Experiential Value: Conceptualization, Measurement and Application in the Catalog and Internet Shopping Environment

Charla Mathwick, Naresh Malhotra, and Edward Rigdon

At no time in history, has the retail experience undergone more dramatic and profound change. In what has been dubbed an emerging "Experience Economy," the retail environment is becoming a stage for delivering memorable, relevant and valued experiences. The brick-and-mortar segment, for example, is being transformed into "retail interactive theater;" staffed to offer advice, cooking lessons, beauty makeovers and fashion shows (Forseter 2000, Mahler 2000, Pine and Gilmore 1999). When consumers are looking for control and convenience, however, direct channels become the venue of choice (Speigelman 2000). If retailers hope to design and position their various channel options as an integrated package, understanding these fundamental differences in the consumer's perception of the multichannel shopping experience is essential.

This study describes the development of a measurement tool to examine differences in experiential value delivered by multi-channel retail systems. An Internet and catalog retail operation was chosen as the context for this study. Strong profitability trends are beginning to emerge in Internet-catalog pairings, suggesting this channel combination warrants investigation (Pascale 2000). Despite its growing importance, however, the impact of this and other multi-channel systems on the consumer shopping experience, is largely unexplored.

The consumer shopping experience is examined in terms of four dimensions of experiential value: customer return on investment, playfulness, aesthetics, and service excellence. Perceptions of affordability in the merchandise purchased and the efficiency of the retail experience serve as indicators of customer return on investment. The intrinsic enjoyment and escapism experienced while shopping is reflected in the perception of playfulness. The visual appeal and entertainment value of a retail experience is reflected in a consumer's appreciation of aesthetic elements in a retail setting. Service excellence reflects the consumer's appreciation of a service provider to perform its intended function and deliver on its promises.

The study results indicate preference for Internet shopping is associated with the perceived efficiency of the experience and relative affordability of merchandise purchased, both indicators of the customer's return on investment. This finding lends support to Pine and Gilmore's (1999) contention that Internet shopping is leading to an emphasis on cost reduction over brand-based differentiation.

The purely functional nature of the on-line shopping experience operates in contrast to catalog shopping which delivers value in terms of both customer return on investment and aesthetics. Preference for catalog shopping is based upon more than perceptions of efficiency and affordability. Among these study participants, catalog shopping is also inherently entertaining and delivers visual appeal that is either missing from, or, not noticeable to those operating in the on-line environment. For multi-channel retailers, these results raise interesting questions. Does the Internet channel in its current form, lack the ability to deliver aesthetic value (i.e., is it dull and lifeless!) Are the users of different channels looking for different value packages? Or, are there additional contingencies at work?

If we are, in fact, on the brink of an "Experience Economy," retailers will need a tool to measure their success at staging rich, memorable experiences, capable of delivering perceptible value across
the spectrum of channels they utilize. The experiential value scale developed in this study represents an initial attempt to develop metrics, which reliably capture experience-based value perceptions.