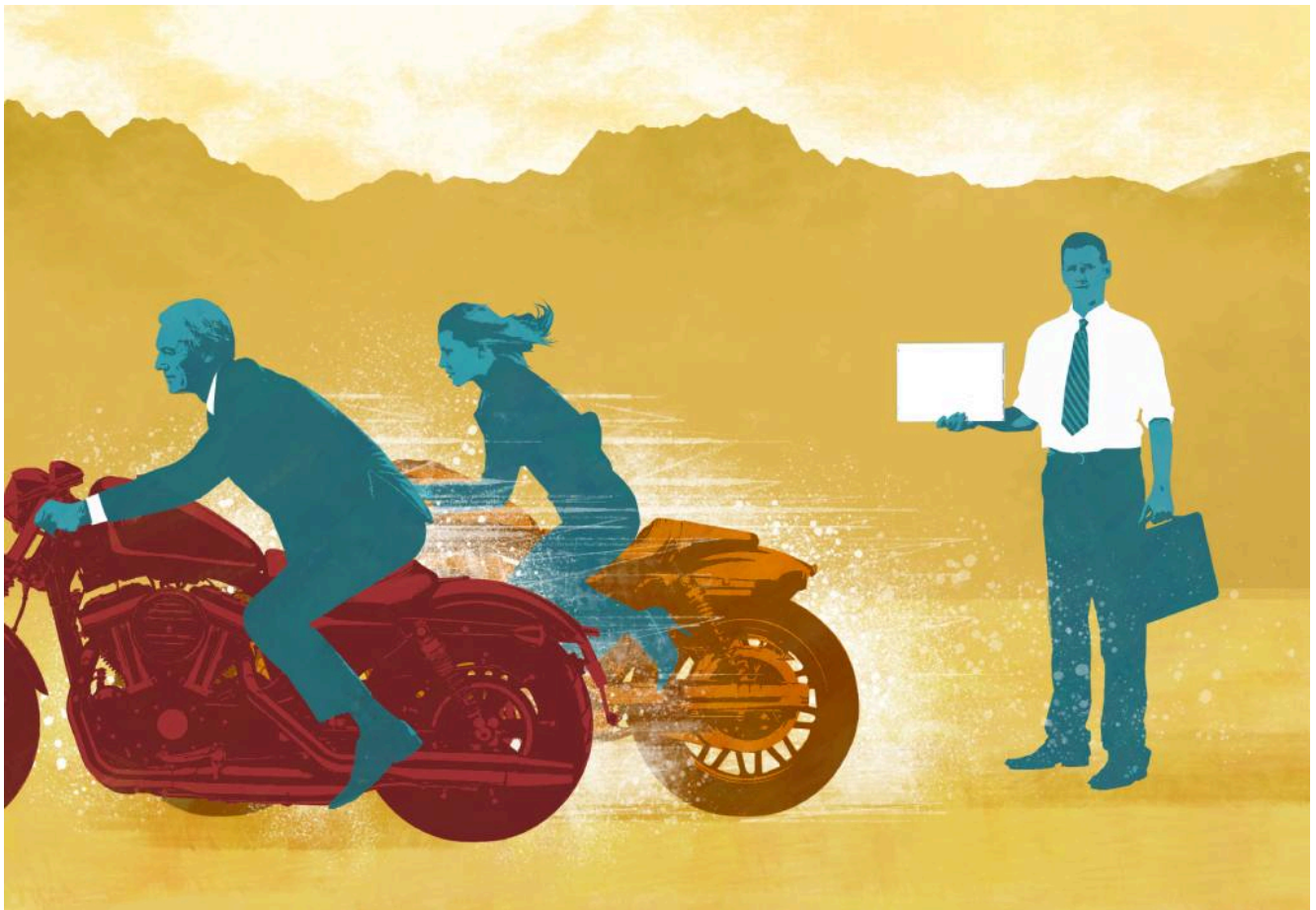


Selling experiences to connect with consumers

Selling products through experiences can yield benefits such as greater word of mouth. But to be successful, marketers need to understand the dynamics at play.



January 1, 2017

By [Iñigo Gallo](#) & [Claudia Townsend](#)

Picture an image of a motorcyclist on an open road, with sun-dappled fields and jagged foothills on a distant horizon. It's not easy to make out the bike that's being advertised, but that doesn't matter; it's what the bike symbolizes – the freedom and excitement of the open road – that counts. Beneath the image is the tagline: "Somewhere on an airplane a man is trying to rip open a small bag of peanuts."

This award-winning Harley-Davidson ad is a classic example of experiential product positioning. In this type of marketing, the focus of the message is not functional product features but feelings and experiences associated with the product and its use. Positioning products and services as experiential is nothing new. However, the use of this technique is on the rise, as marketers seek to tap into the growth of the so-called Experience Economy.

Marketers, employers and businesses in general are keenly aware of the importance of catering to the millennial generation – a demographic segment soon to represent the majority of the workforce in many countries. This group is leading the search for satisfaction and fulfillment through experiences. As a Harris Poll of U.S. millennials conducted on behalf of [Eventbrite](#) noted, "For this group, happiness isn't as focused on possessions or career status. Living a meaningful, happy life is about creating, sharing and capturing memories earned through experiences that span the spectrum of life's opportunities." The report recommended that businesses "leverage experiences to increase their value. Companies that are built on experiences or have experiential components will capture added economic value and win the hearts of consumers."

This article presents the findings of our own research into the marketing of experiences. While we agree that selling products through the allure of experiences can yield enormous benefits, we also identify the limits of doing so. Businesses need to be aware of both, if they are to make the most of the Experience Economy.

Experience makes the difference

Many consumer choices concern a straightforward buying decision: Mac or PC? Sedan or hatchback? A vacation in the countryside or in the big city? While these choices involve a mix of rational calculation and gut feeling, what matters is how much weight decision-makers give to the former versus the latter.

Our research reveals that a lot depends on whether people are making an experiential or a material purchase. What's the difference? In simple terms, a material purchase involves a tangible object that one possesses, whereas an experience is less tangible – an event that a

consumer lives through. To put it another way, consumers purchase a material object in order to have it, and an experience in order to do it.

Given that experiences, by nature, engage the person holistically and may involve multiple senses, the marketing of experiences holds greater potential for generating stronger emotional reactions than the marketing of material products does. This may be one of the reasons why experiences are closely tied to one's sense of self, as we will discuss below. Similarly, experiences generally lead to longer lasting satisfaction than material goods do. Once basic needs are met, there is only so much happiness that a consumer can continue to squeeze out of a material purchase. A material purchase has diminishing marginal returns, whereas the utility gained from an experiential purchase can be unlimited.

The field of social psychology suggests two reasons why the impact on happiness and well-being is greater from experiences than from material goods. First, experiences are ordinarily consumed with other people. This makes them more socially rewarding, which is vital for human flourishing. Second, the consumption of experiences is less comparison-based than it is with products. Hence, the enjoyment people derive from an experiential purchase is less affected by comparisons to other experiences they choose to forgo. This makes them less susceptible to the keeping-up-with-the-Joneses status anxieties and one-upmanship associated with material purchases.

Thanks for reading  **IESE** insight
To continue reading this premium content,
please click below

www.iese.edu/insight