.

We discovered that the actual tour in the factories (Autostadt and BayKomm) only plays a small role in these experience factories. However, we believe, it is very important to include the tour as it functions as authentic evidence of what has been communicated in the rest of the experience environment. "*The information we give at BayKomm is not always enough for some visitors, which is why we also need to show the reality in the factories!*" (Ortmann, BayKomm, 2003). Thus, in our opinion, factory tours are essential in order to gain total trust. Moreover, we believe it also ties the experience to the product and the brand, so that the synergy increases the marketing effect.

As mentioned, in all of the cases where factory experience consists of more than one factory there is interdependence between the destination and the factories. Even though the main offer from the destinations' perspective may be the experience, we assume the product has to be considered. Without the income generated from the sales, the factories would not have factory tours (Birgersgård, Kingdom of Crystal, 2003). "*Without the factory tours the destination would lose its credibility and become a big shopping centre*" (Birgersgård, Kingdom of Crystal, 2003). The same can be valid for Gränna as the peppermint rock candy factories are the main attraction of the destination (Hertelendy, Gränna, 2003). The peppermint rock candy is on the other hand dependent on the destinations' image. (Hertelendy, Gränna, 2003) We assume

that if the exactly same product would be produced elsewhere it would not have the same perceived value. “*Value is added simply because the authenticity of being made in Gränna*” (Hertelendy, Gränna, 2003). We could conclude that that the two offers, which are more focused on the experience, also bring authenticity and credibility to the destination. According to Swarbrooke and Horner (1999) the tourist, in general, values authentic experience in a destination.

### **9.3 Strategies to provide an experience**

It can be assumed that, in order to provide an experience at the factories, companies can include various elements and attractions around the factory tour. As we mentioned in the Chapter 6 (Pine and Gilmore, 1999; Föster and Kreuz, 2002), the goal should be to stimulate as many senses as possible, which can be implemented through different strategies. In our opinion, engaging the visitors, increasing the entertainment or education, and adding various stimuli to the environment are the main strategies. We also believe that the experience should be remembered for a long time, and from the companies’ point of view, even be associated with the product.

#### **9.3.1 A Stimulating Experiencescape**

Many authors mentioned in Chapter 6 (Pine and Gilmore, 1999; Opaschowski, 1995; Föster and Kreuz, 2002) agree that the physical environment influences the experience. In our opinion, this experiencescape consists of how the physical environment stimulates the senses, and what kind of emotions they evoke. In the Kingdom of Crystal, the lights at the ovens draw the attention and almost hypnotise the visitors (Birgersgard, Kingdom of Crystal, 2003). Similarly, we experienced that chemistry can be heard, smelled, touched, and seen at BayKomm by combining different senses. Visitors can experience how different colours of leather smell and hear how hard and soft materials sound (Ortmann, BayKomm, 2003).

We observed that everything at Autostadt stimulates the senses to some extent. It is interesting that there are almost no signs; instead visitors should experience everything through the senses (Schadewald, Autostadt, 2003). Other

examples are a mist tunnel limiting the visitors' sight to only half a metre. When guests step into a small box they can experience the extreme vibrations that cars go through in the testing phase. Similarly cold and warm rooms are even more emphasised by using blue and red colours. Therefore we assume that the experiencescape is created through the stimulation of senses. In the following sector, we will give some examples of elements and factors, which can be important parts in the experiencescape.

## **Technology**

We believe, especially at Autostadt, the usage of different media and technologies seems to be very stimulating. Like Föster and Kreuz, (2002) and The Journal of Design (2003) we argue that the availability of these new technologies can give experience factories even better opportunities to stimulate even more senses. Similarly, the technology at Legoland has made it possible to offer a 4 dimensional cinema, not only including 3-D vision, but also smell, smoke, snow, wind and water (Jensen, Legoland, 2003). Another example from Legoland is:

*“Legoland offer the guests a new experience called “Legoland after dark”, which is a new experience when the park is opened during the dark hours. The light has specifically been set up on attractions to create a special feeling and experience.*

*The sound has also been added almost everywhere in the park. There are real animals that make sounds, but there are also Lego characters that play instruments and even garbage cans that speak”. (Jensen, Legoland, 2003)*

## **Food**

We agree that the easiest way to stimulate the senses is simply by adding food to the experience (Pine and Gilmore, 1999), but the food must fit the environment and support the strategies. Consider how food would taste at a paper mill with the awful smell of pulp. Food can also be used to strengthen the image of the experience factory by appealing to traditions. Visitors at the Pottery District and the Flensburger Brewery can, for example, enjoy traditional food from the region in an environment directly connected to the product. (Paulstrup, Pottery District, 2003; Möller, Flensburger, 2003) At the

Kingdom of Crystal visitors can try “Hytt sill” which is a special meal, traditionally eaten by the craftsmen during the traditional and social events. (Birgersgård, Kingdom of Crystal, 2003) In their brochure the food experience is described as *“a gastronomic and exciting experience. The heat from the furnaces, the accordion music, the singing and the authentic Småland cuisine create a warm atmosphere”* (Kingdom of Crystal Magazine, 2003). At Legoland we believe that this kind of “food strategy” can be seen in the specially shaped Lego-fries; *“They give the visitors a possibility to even taste Lego”* (Jensen, Legoland, 2003). In our opinion, these are excellent examples how the stimulation of the senses with food is integrated in the experiencescape. We argue therefore that a successful meal should be connected even to the other senses.

### **Guides and Employees**

We observed that at many of the experience factories the guides are responsive to the visitors. The Flensburger Brewery, for example, encourages the guests to ask questions and communicate with the guides (Möller, Flensburger, 2003). At Volvo, directly after the film the guide asks where the guests are from, in order to create an atmosphere with open dialogue (Evans, Volvo, 2003). We believe that perhaps the guides at BayKomm are most developed in this aspect, and it can be assumed that, what Shaw and Ivans (2003) refer to as “planning the emotions” has been considered at BayKomm.

*“The guides should make the visitors feel comfortable to generate as many questions as possible. The guides must therefore never be pushy; simply welcome them, ask if they are interested in something particular. It is important to have fingertip feeling to find what they are interested in and how to set off their curiosity. The guides must try to feel the visitors’ moods, interests. Guests might say that they are not interested in chemicals, and then the guides can show alternatives such as the special designed car made out of plastic. Most people find that interesting, then many want to see something else and so on. It is vital that you never force information on visitors. Let the visitors choose for themselves.”* (Ortmann, BayKomm, 2003)



This example illustrates what MacInnis (1991) describe as the effectiveness of the communication, which is highly dependent on the consumers' motivation, opportunity, and ability to process brand information. However, not only the guides influence the experience of the visitors. We agree with Pine and Gilmore (1999) when they refer to "work as a theatre", and in this aspect, employees at the experience factories could be regarded as actors. In our opinion, a very positive example in this context could be the craftsmen at the Kingdom of Crystal. When we entered the factory, it really felt like they were "performing" for us. The possibility of talking to them gave us a feeling of interaction and engagement.

### **Landscaping and Architecture**

We agree with Föster and Kreuz (2002) that combining architectural elements with various media and design elements stimulates interaction, not only between these elements, but with the customer as well. From our observations we got the impression that only Legoland, Baykomm, and Autostadt use this strategy to improve the experiencescape. At Autostadt, for example, the visitors "*come face to face with a lagoon city in which nature, technology landscape and the architecture of the city all are of the same importance*" (Autostadt Magazine, 2002, p. 29). The various brands of Volkswagen are even symbolized by different kind of trees planted outside the pavilions; e.g., an English oak is planted outside the Bentley pavilion (Autostadt Magazine, 2002 p. 31).

### **The Theme**

As the theme was already discussed in connection with the product, we only want to add that Pine and Gilmore, (1999) argue that the theme should not be a corporate mission statement or a marketing tag line. The theme must drive all the design elements and staged events of the experience toward a unified story line that wholly captivates the customer. We believe that the examples given previously act not only as an instrument to improve the image and the message of a company, but can also act as strategies to improve the experience. However, in accordance with the theory, we agree that stimulating the senses through the physical environment is not enough (Stenhouse, 2003). Therefore

the visitors should be engaged and interact within the experiencescape (Urquhart, 2002).

### **9.3.2 Engagement**

Many researchers agree that engaging the customers is one of the most important strategies in creating experience (Mossberg, 2001; Pine and Gilmore, 1999). As we described in Chapter 6, engaging the visitors can be done in many different ways. Guests can be involved mentally or in some form of physical activity. Much literature is based around the four realms of engagement, in which strategies to generate engagement is divided, depending on the visitors' level of participation and their connection to the environment (Pine and Gilmore, 1999). However, during our interviews we developed the opinion that the experience should rather be defined; is the aim of the experience to teach the visitors, i.e., educate or to pleasure the visitors, i.e., entertain? A learning experience can be accomplished not only by engaging the visitors actively, but also by engaging them passively (Föster and Kreuz, 2002). Similarly, we believe that a pleasurable experience can be provided through both passive and active participation. The respondents did not make a distinction between passive and active participation in the way that Pine and Gilmore (1999) have done. According to Pine and Gilmore, entertainment and escapism is the polarisation, but viewed in terms of outcome, they are very similar. Visitors are likely to say, we had fun, it was amusing, or pleasurable. Similarly, education should be the polarisation to the esthetic; however the outcome after a lecture can be assumed to be similar to a visit to a museum. We therefore focus on the outcome of the experience, and divide strategies the companies have to engage the visitors into education and entertainment. However, it should be noted that most of the education described below seems to have an amusing function as well, to make it more interesting for the visitors. Thus, one could argue that what we describe as education actually is edutainment.

### **Education**

As we mentioned in Chapter 6, education seems to be of great importance in a factory experience context. However, much of the education is focused on how the product is manufactured and/or how the product can be used. After having

visited the experience factories, we agree with O'Shaughnesse (2003) that learning about something makes all the difference, and it becomes clear that the product becomes more valuable, the more one knows about it. Both Autostadt and Volvo offer advanced driving courses on how to drive in a more ecological and safer manner (Evans, Volvo, 2003; Schadewald, Autostadt, 2003). We believe that the visitors thereby learn how to maximise their benefit of the product. Similarly, Legoland itself works as an inspiration to give visitors an idea of the almost unlimited opportunities to create something with Lego bricks. (Jensen, Legoland, 2003).

By demonstrating how complicated the product is to produce, the visitors' perception of the product is likely to change. (O'Shaughnesse, 2003) As already mentioned, the visitors to the Kingdom of Crystal learn that the glass is produced in a traditional way and that it takes seven different craftsmen to finish one wine glass (Birgersgård, Kingdom of Crystal, 2003). In our opinion, this example demonstrates in a comprehensive way that the glass produced is really art and also justifies the price. Similarly, we have observed that Autostadt demonstrates the difference between one engine and another by allowing visitors to travel virtually around inside different models, guessing which engine they are visiting. We believe that this educates the visitors about the engine, but mostly it illustrates in a fun way just how complex an engine really is. Another example from Autostadt is a device that allows visitors to fasten in seat belts and to feel the force of their own bodyweight as it turns. According to Schadewald, Autostadt (2003), the experience is remembered later when the driver straps on the seat belt in a real car; a simple belt has then become a complicated life saving tool.

However, we detected that some experience factories, BayKomm, Autostadt, Legoland, also educate on a more common and society oriented level. At BayKomm, education means reducing people's fear of chemistry. Children can make prints of their own teeth with the special clay used at the dentist. "*This takes away the fear of braces and even the fear of going to the dentist*" (Ortmann, BayKomm, 2003). This can be a good example of entertainment education, which we described in Chapter 6. (Singhal and Rogers, 1994)

We observed that at many of the experience factories visitors are encouraged to design and create themselves. At Legoland guests can create things with Lego everywhere in the experience environment, even in the restaurant (Jensen, Legoland, 2003). Moreover, *“Legoland mindstorms is a concept that allows visitors to try their creativity in a simulated computer world. Visitors can create their own virtual characters and then program them to move or act in a certain way.”* (Jensen, Legoland, 2003). We observed that visitors to Autostadt can design their own cars, both in clay and in computer simulation. There are also possibilities for guests to design and create at the Kingdom of Crystal, the Pottery District and in Gränna; however, this design feature is an additional experience that is charged for. Autostadt displays their environmental concern by an attraction where visitors are encouraged to create their own sun fuel (Schadewald, Autostadt, 2003). First, visitors can plant their own seed, then after being supplied with a password, they keep track of the growth on a website. Finally, the visitors can collect their own bottle of sun fuel. (Autostadt Magazine, 2002)

These examples illustrate how engaging the guests physically stimulates the senses. Senses like touching are transformed into creating and designing, and these examples lead to the assumption that the visitors need to be educated as well, in order to understand the activity and thereby get mentally engaged at the same time.

*“In the new room for crop science, there will be a playful game called “Neutropia”. In this game, visitors play in two teams that come from different planets. They have to solve the task of feeding the planets. The purpose is to give an understanding of why nutrition is so important. There will even be a real growing area with plants from different parts of the world”.* (Ortmann, BayKomm, 2003). This example illustrates true edutainment, and illustrates the demand for another element in the experiencescape: Entertainment.

## **Entertainment**

Another strategy to improve the experience is adding some sort of entertainment (Wolf, 1999). In our opinion, music seems to be the most obvious element to add. However, this should also be in accordance with the strategy. We believe that, for example, including too much entertainment at

BayKomm, that has a rather serious theme, would not be suitable. Autostadt organises special events like blues festival, a few times a year (Schadewald, Autostadt, 2003). Both Gränna and the Kingdom of Crystal offer live music during the dinners (Hertelendy, Gränna, 2003; Birgersgard, Kingdom of Crystal, 2003). However, compared to Autostadt's enormous nightclub, Club Mondo, which even has a partnership with MTV (Autostadt Magazine, 2002), these attempts seem rather small.

Since Legoland functions as a tourist attraction, entertainment is one of the main elements in their experience environment. In our opinion, Legoland could be an example of hedonistic tourism (Swarbrooke and Horner, 1999). Among other entertainment tools, we observed that Legoland contains a Circus, a middle-age action show, a pirate show, and the Legoland Band ([www.legoland.dk](http://www.legoland.dk)). Similar to Autostadt, many special events are organized mainly during the high season. It seems that in most of the experience factories, entertainment occurs as an addition to the "normal" experience. Volvo, for example, offers entertainment as well, but only in connection with the launch of new cars (Evans, Volvo, 2003).

### **9.3.3 Memorizing the Experience**

We agree with Pine and Gilmore (1999) who say that selling memorabilia connected to an experience is a strategy to extend the feeling from an experience. According to Schadewald (Autostadt, 2003), many of the individual attractions only give a short memory. "*The simulators give a nice feeling, but only last for a short time*" (Schadewald, Autostadt, 2003). Therefore experience factories need to find elements that can extend the memory of the experience (Pine and Gilmore, 1999). At Gränna the tourist brochures are painted with a peppermint essence (Hertelendy, Gränna, 2003). In our opinion, the result is, of course, a brochure that not only stimulates the eyes, but also the sense of smell, which is known to be the sense remembered longest (Wilkie, 1995). At Autostadt, the sun fuel produced from seeds planted by the visitor is taped in a key ring (Autostadt Magazine, 2002), and can be taken home as a personal memory of the experience. Children can take a children driver's course both at Legoland and at Autostadt (Schadewald, Autostadt, 2003; Jensen, Legoland, 2003). Afterwards they are given a special

“driving licence” that acts as a memory of this experience. We observed that some of the experience factories, Legoland, BayKomm, the Kingdom of Crystal, sell photos of the visitors taken at the experience factories. At Autostadt new car owners get their picture taken with their new car, and also a small gift such as an ice scraper or a bottle of water, to remember this experience (Schadewald, Autostadt, 2003).

In our opinion, another effective strategy to affect the memory is to implement a visitor database in which the visitors are kept in contact with e.g. Autostadt, Kingdom of Crystal, and Legoland. Because it is becoming increasingly difficult to reach new clients, we believe that once a company has their attention, simply letting them go would be foolish. We believe that because people come from of own free will, it can be assumed that they have an interest in the company and what they have to offer. Therefore it can be assumed that providing them with corporate updates and special offers is a good way for the company to show that they are interested in them. *“People come here of their free will and this is a loss for Volvo not to use this opportunity.”* (Evans, Volvo, 2003). Hence, we can conclude that a visitor database is a good way to keep the visitors’ interest for a longer period.

Giveaways can be another option to increase the memory of the experience. At the Flensburger Brewery, visitors are given a beer glass. However, Ortmann (BayKomm, 2003) warns that having giveaways can attract visitors for the wrong reasons. *“We do not want people to come just for the free gift!”* (Ortmann, BayKomm, 2003). However, the “important” visitors to BayKomm are given a little present. In conclusion, it should be said that all kinds of gifts and souvenirs can increase the memory effect, and that we agree with Föster and Kreuz (2002) who argue that these kinds of products provide an opportunity to establish a memory of the experience in the mind of the customers.

### **9.3.4 Customizing and refreshing the experience**

As mentioned in Chapter 6.4, experiences are highly individual. Therefore we believe the experience factories need to offer different experiences. We observed that at most of the experience factories there are two types of visitors:

customers who come for the products and tourists who are there mainly for the experience. The customers who come to Autostadt to collect their cars only have a limited time, and therefore the experience is mainly aimed at entertaining them while waiting for their car (Schadewald, Autostadt, 2003). However, in order to attract tourists, something big and unique has to be offered; *“people would not travel five hours to see something that they can experience elsewhere.”* (Schadewald, Autostadt, 2003) BayKomm has individualised their experience by offering tours depending on visitors interest and knowledge (Ortmann, BayKomm, 2003). The tours are designed to meet the demands of children, adults and even scientists (Ortmann, BayKomm, 2003). However, we believe that the experience factories also need to be customised on a physical level. Legoland, for example, has many elements adjusted for children e.g. lower toilets, special chairs, and even special buffet tables (Jensen, Legoland, 2003).

In our opinion, practical issues like language should be customized as well. We discovered that Volvo, the Kingdom of Crystal and the Pottery District all have information available in Swedish, English and German. BayKomm takes a step further and offers the tours in seven different languages (Ortmann, BayKomm, 2003). Due to the close distance to Denmark, the Flensburger Brewery also offers tours in Danish (Möller, Flensburger, 2003). Surprisingly we discovered that it was very hard to get information material in English at Autostadt, despite the fact that they have a lot of international visitors.

It can be assumed that the experience factories that have a broader theme are more likely to attract a wider range of visitors. Therefore we believe the experience offered should be suited to fit the needs of more than one type of visitor. Customising the experience to all visitors can be assumed to be difficult just as with service and products. Therefore we argue that companies can mass customise the experience by requiring booking, and improving the contact with the visitors, thus becoming more informed about their needs. Another strategy could be simply to have flexible tours, allowing the visitors to choose themselves what they find interesting during the tour. We believe BayKomm is a good example on how visitors are handled in an individual way. Moreover, BayKomm has an automatic counting system that allows them to keep track of exactly how many times an attraction has been used (Ortmann, BayKomm,

2003). Thereby BayKomm can constantly update the attractions according to the demands of the guests.

According to Pine and Gilmore (1999), the experience needs to be refreshed ever fifth year. However, we believe that this is highly dependent on what type of visitors the experience factories aims to attract. According to Schadewald, at Autostadt (2003) the experience needs to be constantly refreshed, in order to attract the type of visitors that come from the nearby region. Having different events and other elements that are easy to change is therefore essential. However, Schadewald at Autostadt (2003) stresses the fact that the main themes cannot be changed with the same pace as products are launched. *“It would not be possible as it would be too frequent, moreover visitors would be confused about what to expect”* (Schadewald, Autostadt, 2003). We believe that the experience factories that are more product oriented in their offer have less incentive to refresh the experience, as the productions which these experiences are based on are not likely to change; Kingdom of Crystal, The Pottery District, Gränna, the Flensburger Brewery, and Volvo.



## X. Conclusion

After having analysed the phenomenon, we can explain factory experience as a general experience, taking place in a product or company related environment, with a focus on edutainment. However, to be successful, the experience should also include something unexpected. Moreover, the company's needs to be considered; therefore, the experience should also be built on values that support the objectives of the company. We can describe the experience factory as a very useful marketing arena, which can be self sustaining and even profitable, if done with the right experience mix and with the right communication.

The boarder between being a tourist attraction and a marketing tool is never clear-cut. Similarly, there is no clearly defined line between focusing the offer mainly on the experience or on the product. Many of the experience factories are in fact moving on this floating line over time, for different reasons.

One possible explanation could lie in how the experience factories evolved. As many were not purposely constructed, and elements were added over time, the various attractions might not be included in one unified strategy. Volvo, for example, can be placed on different position in Figure 5, Chapter 7.2. One attraction can be viewed as a marketing tool, e.g., "Volvohallen"<sup>21</sup>, whereas another is viewed strictly as a tourist attraction, e.g., Volvo museum.

Another explanation may be, that the benefits of experience marketing have not yet fully been evidenced. This affects not only the future of the experience factories, but also explains why mother companies consider it difficult to see how valuable the experience factories are. The consequences for many of the experience factories are, that the long term strategies and goals are unclear.

The confusion about the role of the experience factory also has an influence on the role and the perception of the product. However, when defining the role of the product many other aspects have to be taken in consideration, e.g. price of the product, if the product has strong emotional appeal, and if the product is

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<sup>21</sup> Not included in the experience factory

well connected to the experience. Moreover, we believe that the visitors' individual motives determine the role of the product.

Still, we believe that the success and effectiveness of the marketing tool derives just from the very diffuse nature of the experience factory. Visitors do not always realise the product related effects, but rather view the experience factory as a "fun thing". In general, the experience factories find it difficult to define themselves as an effective marketing arena. We believe that this is because the effectiveness of any marketing strategy is largely dependent on the target audience unconsciousness. Consider how a concealed product placement in a Hollywood movie influences the audience subconsciously. After seeing a Bond movie, for example, cars and watches shown in the movie, become almost a merchandising product.

However, people learn, and as people's awareness increases, the marketing effects are likely to be reduced. Therefore, the marketing strategies have to continue to develop. *"Traditional advertisement is not enough any longer, we need more"* (Schadewald, Autostadt, 2003). Experience marketing, in general, and especially in form of factory experience, can, under the cover of a tourist attraction, be the marketing tool of the future.

What companies actually create with potential customers visits to production plants is a 3D demonstration that stimulates all senses. Not only can customers see or hear the product, but they also have a first hand experience. The visitors are not passively taking part in a demonstration, but they are highly involved in the process. The product and also the company's core values, identity, and culture are promoted. Moreover, the customers are not forced to take part, but on the contrary they have chosen to participate and can be assumed to feel a strong engagement while doing so. These are all key factors, mentioned in the literature, to determine the effectiveness of a marketing tool.

If experience factories can combine the people's new demand for experience, (tourist attractions) with the mother companies interests, (marketing effect) the experience factory can not marketing benefits, and also all the benefits of a tourist attraction. Hence, an experience factory can become a self-sustaining marketing tool.

In theory, most researchers agree that experience marketing certainly has many advantages over traditional marketing. However, research has primarily been made on experience marketing in a retailing context. We have advanced the opinion that experience marketing in a factory actually provides even greater benefits. First of all, experience factories can earn additional income through admissions. Second, due to the size, the customers spend more time in the factories than in a shop, thereby spending more. Third, the customer comes in contact with all parts of the brand, not only the products. It is therefore easier to connect values and stories to the product. Fourth, the production process can be experienced and therefore educates the customer better, and in a more credible matter. Fifth, due to larger capacity and more resources, factories can provide a better experience than most shops can. Sixth, all people have been in a shop, while many people have never visited a factory. That novelty is an extra pull motive for most visitors.

There are also some limitations to experience marketing in a factory environment. However we believe that the benefits still outweigh the negative aspects, especially if the right mixture of tourist attraction and marketing arena is included. However, one of the largest limitations for improving the experience factories and maximising their benefit is the mother companies' reluctance and lack of understanding. Volvo, for example, has a great potential of becoming more of an experience factory. There are already many elements at Volvo that together could give a better experience than just the tour, but since the mother company feels that "*we are biggest in Sweden anyway*", they do not follow up on the guests after the visits (Evans, Volvo, 2003). "*It feels very bad to just let the visitors go after they have explored the brand and taken the first step to become Volvo people*" (Evans, Volvo, 2003). According to Jensen (Legoland, 2003), Legoland has the similar problem that Lego has not seen the full capacity of Legoland as a marketing tool. Similarly, Flensburger Brewery does not want to change into a more experience-oriented company, "*We show everything that is interesting and there is not much more we would like to implement*" (Möller, Flensburger, 2003).

Even though the mother companies realize the possibilities of the experience factories, we still do not believe that the companies will change business. Not even Legoland will ever come close to generating as much income as the Lego

products. Therefore, we believe that the products will always be the main source of business.

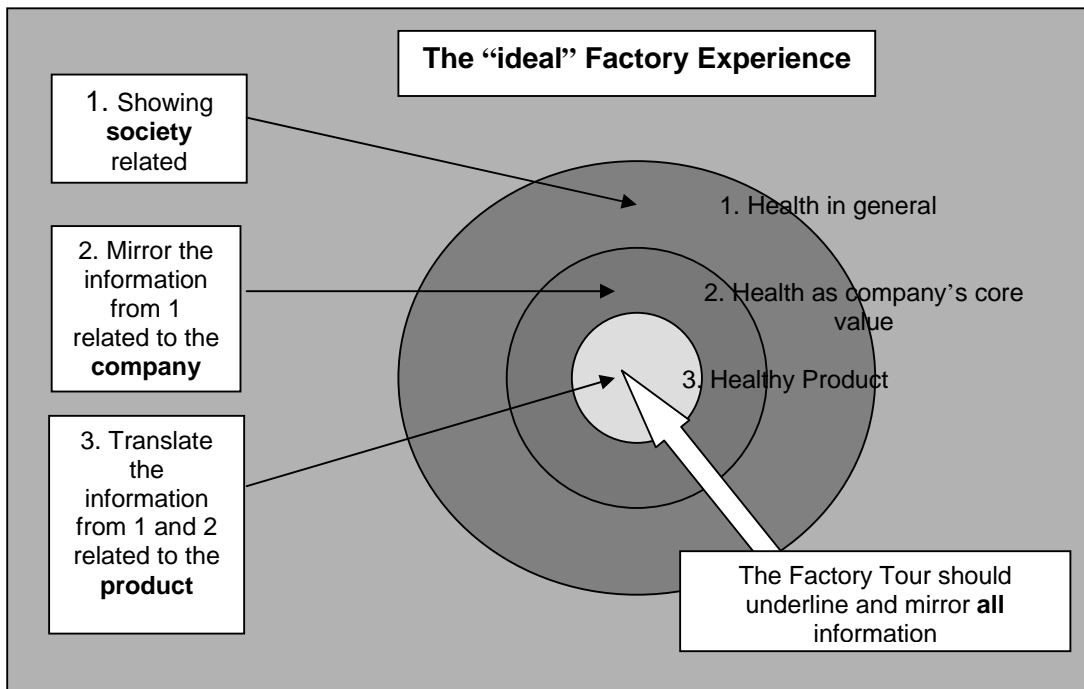
The whole purpose of experience marketing is to create a tool that should stimulate a specific message. The company should therefore not try explaining things. Rather customers should be led to an understanding through experiencing themselves. Therefore companies should aim to explain things through the senses, not through signs. In general, most people trust what they experience themselves, through a combination of seeing, touching, feeling, smelling, and hearing, more than receiving information through a sign or a guide. The visitors at Autostadt can, for example, experience the tests a car goes through rather than reading about them. In our opinion, every product and production process is “experienceable”. It might not be easy to find ways to provide an experience in a cat food factory, but we believe that all factories can be “theatricalised” and act as a stage for experiences.

The factory tours only represent a small part of many of the experience factories. However, we believe that the actual factory tours are essential, as they give credibility to the information, and connect the experience factory with the product. Ideally, the staged experiences and information given at an experience factory should address issues that create curiosity, and thereby stimulate an interest to learn what the experience factory’s message is. The visitors should then become more aware that the issues really concern them in their daily life, e.g. safety, and global warming. Finally, the visitors’ changed perceptions of what is really important to them are connected through the actual factory tour. The visitors at this stage should conclude that the issues that are of great importance for them are shared with the company. Not only in the product, but even throughout the whole company. The visitors’ perception of a product is changed unconsciously through a series of easy understandable experiences that feel important to them. When the connection to the company, and later the product is visualised, the visitor should be made to connect emotionally, by sharing the same values. To illustrate, the ideal factory experience we present the following example.

Consider a food factory staging a factory experience. The experience could concern health in general. The visitors’ curiosity and interest stimulated by

explanations through the senses, by having real animals and plants. Then the visitors learn how the choices of food affect their lives. Life is shortened ten years by eating wrong, or eating the right food reduces risk of cancer. At this stage a connection with the values of the company should be made; employees having an extra break where they all go out for a twenty minutes walk could illustrate this. Finally, the visitors' new perception of what is important in terms of food and their own health have become a priority in their actions, and visitors learn that the company's products meet this health concern. During the factory tour all of this information and experiences combined should be visible and create a feeling of trust for the company. Not only are their products healthier, but the whole company has health as their number one priority.

**Figure 11: The ideal Factory Experience.**



The largest ring allows companies to attach values and stories around the product. The consumers purchase the effect of the product either on their own life or on society, e.g. my health comes first or I show my concern for the environment. The second ring allows companies to demonstrate their determination throughout the whole company, which gives the company credibility. The trust is transmitted to the product, and the consumers purchase

the assurance of supporting the cause. The inner circle finally allows companies to demonstrate a solution to the problem, thereby giving the consumer a way to actually act.

After finishing this model, we found similarities to another model describing how a holistic general experience marketing approach should be developed. In this model, Schmitt (1999) describes the need for “Sense” as it attracts attention and motivates. “Feel” creates an affective bond and thus makes the experience personal, relevant, and rewarding. Then “Think,” adds a permanent cognitive interest to the experience, followed by “Act”, which induces a behavioural, loyalty, and view to the future. Finally, “Relate” goes beyond the individual experience and makes it meaningful in a broader social context, which can be compared to the largest ring in our model (Schmitt, 1999, p. 212).

In the future we believe that the demand for experience factories could increase. One of the main reasons is that people will buy more over the Internet. Having a location where customers can see the production and test the products will therefore be necessary in the future. Thus, we can conclude as we started:

*“They will forget what you said, but they will never forget how you made them feel.”* (Carl W. Buechner, cited by Neumann, 2002, p. 8)

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