

# Commentaries on Relationship Marketing: The Present and Future of Customer Relationships in Services

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Services and relationship marketing are inextricably linked, such that the intangible, heterogeneous, inseparable, and perishable nature of services renders strong relational bonds between companies and customers particularly critical. Four high-level strategies observed in current business practice bear the potential of fundamentally altering how service providers build and nurture relationships with their customers. Specifically, customer relationships in services have become more (1) data-based, (2) subscription-based, (3) sharing-based, and (4) experiences-based. This curated set of invited commentaries brings together a group of internationally renowned scholars to enhance our understanding of each of these important developments and consider their relationship marketing implications. In four commentaries, our contributor teams share their informed perspectives and offer rich sources of inspiration for both service researchers and managers.

## 1. Introduction

By Lena Steinhoff and Robert W. Palmatier

Given their “inherently relational” nature, services are inextricably linked with relationship marketing (Grönroos 2015, p. 23). The intangibility, heterogeneity, inseparability, and perishability of services (Zeithaml et al. 1985) typically sparks increased ambiguities and risk perceptions in customers, such that solid relational bonds between companies and customers that can reduce risks are more critical in services as compared to material goods contexts (Palmatier et al. 2006). Accordingly, effective relationship marketing strategies, integrating “all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges” (Morgan and Hunt 1994, p. 22), are key for companies to thrive in services industries. In fact, a confluence of trends in global business, including digitization, faster product commoditization, and a shift toward service-based economies in developed markets, will continuously grow the critical role of strong customer relationships as a source of sustainable competitive advantage in services (Palmatier and Steinhoff 2019).

In recent years, several major developments have emerged in business practice, fundamentally altering how service providers build and nurture relationships with their customers. Notably, those developments do not only affect industries considered “classic” service industries (e.g., hotel industry), but also accelerate the transformation of formerly material goods-focused industries into service industries (e.g., car industry; Vargo

and Lusch 2004). Specifically, we identify four high-level phenomena: First, fueled by an ever-increasing amount of customer data available, customer relationships are becoming increasingly *data-based*, unleashing both potential personalization benefits as well as privacy concerns (e.g., Martin et al. 2020; Palmatier and Martin 2019; Steinhoff et al. 2019). Second, a growing number of companies reconfigures customer relationships as *subscription-based* exchanges, rather than focusing on individual transactions (e.g., Henderson et al. 2021; Kanuri and Andrews 2019; McCarthy et al. 2017). Third, rather than selling permanent legal ownership to a material good, many companies today sell temporary access rights to a shared (i.e., with other customers) material good through technology-enabled platforms, thereby creating *sharing-based* relationships with their customers (e.g., Fritze et al. 2021; Kozlenkova et al. 2021; Morewedge et al. 2021). Fourth, companies increasingly embed their goods and services into more holistic consumption experiences, giving rise to *experiences-based* customer relationships (e.g., Arnould and Price 1993; Harmeling et al. 2017a; Schouten et al. 2007). Importantly, these four developments do not operate in isolation, but rather exhibit complex interdependencies. For example, subscription services facilitate the continuous collection of customer data. The more data service providers have about their customers, the better they can potentially design personalized experiences. Enabling unique experiences in turn can be an important driver to encourage consumers to use sharing-based services.

Business examples of data-based (e.g., Apple Health, Spotify), subscription-based (e.g., Microsoft 365, Netflix), sharing-based (e.g., AirBnB, Bird) and experiences-based (e.g., Disney, Harley Davidson) relationship marketing efforts have started to abound. However, academic research on how each of these emerging strategies affects the nature of customer relationships is still nascent. In response, this curated set of invited commentaries brings together a group of internationally renowned scholars to share their informed perspectives on these important developments. We present four commentaries, each focusing on one of the four major strategies of (1) data-based, (2) subscription-based, (3) sharing-based, and (4) experiences-based relationships. Each team of contributors delineates their expert insights based on their own and fellow researchers’ work, illustrates several examples from current business practice, generates initial theoretical and managerial guidance, and identifies fruitful avenues for future research in each area.

In their commentary on *data-based customer relationships*, Kelly D. Martin and Grace Fox (“The Data-Based Nature of Customer Relationships in Service Industries”) outline the key role of customer data for managing customer relationships and delineate two themes emphasizing the

prevalence of privacy risks and the heightened importance of trust in service industries. They connect service attributes with unique data privacy considerations and derive trust building strategies for service providers.

In their commentary on *subscription-based customer relationships*, Conor M. Henderson and Julian K. Saint Clair ("The Growth of the Subscription Business Model") illustrate the increasing popularity of the subscription business model and discuss its defining characteristics. Subsequently, they present a set of four theories that enriches our understanding of subscriptions and their impact on customer relationships from diverse theoretical angles.

In their commentary on *sharing-based customer relationships*, Shuai Yan and Ju-Yeon Lee ("Sharing Economy and Marketing Implications of the COVID-19 Pandemic") depict the sharing economy's triadic business model and distill its five strategic participation drivers. The authors then employ a timely perspective and discuss the COVID-19-related challenges and opportunities with regard to the business model and participation drivers of the sharing economy.

In their commentary on *experiences-based customer relationships*, Taylor Perko and Colleen M. Harmeling ("Evolution of Marketing from Goods to Services to Experiences") retrace the progression from goods-focused to services-focused to experiences-focused marketing approaches. They point out how marketing experiences to customers can augment relationships and exemplify virtual brand communities as an increasingly popular application of experiences marketing.

In conclusion, we believe this commentary collection offers a rich source of inspiration for both service researchers and managers seeking to understand how to effectively manage customer relationships in services today and in the future. We thank our authors for their insightful contributions. Looking at these emerging phenomena and their unique implications for establishing, developing, and maintaining customer relationships, we feel confident that the relevance of relationship marketing in services will mount even further (Palmatier and Steinhoff 2019). Service providers with strong customer relationships will find themselves in a promising position to succeed in the long run.

## 2. The Data-Based Nature of Customer Relationships in Service Industries

By Kelly D. Martin and Grace Fox

Service firms develop and infuse technologies into various processes to create cost efficiencies and to drive revenues through increased customer engagement. On the cost reduction side, technologies can automate processes

(e.g., self-service ordering for food; self-check-out with retailers) that reduce labor costs and minimize errors (Xiao and Kumar 2021). Many cost reduction technologies also offer customers value by giving them greater control of their interactions with the firm, such as online banking or do-it-yourself stock trading (Aten 2021).

On the revenue driving side, technologies help the firm create personalized experiences that customers value. For example, airlines are currently piloting technologies that track passengers' flight history and their on-board menu preferences, as well as two-way camera capability in seatbacks that allow for direct flight attendant communication (McCartney 2019). Other services provide personalization capabilities to customers, letting them create their own playlists (e.g., Spotify), or customize their own fitness tracking portfolio (e.g., Apple Health [Wilson 2019]). These technologies are designed to foster customer engagement and thereby strengthen the customer-firm relationship.

A common input to these technologies, indeed the fuel by which they are powered, is customer data. Whether for cost reduction or revenue driving purposes, most service innovations require customer data to perform the functions for which they were designed. Likewise, most service firms that implement data-based technologies operate on the assumption that they will retain continued, unfettered access to rich, plentiful customer data. However, feelings of vulnerability related to data privacy threaten to temper customers' willingness to provide free-flowing access to their personal information. As we will describe, the use of customer data in service innovations and technologies provides a potent source of value for both customers and firms, but only if service firms adequately manage their use of that data and work to foster trust in customer relationships.

In the following sections, we expand on the roles of privacy and trust in customer-firm relationships in service industries. We examine the role of data-based technologies in service industries to suggest ways in which customer data allow services firms to overcome potential limitations to the creation and delivery of customer experiences. Additionally, we offer insights to help clarify the customer privacy risks specific to data-based services and consider how trust might offset customer concerns. Collectively this work highlights implications for services scholars and practitioners and provides future research directions. First though, we overview the role of data in customer-firm relationships to emphasize both benefits and risks for service firms and their customers.

### 2.1. Role of Data in Service Firm-Customer Relationships

The premise that individuals' personal data power service firms' relationships with their customers is not new

and has even been referred to as the “crucial ingredient for effective relationship marketing” (Wirtz and Lwin 2009, p. 190). Moreover, by most accounts (e.g., Matzner et al. 2018), the volume of customer data that is available and the extent to which data-based technologies have evolved to serve customers has increased exponentially. Because customers and firms receive mutual value from data-based technologies, these data have become focal to service providers’ relationships with their customers. However, reliance on customer data also creates risks.

For firms in service industries and beyond, data provide value to the firm through three primary means, including that 1) data provide insights to firms that allow them to improve service and experience offerings; 2) data can be used for more effective targeting of customers; and 3) data can be sold to third parties as a source of value in a practice known as data monetization (Palmatier and Martin 2019). Empirical evidence shows that service innovations, many of which involve the focal use of customer data, also have positive effects on various firm performance outcomes. Innovations that emphasize convenience benefits can have a positive effect on shareholder value, and innovations that increase customer engagement strengthen a firm’s relational outcomes and enhance post-purchase success (Lamey et al. 2021).

Firms’ use of data can create value for customers. Data provide customers with value in various ways, but primarily via three means, including that 1) data allow service providers to better tailor custom offerings and personalize experiences; 2) data offer customers greater convenience and financial incentives (Lwin et al. 2007); and 3) data help facilitate loyalty with reward programs that customers value. Each of these data uses is a powerful driver of strong customer relationships with a service provider.

Despite the many benefits, reliance on data for innovative service applications also carries risks. Primarily, those risks involve customer data privacy worries that can create feelings of vulnerability. Customer vulnerability erodes trust and can lead individuals to engage in privacy-protective behaviors which may negatively impact the firm, threatening once productive and mutually beneficial relationships (Martin et al. 2017). Consider that each of the ways in which data provide value to the firm also present customer privacy risks (Palmatier and Martin 2019). Data that provide insights to firms that allow them to improve product and service offerings can be subject to data breaches and other privacy failures, putting customers at risk for financial crimes and identity theft and also reducing their confidence in the firm. Data that are used for more effective targeting of customers can be applied to techniques that appear creepy and give customers a feeling of being tracked or even stalked by

the firm. Data that are sold to third parties as a source of value through data monetization, if such practices are revealed, raise important questions about data ownership, revenue sharing, and consent.

In summary, customer data are the raw materials for many innovative service technologies and practices. These technologies and practices have the potential to provide customers with superior value, thereby strengthening their relationships with the firm. However, it is important to counterweight such claims of value provision with the risks to customer privacy that they carry. The following section draws from the extant literature to outline the specific risks to customer privacy and explains the focal role of trust in understanding the use of data in customer-firm relationships.

## 2.2. Research Insights: Privacy Risks and Trust

**Theme 1:** The data-based nature of customer relationships in service industries *heightens privacy risks* for customers and data breach risks for firms.

With increased data use in service innovations and technologies, specific privacy risks also increase. The volume and depth of customer data collated in many service industries far exceeds the data use in many product-based industries. In the music streaming industry for example, Spotify gathers many typical customer data points such as demographics, geographic data, financial information, music preferences, and listening behaviors, all of which are of interest to advertisers and the firm themselves. In addition, Spotify has designed the user interface with the intention of curating context and mood-based playlists. This in turn, enables the use of contextual data to predict music preference and music preference to predict context (Drott 2018). While these varieties and uses of data may seem harmless, research has shown music preference to be a strong predictor of personality (Greenberg et al. 2016) and music listening behaviors have been used to predict unrelated customer behaviors such as political orientation (Drott 2018). Thus, the value generated in these contexts is significant to Spotify as a firm, as well as to its third-party advertisers (Vonderau 2019).

The use of data in service industries, like other industries, can create three varieties of customer privacy risks, including risks to information privacy, risks to communication privacy, and risks to individual privacy (Hung and Wong 2009). It is important to understand the various manifestations of these privacy risks because research shows that firms’ access to customer data makes them feel vulnerable and leads to negative customer behaviors that can harm firm performance. *Information privacy risks* result from unintended disclosure or access to customer personal data, including name, demographic characteris-

tics, past purchase behavior, and even information about their psychographic profiles, preferences, and networks. Prior research shows that customers feel vulnerable even when firms have mere access to their data—regardless of whether those firms actually use that data in any way (Martin et al. 2017). So too, customers interact with so many firms and share so much information in varied ways that their diligent attention to these exchanges is limited, putting them at greater risk (Walker 2016). In the streaming context, individuals may be unaware of the depth of data generated by their use of these services. Voluntarily disclosing their personal information also may seem innocuous.

*Communication privacy risk* involves threat of disclosure of customers' communications such as social media posts, email content, text messages, or even verbal transcripts from digital assistant interactions. This form of privacy is particularly complex as it involves multisided information exchanges across multiple parties and thereby increases a customer's privacy risk (Kamleitner and Mitchell 2019). Finally, *individual privacy risk* involves access to the self and can be threatened by surveillance technologies, IoT smart home systems, or geospatial technologies. Individual privacy also can be threatened when service employees behave in ways that customers perceive to be uncomfortable, for example, using demographic data to profile customers seen as being greater theft risks (Esmark et al. 2020). With respect to the Spotify example, customers' communication privacy risks and individual privacy risks may be heightened by digital assistants and smart home devices, as these technologies are activated via voice, motion, and location for their music streaming capabilities.

In addition to these three forms of customer privacy risk, data themselves are subject to risks. Data may be subject to unauthorized access, may be fully compromised due to a breach, or may be repurposed in ways that facilitate data-based crime such as credit fraud and identity theft. These types of privacy violations have been characterized as service failures (Malhotra and Malhotra 2011), linking the role of data in service firms to the very core of customer relationships. Both risks to customer privacy and risks to the data that power service firm relationships with their customers must be understood for research to properly situate data-based technologies in long-term customer relationships, and to provide practical and realistic implications for service-firm practitioners.

**Theme 2:** The data-based nature of customer relationships in service industries *elevates the importance of trust* to help both customers and service firms realize value and strengthen their relationships.

Trust is important in relationship marketing generally and becomes even more critical for service firms that

use data-based technologies, where privacy risks may be especially salient to customers. For example, Disney's RFID-powered wristband system allows customers to travel seamlessly through resorts, using the band as their park entry ticket, hotel room key, and payment account for cardless purchase (Smith et al. 2014). The technology also enables continuous streaming of data about customers' movements, preferences, and interactions with others, potentially heightening information, communication, and individual privacy risks described in our first research theme. Indeed, it is easy to see how these multiple privacy risks are embedded in Disney's customer wristband technology. However, customers have long considered Disney a highly trusted brand. Independent rankings (rankingthebrands.com) place Disney as a most admired company and with an ethical reputation, thereby engendering trust. Disney's ability to develop and deploy their customer-tracking technologies has been widely successful, with many customers enthusiastically embracing their wristbands, some even embellishing them for fashion reasons or retaining them as keepsakes.

This behavior is consistent with findings that show that in contexts where privacy is salient, trust promotes positive firm outcomes such as greater customer willingness to share information and increased desire to engage with a firm in the future (Martin and Murphy 2017). Trust has been focal to privacy research in marketing, offering broad application for services industries. It is widely agreed that trust is important in customer relationships (Chang et al. 2016) as it allows people to overcome concerns around uncertainty and risk and to foster a willingness to engage in trust-related behaviors such as disclosing information and engaging with a website or technology (McKnight et al. 2002). In addition to being studied as an antecedent to customers' privacy concerns, trust is a focal mediating mechanism that works to determine customers' willingness to engage with a firm in online spaces (Bart et al. 2005; Schlosser et al. 2006).

However, privacy risks can reduce customer trust in a firm (Hong and Thong 2013). For example, subversive firm technologies, such as those that monitor and track customer behavior, can damage trust (Miyazaki 2008). This is a critical finding for firms unlike Disney that do not enjoy powerful, trusting customer relationships with the potential to offset privacy risks and felt vulnerability. Indeed, many aspects of trust are worthy of further consideration. For example, trust can involve a customer's general willingness to engage in online spaces (Gefen et al. 2003), but it can also represent trust in a particular firm or brand (Pavlou 2003). Research has studied trust in reference to specific technologies, which may or may not derive from trust in a firm and is embedded in individuals' beliefs that the technology in question will perform as expected (McKnight et al. 2011).

Firm efforts toward enhancing trust in data-based interactions can serve as promotive mechanisms, which deepen customer relationships and work to foster information sharing as collaboration, rather than simply minimizing privacy risks in the short term (Wirtz and Lwin 2009). This research suggests that trust can strengthen service firm-customer relationships first, with reduced customer vulnerability as a natural outgrowth, rather than an approach to minimize privacy risks that may not be sustainable. Indeed, the beneficial role of trust in strengthening relationships so that it may alleviate privacy risks already has been demonstrated in retail settings (Aguirre et al. 2015; Bleier and Eisenbeiss 2015). So too, trust plays an important role in services research (Lin et al. 2021), suggesting strong connections to enhancing data-based service acceptance among customers and the intentional role it can play in relationships with service firms. These findings offer important insights for trust in customer-firm relationships characterized by data-based services. Its application to new technological contexts and privacy relevant settings has established trust as a key driver of positive privacy outcomes, as well as an important mitigating force in reducing the felt vulnerability that such privacy risks can induce.

### 2.3. Privacy Risks and Trust Building in Data-Based Services

As this commentary has described, customers' personal information helps power data-based innovations and technologies that have been designed to create value for both customers and service firms. These technologies enable personalized customer experiences and allow firms to offer convenient and streamlined interactions. In Tab. 1, we highlight attributes of services to identify the ways in which customer data can infuse those services to help optimize their creation and delivery. We then note the potential for the use of data in the service experience to create information, communication, and individual privacy risks. Subsequently, we propose strategies to enhance trust in the service firm-customer relationship so that the firm might mitigate the privacy risks that customers face.

Specifically, as we describe in Tab. 1, several attributes of services make them conceptually and practically different from product-based marketing offerings. These unique attributes represent an important and illustrative framework in services research (e.g., Wirtz and Lovelock 2016). We advance thinking by showing how customer data may help service firms overcome some of the limitations that can occur owing to the unique nature of service attributes, such as perishability, intangibility, inseparability, and heterogeneity, among others. As we describe, data have the power to allow service firms to use these unique attributes of services to their advantage. Yet,

as we also show, the use of data in such applications also suggests privacy risks related to information, communication, and information privacy. Drawing from the themes highlighted in extant research, we finally show how various firm strategies to increase trust might mitigate potential privacy risks.

The ideas presented in Tab. 1 suggest implications for services marketing researchers and for managers of services firms. It is important to note, however, that some of the ideas we offer for building trust already are required under global data protection regulations such as the GDPR (General Data Protection Regulation). We recommend service firms that seek to intentionally build trust go far beyond minimum regulatory requirements to reduce their customers' privacy risks and to minimize felt customer vulnerability. Following presentation of Tab. 1, the next section provides implications, future research directions, and conclusions with the potential to advance both theory and practice.

### 2.4. Implications, Future Research, and Conclusions

As Tab. 1 highlights, infusing specific service applications and their attributes with customer data can be an excellent way to serve customers, to enhance their experiences, and to create efficiencies for the firm. Service industries are increasingly reliant on customer data and it has driven profoundly new innovations and technologies. However, the risks to customer privacy should not be ignored. In the following discussion, we offer a set of critical research directions to advance work in this domain with the potential to suggest best practices, and to ensure the well-being of customers and service firms.

The nature of data collection and use in today's service firms is both continuous and implicit in nature. Because of this, we identify a critical research gap, as much of what we understand about the types of privacy risks described above evolved to consider initial or one-off transactions rather than a continuous feed of data used to enable various technologies. In those initial disclosure situations (e.g., opening a bank account; joining a fitness club; registering with a new online service) privacy risk reduction through firm or service provider signals (privacy policy, third party seals, etc.) prove critical (Culnan and Milne 2001). Beyond firm-side signals or behaviors, various drivers of customer willingness to initially disclose personal information have been proffered over the years, including their demographic profiles or individual differences, privacy concerns, or felt vulnerability (Martin and Murphy 2017). Moderators such as information sensitivity and customization benefits also have been examined (Mothersbaugh et al. 2012). Yet beyond disclosure, we lack fuller understanding of customer privacy implications when data enter the firm in an ongoing stream

Service Attribute	Data-Based Service Distinction	Potential Privacy Risks	Trust Building Strategies
Services are perishable; they cannot be accumulated.	Although services are perishable, the customer data that drive service innovations can be stored indefinitely. Data can provide a continuous and ongoing source of value to service firms. Customer data often are stored well beyond the service encounter given their inherent value to the firm.	Indefinite data storage can create customer information, communication, and individual privacy risks. The more data that are stored, the more catastrophic a data breach can be for the service firm and its customers. A service firm's decision to monetize this data creates further risks.	Some regulations (GDPR) set out limits for data retention and data monetization that can promote trust. In the absence of such regulations, service firms can adopt clear and transparent policies about data protection, data retention, and data purging. Firms also may practice data minimization and avoid monetization and sharing.
Services are intangible; there is no physical product and the service can be difficult to visually experience.	Customer data can be used to help reduce the intangibility problems of service firms. When applied to targeted communications, data can be used to help customers visualize and anticipate the service experience, often customized to their expectations.	Highly targeted service firm communications can appear creepy and can make customers feel vulnerable. This type of data use heightens information privacy risks and communication privacy risks for customers.	Disclosing to customers how data were obtained and used can reduce customer feelings of vulnerability and increase trust. Sufficient disclosure of firm data use in communications might at once reduce privacy threats, improve service tangibility, and strengthen trust. Requesting explicit consent from users for subsequent data use and sharing may further serve to engender trust.
Customer co-creation makes service production and consumption inseparable; customers sometimes are the service experience.	Data-based service innovations and technologies often make it difficult to produce and deliver the service experience without access to customer data. Data may be freely exchanged in the process of co-creation, whether or not the customer is aware.	The role of data in service firms' co-creation of value with their customers has the potential to heighten information, communication, and individual privacy risks. Just as the service and consumption are inseparable, some technologies make the customer and their data inseparable.	Transparency in the data exchange process is critical for promoting customer trust. Providing customers some control over how their data are used in service co-creation reduces vulnerability. Service firms must work with customers to provide some level of control while still enabling service functionality driven by their data use. This control may include consent mechanisms, ability to request deletion or restriction of data sharing.
Service production can vary widely; services are heterogeneous.	Service innovations and technologies, especially those designed to reduce costs by improving accuracy, can use customer data to standardize processes and anticipate a range of differences in the service experience, thereby reducing heterogeneity problems.	Data used to standardize services and reduce heterogeneity problems also create information and individual privacy risks, especially for customers that fall outside of "normal" ranges determined by customer data analysis and outputs.	Customers want personalization and customized services, which is key to the promise embedded in their data exchange. Working with customers to meet individual expectations and offer opportunities for updates and corrections to preferences will help retain trust in the service firm-customer relationship.
Services are time dependent.	Customer data promote optimal, time-dependent production/consumption of services and experiences. Data can be applied to scheduling technologies that allow service firms to smooth demand over time by better understanding customers' consumption availability and preferences.	Detailed use of data to understand customer schedules and availability can put their information, communication, and individual privacy at risk. Particularly if a customer's schedule or availability is linked to their physical location, risks to their personal safety can occur.	Service firms will need to take precautions in guarding customers' schedules, availability, and location data to ensure each type of privacy risks is minimized. Providing customers transparency around these practices and the ability to opt-out (and other types of control) will be critical to reduce vulnerability and promote trust in the customer-service firm relationship.
Services are distributed to customers through non-physical channels.	Customer data can inform service firms about ideal consumption channels and outlets. Customer data can reveal channel preferences and also may identify new consumption channel options to best deliver services to customers in the places they most want to consume such services.	As with understanding customers' time and schedule availability, detailed knowledge of customer location for optimal service delivery can create individual privacy risks. Technologies such as geolocation and geofencing tools to target services to customers by location pose safety risks and can appear as if the firm is stalking the customer.	Transparency and control are important in offering location-based services. Customer data can allow firms to provide optimal channels and novel delivery options, but also must be managed carefully. Gaining clear and explicit consent to deploy location-based technologies, in addition to giving customers specific elements of control over what they share, will help preserve trust.

*Note:* Service attributes inspired by Wirtz and Lovelock (2016) framework.

Tab. 1: The intersection of customer data and service attributes: Privacy risks and trust building strategies

and are continuously accessed, mobilized, and updated to keep service technologies running.

As another research gap, privacy risks have been studied via both harm reduction, or the minimization of customer privacy concerns, and trust promotion, where customers are more inclined to freely transact with a service provider because they believe their information will be safeguarded and used ethically (Wirtz and Lwin 2009). Information disclosure can be managed through mitigating privacy risks and by bolstering trust, the latter of which may be more effective (Milne and Boza 1999). Trust creates increasing customer involvement, from relational behavior (provision and updating of customer personal information) to relationship investment (non-essential engagement with a service provider, such as contributing reviews, providing feedback, and offering other information) to repatronage intentions (Wirtz and Lwin 2009). Trust, we argue, is more important for ongoing transactions (Gefen and Straub 2004), to minimize customer privacy concerns but also to encourage the continuous data exchange between customers and the firm that enable novel service technologies, help realize mutual customer-firm value, and strengthen relationships. Trust is typically developed over time rather than formed based on a one-time interaction (Gefen et al. 2008). Thus, it can be difficult to build trust in online service contexts. Over time, individuals are likely to form perceptions of the trustworthiness of an industry (i.e., streaming services), which may influence their perceptions of the trustworthiness of a specific firm or technology (McKnight et al. 2002). Service firms will benefit from building trust earlier in customer-firm exchanges (Gao and Waechter 2017). Additional research is needed to understand the role of trust over time as it affects customer relationships with service firms where data play a focal role.

The data-based nature of customer relationships in service industries requires short-term cocreation efforts to navigate technological tensions and ensure relationship continuity. Firms cannot wait to navigate technological tensions with their customers. Cocreation and mutual understanding around what data can and should be shared must be made in the very near future to offset the considerable challenges and risks posed to both customers and the service firms reliant upon their data. The future looks bright for service industries as customer data continue to enable new opportunities. We hope this enthusiasm will not be tempered by the important and necessary work of minimizing privacy risks, reducing customer vulnerability, and ultimately, earning their trust.

### 3. The Growth of the Subscription Business Model

By *Conor M. Henderson and Julian K. Saint Clair*

The subscription business model emerged in the seventeenth-century publishing industry; publishers solicited customers to pay for planned but not yet printed magazines and books in exchange for lower prices compared to already printed publications (Clapp 1931). Recently, the number of U.S. magazines and periodical publishers' subscription revenue has declined after reaching peak levels in 2012 (Watson 2020, 2021). The subscription business model, on the other hand, continues to grow beyond the declining print industry, creating significant disruption along the way. This article reflects on recent developments in research and practice on subscriptions and provides commentary on areas for future inquiry.

Subscription-style offerings proliferate broadly. Annual spending on the top 100 subscription apps grew 295% from 2016 to 2020, topping \$5.9 billion (Statista Research Department 2021). 443 million music streaming subscribers contribute more than 70% of the recording industry's \$12.2 billion in 2020 music sales revenue (Richter 2021a; Richter 2021b). Netflix leads online video streaming providers with over 200 million subscribers at the end of 2020 (Hastings 2021). In business-to-business, the Software as a Service (SaaS) market has exploded in popularity with revenues expected to top \$120 billion in 2021 (Gartner 2021). As opposed to traditional upfront fees to install, own, and operate software on-premise, SaaS customers access software-enabled services through the internet usually through a pay-as-you-go monthly subscription plan. Even romance has been disrupted; online dating subscription services are expected to generate \$3.2 billion in 2021 global revenue (Buchholz 2021).

Subscriptions for tangible goods are also on the rise. In online retail, Amazon offers "subscribe and save" across its vast array of products and reports having more than 200 million Prime members (Bezos 2021). An estimated 30% of U.K. shoppers regularly receive delivery of subscription boxes containing food, clothing, personal care items, pet products, and more (Tighe 2021). HelloFresh and Blue Apron ended 2020 with over 5.6 million subscribers to their meal kits (Wunsch 2021). Eleven percent of US female cosmetic consumers subscribe to a beauty box while another 40% are interested in subscribing (Statista Research Department 2020). The Wall Street Journal reports that credit card companies are creating policies and tools to help younger consumers manage their many subscriptions, 17 on average, because 40% of younger consumers report feeling overwhelmed and intend to cancel some of their subscriptions (Nguyen 2021).

The prevalence and explosive growth of subscription business models across a wide variety of industries demand research attention to inform practitioners and academics seeking to understand changes to marketing practice and consumer behavior. Questions examined in the present article include: What exactly is the subscription business model? Which theories of consumer behavior and psychology might be especially relevant for subscription-style offerings compared to non-subscription-style offerings? And, what future considerations become more relevant, from research, management, and societal perspectives? Rather than attempt a comprehensive review, we focus our discussion on areas that seem particularly ripe for further attention and consideration by practitioners and academics alike.

### 3.1. Understanding the Subscription Business Model

The proliferation of subscription offerings across a wide range of industries presents a challenge for scholarship in that the “subscription” label is attached to various offerings with differing characteristics, and therefore its meaning is nebulous. While Google search interest in the term “subscription” grew 325% and academic articles with “subscription” as a topic increased 241%, precise definitions rarely accompany the “subscription” label. Of the 44 academic articles with “subscription” as a topic published in leading marketing journals over the past decade, only five define the term.

McCarthy and coauthors define a subscription business as “businesses whose customers pay a periodically recurring fee for access to a product or service” (McCarthy et al. 2017, p. 17), and distinguish it from business that are “selling those products or services individually” (McCarthy and Winer 2019, p. 141). While this definition fits many subscription offerings, some businesses use the labels “subscription,” “subscribe,” and “subscriber” but do not fully fit the criteria of having a periodically recurring fee. Many SaaS companies charge varying subscription fees based on usage or the number of users, which varies month to month, and media companies often will charge nothing to their subscribers (e.g., YouTube subscribers and podcast RSS subscribers). Some companies seek clarity: Spotify now uses the label “follow” for podcasts to distinguish from “subscribe” for customers who pay a monthly fee to access ad free streaming music. Still, many market participants use the “subscription” label liberally, and therefore fighting for a clear definition and strict criteria may be impractical.

Although the subscription label lacks precise meaning, McCarthy and coauthors’ (2017) distinction between “recurring” transactions for subscriptions and individual transactions for non-subscription business helps to elucidate a fundamental feature of both subscription-offerings and subscription-style offerings that do not use the “sub-

scription” label. For example, fitness memberships (e.g., Peloton) do not identify as subscriptions, but are open-ended with recurring, periodic payment. Similarly, utility-like continuous service providers incentivize recurring auto payment without subscription terminology. From this point forward, we discuss “subscription-style” offerings to encompass this broad set of offerings that share the same fundamental feature, specified below.

This fundamental feature of subscription-style offerings is an upfront agreement, before the service is provided or consumed, in which terms are specified as a function of some variable input, usually time or usage rate. Agreements typically leave the exact quantity of goods and services to be provided and consumed open-ended. The agreements’ time horizon is often implied to be indefinite; they continue or renew automatically unless discontinued. For example, streaming services Netflix and Spotify provide subscribers access to an evolving library of content for a price that is a function of time (i.e., months). The length of the subscription is open-ended, and the quantity or quality of content provided or consumed does not impact the price. Subscription retail boxes, such as Frito-Lay’s “Ultimate Snacking Subscription Box” sold through Amazon, ship boxes as a function of time, with varying content. B2B subscription billing can be more complex as a function of multiple inputs combined, such as time (“fixed-price” per month), the number of users (“per-seat”), and utilization (“metered” or “pay-as-you-go”). Hybrid approaches with more than one input seek an efficient frontier between predictability and flexibility. While all three inputs make customer satisfaction and loyalty important drivers of retention and Customer Lifetime Value, the per-seat and metered billing inputs make “Customer Success Management” a provider concern because a loyal customer’s own growth will likely translate to growing per-seat and metered usage for the B2B subscription service provider (Hilton et al. 2020; Hochstein et al. 2021).

One thing becomes clear when considering the various marketplace relationships that are described as subscriptions or subscription-style but are not labeled as subscriptions: research is needed to understand the implications from the variations in subscription-style offerings. For instance, what role does the label “subscription” play in the psychology of the purchase decision, versus other labels such as auto-pay, membership, follower, and so on? What constitutes “payment” in the subscription exchange (e.g., financial cost, time cost, personal information and privacy, etc.)? Are renters just subscribing to housing? Would “follower” versus “subscriber” label change engagement on YouTube? Investigations into these questions begin with an examination of relevant theories of consumer behavior, below.

### 3.2. Applicable Theories for Subscription-Style Offerings

Given the fundamental feature of subscription-style offerings where an initial agreement governs an open-ended set of future interactions, there are four clear consumer-behavior and marketing theories that are especially relevant for subscription-style offerings: (1) social relational theories, (2) customer inertia theories, (3) social-identity theories, and (4) group marketing theories. First, social relations theory (Fiske 1992), proposes that different governance norms and psychological models apply for different types of social interactions and relations. Of relevance for marketing, social exchange theorists distinguish between the psychological models that govern “market pricing” interactions and those that govern more familiar, “communal,” reciprocal relations. Compared to non-subscription-style offerings in which each discrete exchange is governed by a fresh transaction decision, subscription-style offerings allow for one upfront agreement to govern many future exchanges without a fresh decision (e.g., monthly, annual, or other bases; Basu and Ng 2021). Subscription-style offerings are inherently more familiar and more consequential because the first decision governs many exchanges and customers typically must provide their private information to facilitate the ongoing subscription (Martin et al. 2020). The subscription implies a future, ongoing commitment. Alternatively, non-subscription-style discrete purchases may be purely governed by market pricing principles, at arm’s length. A single exchange occurs and then the parties may go their separate ways.

Because subscription-style offerings require a more consequential upfront decision and may then seem less transactional, firms may find themselves navigating the transition from a market-pricing type encounter to a more relational-familiar exchange. Free trials, especially those that do not withhold the full subscriber experience, are effective tools for customer acquisition in subscription settings (Li et al. 2019). By offering a full-fledged free trial, the provider compensates the customer for the additional hurdle presented by having to share private information. The full-fledged free trial may be seen as structuring the first exchange as more reciprocal and less transactional, which is appropriate for the more familiar nature of the relationship. However, one risk of providing such benefits to new customers is the possibility of alienating established customers who make social comparisons and perceive benefits to new customers as unfair (Henderson et al. 2011; Steinhoff and Palmatier 2016); why should they get free access to what members must pay to receive? Managers must navigate the transition from a negotiation orientation for the first agreement to a more relational orientation for subsequent interactions in which the salience of the transaction fades. Over time, providers may wish

to test if more familiar and communal language and norms become appropriate.

As the salience of the initial agreement fades over time, theories of inertia become more relevant (Henderson et al. 2021). Because customers naturally seek to minimize unnecessary thinking, consistent consumption experiences convert into an inertia mindset in which customers operate based on the “if it ain’t broke, don’t fix it” reasoning. Furthermore, the greater the magnitude of past consumption, such as the longer the customer has been a subscriber, the more likely an inertia mindset will be supported by customers’ inclination to minimize regret that might accompany the experience of evaluating alternatives to the subscription and realizing the subscription is suboptimal. Although inertia insulates customers from competition, providers should be wary from relying on it too much. They might become stagnant, setting the stage for disruption by a new entrant. Even worse, they might ignore when they charge customers who are no longer active users or try to add friction to the cancellation process, exploiting customers and undermining the trust needed for communal, familiar type exchange norms, which damages the company’s reputation.

Providers can reinforce the inertia mindset by reaffirming customer’s original subscription decision but might want to be cautious of provoking new consumption experiences and motivations that could undermine the inertia mindset (Henderson et al. 2021). Instead of seeking to increase customers’ engagement with their subscription offerings, providers might set goals for consistent and sustainable engagement, which might also be healthier for their customers and avoid the risk of customer burnout from overconsumption and satiation (Redden and Haws 2013). Consumer welfare advocates are warning of the danger to consumers of over engagement as a type of undesirable addiction (Bowles 2019). A few companies are beginning to respond. Apple has made a point to provide screen time data as part of their health and wellness initiatives. Similarly, social media companies that used to try to optimize user engagement now offer subtle suggestions to take a break, such as Instagram’s “You’re All Caught Up” message and TikTok’s “You’ve been scrolling for way too long” video.

Consumer identity theory is also especially relevant for subscription-style offerings. When subscriptions are identity relevant, such as a fitness membership (athlete identity) or a news subscription (political partisan identity), adding a new subscription can feel like a significant change to a prior identity and canceling an existing subscription can feel like a threat or discontinuity to an existing identity (Savary and Dhar 2020). Integrating the notion of satiation, findings from Chugani et al. (2015)

suggest that consumers satiate more slowly if the product used repeatedly is identity-relevant. This suggests that factors influencing subscriber identification with the provider (e.g., customer-brand identity) is an area for future investigation.

Moreover, given the importance of labels acting as identities in customers' self-concept (Reed et al. 2012; Saint Clair 2018), terms such as subscriber, customer, member, follower, fan, or even brand affinity communities (K-Pop band BTS' "Army") become areas of significant interest for further exploration. Such an investigation may benefit from considering industry, category competition, and provider similarity. For example, some subscription-style offerings may be inherently more monogamous than others (e.g., cell service, fitness centers). This has implications for brand differentiation (e.g., vertical vs. horizontal differentiation) and consumer decision making. How do consumers with multiple subscriptions manage the corresponding multiple identities (Saint Clair 2018; Saint Clair and Forehand 2020; Forehand et al. 2021)? Does identity relevance of existing subscriptions become diluted as a consumer adds another identity relevant subscriptions? Are family subscription plans (Desai et al. 2018) more appealing if framed as satisfying the needs of parents' caregiver identity or the family's identity as a communal unit (e.g., Epp and Price 2008)? Can a SaaS provider position their service in alignment with the individual buyer, the users, and the firm's organization identity?

Social identities provide a sense of belonging and affiliation, and therefore group marketing theories are also especially relevant to subscription-style offerings. A decline in religious attendance and an increase in loneliness are cited as reasons for a rise in brands filling the role in facilitating connections (Shachar et al., 2011; Thomas et al., 2013). Especially when consumers feel isolated, they are more attuned to brands that affirm an important social identity (Mazodier et al. 2018). Returning to the issue of labeling, many subscription-style offerings explicitly refer to their customers as "members," which makes belonging more salient and the influence of normative pressure more intense (Harmeling et al. 2017b). Further, to the extent customers derive a social utility from a sense of belonging to a group that has shared experiences, the subscription membership itself provides value beyond the core offering. Meaningful social interactions and belonging may depend on holding the same subscription as one's friends who have a certain fitness gym or Peloton membership, discuss the latest show or song from a streaming service, attend the same private school or club or hold season tickets to the same sports or theater. Network effects, therefore, may be especially strong with subscription style offerings (Bapna and Umyarov 2015). Providers may need to be cautious of providing status perks or loyalty rewards

that undermine the communal and egalitarian norms of shared membership, and overall, there may be a shift from loyalty rewards to community benefits (Henderson et al. 2011).

Subscription brands that do not directly facilitate social interactions may need to pursue alternative strategies. They could sponsor or connect to an existing community and adopt symbolic signals of support (Henderson et al. 2019). Or, another approach that is gaining prominence, they might bundle recurring revenue services, especially one that facilitates social interactions with another that is more pragmatic but highly profitable (Gherini 2019). Apple offers social interaction facilitating music, gaming, and video subscriptions along with the more practical cloud storage. Amazon pairs streaming services with Prime shipping retail operations. AT&T acquired WarnerMedia to bundle HBO Max's conversation worthy entertainment subscription with AT&T's telecom services. This effort, however, did not achieve the desired objectives before AT&T divested of WarnerMedia (James and Battaglio 2021).

### 3.3. Future Directions

As subscription-style offering continue to promulgate across the services landscape, research questions and opportunities will increase. How does customer acquisitions differ when the initial agreement is especially consequential? Products were being sold but now they are packaged as services to be adopted; how should sales organizations evolve (Chung 2021). What are the consequences for companies who create more friction for subscription cancellation than initiation? What services are appropriately bundled in a subscription; why did the AT&T WarnerMedia offering fail to meet objectives? Do customers feel a greater sense of connection to other customers when they are subscribers or members versus discrete purchasers of a service? Is psychological ownership decreased when customers only have access to a product through a subscription rather than owning the product (e.g., music library). How does subscription to a giant library of content, versus a private library collected from a particular retailer, change customers relationships. In the context of music, are customers more loyal to the subscription provider/content curator (e.g., Spotify) than the content creator (e.g., artists) whom the customer no longer directly supports or owns the music? Do followers of influencers have a different relationship when they support an individual with a subscription through a platform like Patreon rather than consume the influencer's promoted posts or buy the products the influencer sells (Wernau and Woo 2019)? The area of subscription-style offerings is ripe for research.

## 4. Sharing Economy and Marketing Implications of the COVID-19 Pandemic

By Shuai Yan and Ju-Yeon Lee

In the latter part of the previous decade, the sharing economy (SE) gained remarkable ground, with predictions that it would grow in value from \$15 billion in 2015 to \$335 billion by 2025 (Pwc 2015). More than 162 million people were working through SE platforms in the United States and Europe (McKinsey 2016), and it constituted about 10 % of China's total gross domestic product (Rinne 2019). But the outbreak of the COVID-19 pandemic dramatically altered this growth trajectory. The SE suffered in particular from the safety measures required by the pandemic (e. g. social distancing, lockdowns), due to its reliance on face-to-face interactions. Thus, Airbnb's global revenue in 2020 decreased by almost 50 %; in Beijing, the company suffered a 96 % decrease in booking volume from January to March 2020 (Airdna 2020b). Lyft and other ride-sharing platforms suffered similar, drastic drops in ride volumes and revenues (O'Brien 2020).

To minimize these losses, as well as recover customer confidence, SE firms have pursued various measures. Airbnb offered expanded guidance for how hosts should clean rooms between guests; for example, Didi, a Chinese ridesharing firm, put up protective plastic sheets in cars to separate passengers and drivers. Yet the impacts of the pandemic may prove to be so dramatic and far-reaching that customer preferences and consumption habits will remain altered, even after formal safety measures and restrictions are lifted. These long-term economic and behavioural consequences appear likely to produce a very different post-pandemic world (Donthu and Gustafsson 2020), as well as new and unknown challenges for SE firms. To discuss and predict the pandemic's likely impacts on customer relationships and marketing strategies for SE firms, we start by reviewing SE literature, then consider how the pandemic has influenced both its triadic business model (service enabler, service provider, and customer) and the effectiveness of key strategic drivers of SE participation (utilitarian value, social value, hedonic value, sustainability value, trust). From this analysis, we derive implications for the future of the SE.

### 4.1. Sharing Economy: Definition, Business Model, and Strategic Drivers

A common view adopted by recent studies (e.g., Eckhardt et al. 2019; Kozlenkova et al. 2021) describes the SE according to several features. First, the SE provides *temporary access* to a service rather than ownership of an asset (Bardhi and Eckhardt 2012; Lawson et al. 2016). In this sense, the SE differs from other P2P exchange platforms (e.g., eBay, Facebook Marketplace) that facili-

tate the transfer of goods to different owners. Second, the SE requires an *online platform* to mediate the service interaction between providers and customers (Belk 2014). Third, *monetary compensation* is necessary to satisfy the "economy" element (Kozlenkova et al. 2021; Kumar et al. 2018). Fourth, the SE usually involves *P2P consumption*, such that the service providers and customers are peers (Benoit et al. 2017). Business-to-customer companies, such as Zipcar, that own and rent out products to customers thus are not part of the SE. Fifth, the SE requires *underutilized assets* (Apte and Davis 2019). If the assets are not underutilized, it would be a rental business rather than a SE. On the basis of this definition, researchers have established a basic SE business model, as well as some key strategic drivers of SE participation.

#### 4.1.1. Triadic Business Model

The business model for the SE involves a triadic exchange among the service enabler, service provider, and customer (Kumar et al. 2018; Perren and Kozinets 2018). The *service enabler* generally is an organization that arranges exchanges between service providers and customers and earns commissions from these transactions. It does not produce or sell any goods to customers, and it only works as an intermediary to broker supplies from service providers to meet the needs of the customer. The service enabler also might be referred to as an SE firm or platform firm (Parente et al. 2018). The *service provider* supplies the goods or services in the SE, usually because it owns underutilized assets, so it produces the service. *Customers* are users who have some demand for the underutilized assets or services. Using the accommodation SE as an example, Airbnb works as an online service enabler that facilitates exchanges between hosts (service providers) and visitors (customers). With this business model, the success of the SE depends on network effects (Guo et al. 2018), such that the customer's SE participation facilitates supplies from service providers, which then enhances the service enabler's performance. Thus, increasing SE participation is a critical strategic goal of SE firms.

#### 4.1.2. Key Strategic Drivers of Sharing Economy Participation

A recent meta-analysis (Kozlenkova et al. 2021) identified five key strategic drivers of SE participation. *Utilitarian value* refers to the evaluation of a SE with regard to its functional benefits and costs (Eckhardt and Bardhi 2015). Customers gain utilitarian value when the SE provides more reasonably priced services and the convenience of temporary access, such as the relatively cheaper accommodations and additional space available on the Airbnb platform, compared with traditional hotels. *Social value* entails benefits that arise when customers can create and maintain social connections and interactions (Akbar

2019). Face-to-face interactions are central to the SE (Kumar et al. 2018), so service providers and customers might develop friendships or a sense of community. Such benefits are prominent in many SE firms' emphasis on belongingness, connection, or sharing in their platform descriptions (Airbnb 2014).

*Hedonic value* is a function that provides fun, playfulness, and potential entertainment; it pertains to affective motivations and emotional pleasure (Wang et al. 2007). For example, Airbnb customers can access various room options (e. g. location, decoration) and thus have different experiences that promise substantial novelty and excitement. Compared with the other drivers, hedonic value appears more effective in enhancing SE participation, and it also provides more value to customers (Kozlenkova et al. 2021). *Sustainability value* refers to the customer's evaluation of the impacts on the environment, with the sense that the SE can better protect the environment, such as by reducing greenhouse gas emissions (Biswas and Pahwa 2015). Most customers view the SE as an environmentally friendly option (Pwc 2015). People who value environment protection are likely more satisfied with and have more favourable attitudes toward SE transactions (Akbar et al. 2016).

Finally, *trust* is a belief that a party will fulfil its obligations in an exchange relationship (Schurr and Ozanne 1985). Customers need to maintain a certain degree of trust toward the SE, because the exchanges take place between strangers, sometimes in close, private spaces (e. g. passengers sit in a car with unknown drivers). Thus, SE firms must enhance customers' trust to promote their participation in the SE (Mittendorf 2017; Roseman 2019). Using these insights into the SE business model and key strategic drivers of SE participation, we next discuss the changes that the pandemic has brought about in the SE ecosystem.

## 4.2. Impact of COVID-19 on the Sharing Economy

Facing the threat of the COVID-19 pandemic, many countries took strong measures to contain the spread (e. g. social distancing, travel bans, lockdowns, work from home campaigns, quarantines, restricted crowding). Due to their vast extent, these public health measures have altered the SE ecosystem, and some of the measures are likely to persist even after the pandemic subsides (Accenture 2020). Therefore, the pandemic has curbed demand for SE but also prompted behavioural changes among service enablers, service providers, and customers.

### 4.2.1. Effects of the COVID-19 Pandemic on the SE Business Model

In the following, we outline how the pandemic might affect each of the three actors in the SE's triadic business model.

#### 4.2.1.1. Service Enablers

Many service enablers adapted to the pandemic by adding new product/service offerings and targeting new customer segments, in hopes of regaining revenues. Notably, the pandemic restricted some exchanges but also signalled some new opportunities, linked to social distancing and working from home trends. For example, Airbnb explored strategies to offer long-term home rentals and re-targeted customers who might stay in different places for longer periods (Mont et al. 2021). As customers reduced their in-person social activities and spent more time on the Internet, Airbnb also put more emphasis on online activities, such as delivering virtual classes on local cultures to enrich customers' experiences (Gentile 2020). Uber Eats expanded delivery options for consumables, rather than food only, to customers following lockdown rules. During the pandemic, Uber Eats brought in more revenue than the ride-sharing division for the first time in the company's history (Sumagaysay 2020). The pandemic thus provides some opportunities to expand and diversify service enablers' business.

#### 4.2.1.2. Service Providers

Most SE service providers continue to work amid the pandemic and have attempted to re-position their service to find new customer segments. For example, to minimize contacts with strangers, some Uber drivers performed food delivery and other services, which allowed them to leverage their increasingly underutilized assets. Yet service providers also needed to adopt additional safety and health protocols, as mandated by the service enablers, which limited their ability to leverage the underutilized assets fully. For example, Airbnb hosts had to engage in enhanced cleaning methods and impose a 24-hour gap between guests (Abcnews 2020). Ride-sharing drivers were advised to sanitize their cars, especially surfaces passengers may have touched, and to stay at home if they felt sick.

#### 4.2.1.3. Customers

The restrictions required by the pandemic significantly reduced customers' willingness to participate in the SE. Out of fear of contracting the virus, many customers simply stopped using SE services, which has had some devastating effects. According to one report, Airbnb's rental bookings in the United States dropped by 53 % between February and April 2020 (Airdna 2020a). China's Didi and France's BlaBlaCar also experienced substantial drops in the number of downloads of their apps, by 75 % and 65 %, respectively, in a comparison between January 2019 and March 2020 (Hossain 2021). Despite efforts by service providers and service enablers to regain customer confidence, uncertainty about the risks of social contacts has continued to limit customers' SE participation. Even

if drivers clean their cars thoroughly, many ride-sharing passengers still express reluctance to use this segment of the SE, because they remain unsure if the drivers really follow cleaning protocols, signalling a lack of trust.

Furthermore, income shifts might explain diminished SE participation. Roughly one-third of full-time workers have experienced pay cuts due to the pandemic (Liu 2020), leading to increased price sensitivity and self-imposed limits on seemingly unnecessary spending (e.g., travel, lodging). Overall, customers' immediate response to the pandemic has been to reduce SE usage, because gaining temporary access to assets imposes too much risk, physiologically or financially.

#### 4.2.2. Effects of the COVID-19 Pandemic on Strategic Drivers of SE Participation

Noting the significant changes that the pandemic has brought to the SE, we examine its impact on the strategic drivers of the SE participation. Specifically, we discuss how the pandemic might enhance or weaken the effectiveness of utilitarian value, social value, sustainability value, hedonic value, and trust in driving SE participation.

##### 4.2.2.1. Utilitarian Value

The pandemic has been a huge shock to the global economy; a recent estimate suggests losses of at least \$4 trillion in gross domestic product worldwide (Szmigiera 2021). This economic upheaval also led to pay cuts, layoffs, and furloughs, such that utilitarian value seems likely to become even more important in driving SE participation in the (post-) COVID-19 world. For example, considering that nearly one-third of the full-time work force has experienced income disruption (Liu 2020), heightened price sensitivity is widespread. According to one survey, the proportion of consumers who claim to be price sensitive rose to 67 %, whereas before the pandemic, only 41 % said they were very sensitive to prices (Yanez 2020). Price-sensitive customers should appreciate the money-saving benefits of the SE.

Accordingly, SE firms have implemented pricing and marketing strategies to appeal to these needs, such as free cancellation, full refunds, and deeper discounts. Uber provided 10 million free rides and food deliveries (Khosrowshahi 2020); Lyft also offered tens of thousands of free rides (Fox 2020). Such strategic efforts may help SE firms maintain some customer loyalty now and thus greater market share later.

##### 4.2.2.2. Social Value

The pandemic arguably diminishes the effect of social value in driving SE participation. Increased health concerns have forced customers to re-evaluate the benefits of

the social value they might have derived from the SE previously. Health considerations already were pressing for the SE, even before the pandemic, because disease can spread through in-person interactions (Anderson and Um 2015). But the pandemic vastly intensified customers' health concerns and heightened their attention to hygiene factors. According to a survey (Jonas 2020), about 80 % of U.S. adults planned to be more mindful of practicing self-care regularly following the pandemic. Thus, even as the pandemic subsides, customers may remain vigilant with regard to their hygiene standards and try to limit their social contacts, to reduce the potential risk of disease transmission, which in turn limits the social value of SE. Formally, social value may become less effective for increasing SE participation in the (post-) COVID-19 world.

##### 4.2.2.3. Hedonic Value

The SE can serve as critical means to provide emotional pleasure and stress relief, which are particularly needed during the pandemic. In particular, the pandemic harmed not just physical but also mental health, leading to extreme levels of stress and anxiety among many customers. Approximately four in ten U.S. adults have reported symptoms of anxiety or depression (Czeisler et al. 2020). Some studies even describe a collective trauma induced by the pandemic and related issues (Mastroianni 2021). To deal with this mental stress, customers likely find great value in hedonic benefits of the SE, the experience of which is often enjoyable for customers (Wu et al. 2017). For example, if customers find staying at an Airbnb exciting and enjoyable, participating in the use of this SE service may allow them to relieve some of their mental burdens. Such psychological distress also appears likely to continue even after the pandemic, due to the traumatic impact it has had on many members of society (Mastroianni 2021; Murray 2020).

##### 4.2.2.4. Sustainability Value

The sustainability benefits of SE should become more important during and after the pandemic, because it has raised customer awareness of the environment. Notably, global carbon dioxide emissions dropped by 2.3 billion tons in 2020—roughly double Japan's annual emissions (Newburger 2020)—during the lockdown due to COVID-19. Such evidence may help customers understand the role of the SE in reducing emissions and carbon footprints. Customers thus might more highlight reduced pollution and less resource waste as benefits of the SE (Yeo 2017). Therefore, we anticipate sustainability value will be more effective for increasing SE participation.

##### 4.2.2.5. Trust

To manage the potential risks of SE, trust has grown particularly important, due to increased concerns about the

health risks of exchanges with strangers (Davidson et al. 2018). For customers to use the SE, they must trust the service providers, such as believing Airbnb hosts who claim they have strictly followed health standards. Even after the pandemic, such health concerns are likely to persist (Murray 2020). Therefore, we predict that during and after the pandemic, trust will be more effective for promoting SE participation.

### 4.3 Conclusion

The nature of the SE is strongly service-focused; it requires close interpersonal interactions, so the outbreak of the COVID-19 pandemic has substantially disrupted the SE. To understand the considerable challenges to the SE brought about by the pandemic, this commentary summarizes previous SE research and, on this basis, offers some predictions about the implications for the future of the SE in a marketing sense. We discuss the strategies implemented by service enablers and service providers to weather the pandemic, as well as the shifts in customer perceptions and preferences that have resulted from the need for safety measures (e.g., social distancing, lockdowns). Integrating these changes, we propose a novel view on how the pandemic will determine the effectiveness of key strategic drivers of SE participation. These arguments deserve further theoretical and empirical scrutiny. Further research also should investigate the long-term effects of the pandemic on the SE.

## 5. Evolution of Marketing from Goods to Services to Experiences

By Taylor Perko and Colleen M. Harmeling

Recent shifts in marketing have revolutionized the way an offering's benefits are communicated to consumers. These shifts are in response to the increasing technological changes, digitalization, competition, new regulations, and, importantly, customer expectations of the consumption experience. To retain customers, drive repeat transactions with customers and, ultimately, develop strong relationships between the firm and customers, marketers have increasingly shifted into experiences marketing which focuses on the experience of a consumption event. The principal driver of the shift into experiences marketing is to build customer relationships. Consistent with relationship marketing, in which "all marketing activities are directed towards establishing, developing, and maintaining successful relational exchanges," the overarching goal of experiences marketing initiatives is to retain customers and motivate future, repeat transactions (Morgan and Hunt 1994, p. 22; Harmeling et al. 2017a, p. 318).

Firms shifting into experiences marketing realize how crucial experiences are to customers. When it comes to

purchasing decisions, 64% of people find the customer experience to be more important than price (Sorofman & McLellan 2014). An experience can combine "real" and physical, or "virtual" and observed elements, and provides functional and emotional value associated with the consumption event (Helkkula 2011; Sandström 2008). The primary offering is now merely a stage, the core goods are props, and the experience is the main show (Pine and Gilmore 1998). Namely, LEGO primarily sells toys but what they are known for is creating an experiential, comprehensive world (e.g., LEGOLAND) for families to engage in.

The shift to experiences marketing represents the marketer's effort to create the customer's cognitive, emotional, and behavioral responses that result in positive memories of the brand (Edvardsson et al. 2005). For example, consumers do not want to just purchase a beer—they want to experience drinking a beer, socializing with others at an event, and creating long-lasting memories. With many brands shifting their marketing perspectives, it is notable to observe the differences between goods, services, and experiences marketing. This commentary contributes to services marketing literature by deciphering between goods, services, and experiences marketing, examining the motives for experiences marketing, and observing current trends in experiences.

### 5.1. Differentiating Goods, Services, and Experiences Marketing

Commonly, how marketers discuss the benefits of their offerings and how they present their offerings to consumers may vary based on whether they take a goods, services, or experiences perspective. These three perspectives vary along six main dimensions: utilitarian value, hedonic value, post-purchase evaluation, interaction between customers, interaction between the providers and the customer, and the level of customization or personalization. Tab. 2 illustrates the differences between goods, services, and experiences marketing, and provides case examples of transitions from goods and services marketing (see Tab. 2).

#### 5.1.1. Goods Marketing

Goods marketing positions the offering as a physical object over which ownership rights may be established and from which its owner(s) derives some economic benefit (Hill 1977, p. 317). The focus of marketing from this perspective is on the tangible and visible attributes of the good including packaging and product design where size, color, location, and design are influential elements (Zhang et al. 2009). Goods marketing focuses on the good's functionality and ability to enable the consumer to derive utilitarian value from its use. Utilitarian value is seen as more task-oriented and is often a means to an

end with rational motives of time, place, and possession needs (Voss et al. 2003). Therefore, goods marketing tends to focus on sure or practical outcomes.

Additionally, goods marketing focuses on product accessibility and store organization that allow consumers to search for products efficiently. Moreover, this marketing does not necessarily prioritize customer-customer and customer-provider interactions for goods shopping since the shopping process is facilitated by the store layout. Consumers can typically search for and purchase a good without any assistance or comradery from fellow consumers. An example of goods marketing are the increasingly customizable goods (e.g., Nike custom shoes) in which product attributes are selected specifically by each consumer. In summary, goods marketing prioritizes the quality of the goods since the consumer's post-purchase evaluation of the brand is highly based upon the product quality. These evaluations are added to a history of previous purchases from the brand that affects the firm's reputation. For example, Anheuser-Busch emphasizes its brewing process and commitment to quality, describing it as an art and a science. Accordingly, it has been a successful business for more than 160 years (Anheuser-Busch 2021).

### 5.1.2. Services Marketing

Services marketing positions offerings as an "application of competencies for the benefit of another, meaning that service is a kind of action, performance, or promise that's exchanged for value between provider and client," (Spohrer et al. 2007, p. 72). Often, services marketing focuses on the interactions between customers and providers as this is essential for the overall service to be realized. The purchase involves a provider that has the skill, knowledge, or experience with the task at hand and the customer that is paying for that task to be completed by the provider (e.g., technological and car repairs, and restaurant service). Because the service depends on this interaction, it is likely that the service is personalized and/or catered to the specific customer. This means that providers must be well trained to gain customer satisfaction. Errors and mistreatments can have consequences (Hall 2019). Customer's post-purchase evaluation of the brand is focused on the interactions with the provider and contributes to the narrative of the brand that will likely be spread by word-of-mouth to others.

Brands often transition from goods marketing to services marketing in which they go from discussing the products features and attributes consistent with goods marketing to focusing on the service aspect that the offering provides. For example, Xerox initially focused on the durability of its machines for manufacturing and selling photographic paper. Now it focuses on business solution

services for document storage, distribution, and replication. Additionally, Whirlpool transitioned from focusing on the quality of its appliances, to focusing on selling maintenance services. Best Buy, initially focusing on electronic goods, now focuses on its highly trained staff and In-Home Advisor program, in which Best Buy sends consultants out to the customer's homes to discuss and give advice regarding electronic purchases.

### 5.1.3. Experiences Marketing

Experiences marketing positions the offering as an interactive, personal, and sensory event. It reflects "the firm's attempts to drive pleasurable experiences with customers outside the core transaction, such that these events motivate voluntary, autonomous customer contributions" and can "stimulate a sense of transcendence over the mundane, as well as a deeply rooted sense of achievement," (Harmeling et al. 2017a, p. 313, 329). It often differs from the core service in that it may be offered in different locations, attract larger crowds, and have significant outcomes (e.g., Vans Warped Tour, Budweiser's #Up for Whatever event). Firms that provide experiences effectively extend their product offerings. It incentivizes firms to be creative coming up with unique, worthwhile experiences that consumers remember.

The central goal of the experience is to create a long-term relationship with the customer by providing hedonic value. Hedonic value is seen as more personal and subjective with "expressions of pure enjoyment, excitement, captivation, escapism, and spontaneity" as fundamental objectives (Babin et al. 1994). Because of this, it is most times highly essential for firms to construct engaging servicescapes in which customers can freely interact with other customers and providers. For example, firms will host events, facilitated by the providers, that customers partake in and enjoy together (e.g., Absolut's Elektrik House Party). Firms manage these experiences to be unique for each consumer and focus on developing highly emotive memories of the experience that positively impacts the brand's image.

Many firms have realized the benefits of shifting from goods to services to experiences marketing. Fig. 1 presents Budweiser advertisements that illustrate these transitions. The first advertisement depicts the marketing of beer. This marketing focuses on the core products attributes, such as the quality and tastiness of the beer. The second advertisement is focused on the services that Budweiser provided to the Armed Forces. Instead of focusing on the quality of the beer, it highlights the serving aspect. The third advertisement depicts the marketing of its #Up for Whatever campaign, in which the marketing focuses on the experiential aspects of the event (e.g., customers enjoying live entertainment) and customer-customer interactions (e.g., customers putting their

arms around each other). It does not focus on the product attributes of Budweiser beer (see Fig. 1). Budweiser has realized the benefits of extending its offerings and marketing strategies from these transitions. It has developed

customer relationships that contribute positively to the brand.

<i>Panel A: Dimensions Distinguishing Goods, Services, and Experiences Marketing</i>			
	<b>Goods Marketing</b>	<b>Services Marketing</b>	<b>Experiences Marketing</b>
Definition	Marketing that is focused on a good, defined as “a physical object which is appropriable and, therefore, transferable between economic units” (Hill 1977, p. 317)	Marketing that is focused on a service, defined as “the application of competences for the benefit of another, meaning that service is a kind of action, performance, or promise that’s exchanged for value between provider and client” (Spohrer et al. 2007, p. 72)	Marketing that is focused on an experience, defined as “a service process that creates the customer’s cognitive, emotional, and behavioral responses, resulting in a mental mark, a memory” (Edvardsson et al. 2005, p. 129)
Core attributes	Visible attributes such as packaging and design, and emphasizes production quality, and functionality	Processes, people, and facilities that maintain the service, and emphasizes service provider quality and timing	Core service attributes plus intrinsic qualities, servicescapes, and aesthetics, and emphasizes emotive aspects of the experience
<i>Dimensions</i>			
Utilitarian value	Central	Peripheral	Peripheral
Utilitarian values are “traditionally functional, instrumental and cognitive in nature” and are a means to an end and often equated to rational motives of time, place and possession needs (Hanzaee & Rezaeyeh 2013, p. 819)			
Hedonic value	Peripheral	Peripheral	Central
“Hedonic values are non-instrumental, experiential and affective and often related to non-tangible retailer/product attributes” (Hanzaee & Rezaeyeh 2013, p. 819)			
Post-purchase evaluation of the brand	Added to a history of similar experiences, centered around the core product	Contributes to a narrative of the brand between the consumer and the provider	Highly emotive experiences develop that become central memories of the brand
Customers thoughts and evaluations of the brand following the purchase			
Interaction between customers	Not essential	Not essential	Often essential
Customers engaging with each other during the purchase experience			
Interaction between provider and customer	Not essential	Often essential	Often essential
Customers engaging with the providers during the purchase experience			
Level of customization/personalization	Moderate	High	High
Purchases that are tailored and unique for each individual			
<i>Panel B: Examples Illustrating Transitions of Goods and Services</i>			
	<b>Goods Marketing</b>	<b>Services Marketing</b>	<b>Experiences Marketing</b>
Whirlpool	Appliances	Maintenance services	
Xerox	Printers and supplies	Business solutions	
Best Buy	Electronic goods	Providing electronic repairs and an In-Home Advisor Program	
Harley Davidson	Motorcycle products		In addition to sponsoring events and organizing conventions, they have built a community of bikers, one of which is the Harley Owners Group
Netflix		Streaming services	Netflix Party allows users to sync screens to stream TV shows and movies together
Budweiser	Packaged beer	Servicing at events	Hosting events such as the “Up For Whatever” experiential engagement initiative
LEGO	LEGO toys	Providing building tutorials online and interactive stores	An interactive LEGOLAND world for families to enjoy

Tab. 2: Comparison of goods, services, and experiences

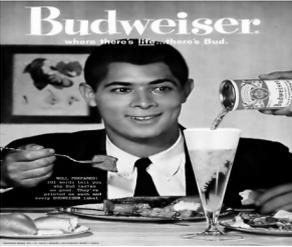
Goods Marketing	Services Marketing	Experiences Marketing
		
<p>This advertisement depicts marketing the quality of Budweiser beer by emphasizing the beer's tastiness and production quality.</p>	<p>This advertisement markets Budweiser's services to Armed Forces.</p>	<p>This advertisement markets Budweiser's #Up for Whatever campaign. It depicts consumers enjoying live entertainment with others.</p>

Fig. 1: Comparison of goods, services, and experiences

Tab. 3 provides cases that illustrate firms' experiential initiatives, typically reflective of their mission statement, and the outcomes of those events (see Tab. 3). These experiential initiative examples are rather a large scale and highlight the success these firms have realized of putting them on. For instance, Absolut's mission statement mentions bringing people together through its brands and experiences (Absolut 2021). Accordingly, Absolut hosted "Elektrik House" that immersed participants in entertaining, communal experiences. The outcome resulted in 1.5 times more sales than expected. A few caveats for these types of experiences are that they are highly dependent on customer contributions and the evaluation of the experience may vary by consumer depending on their level of contributions, interactions, and motives. For the "Elektrik House" event, Absolut encouraged customers to hashtag #AbsolutNights on social media posts to extract content for the brand and increase word-of-mouth (Harmeling et al. 2017a). Lack of customer contributions from these initiatives can hinder anticipated customer growth.

## 5.2. Experiences Marketing as a Catalyst for Customer Relationships

Experiences marketing aims to provide a valuable experience that moves, motivates, engages, retains, and, primarily, creates a long-term relationship with customers. The experiences that firms strategize are expected to lead to higher word-of-mouth, higher profits, higher repurchase intentions, consumer transformation, and firm prestige. Importantly, experiences marketing engages customers, builds customer loyalty, and encourages future repurchases. These outcomes, thus, strengthen the relationship between the firm and customer. Accordingly, a properly planned experience provides unique value to the customer and is what keeps the customer relationship strong (Solomon 2016).

When consumers make purchase decisions in a varied and complex market, they are typically attracted to experiences because of how engaging and fulfilling they are

(Schwager and Meyer 2007; Codeluppi 2007; Minkiewicz et al. 2014). Whereas basic product transactions result in customer satisfaction, properly planned experiential services result in customer transformation, psychological ownership, escapism, emotional immersion, and enhanced firm loyalty (Arnould and Price 1993; Harmeling et al. 2017a). Customers may go into the experience wanting to escape a mundane reality and, therefore, the experience provides an outlet for the customer to take on a different desired persona and engage in a flow experience that is completely enrapturing (Csikszentmihalyi 1975). This is inherent in the hedonic value of experiences (Babin et al. 1994). They are highly emotive and, thus, the customer leaves the experience feeling accepted, enlightened, supported, and understood. Hence, it is imperative for firms and organizations to "touch" the consumer by creating meaningful and pleasurable experiences with the help of physical and intangible artifacts in the servicescape, customer involvement in co-creation, customer placement and interactions with others, and technology to develop appealing customer experiences (Edvardsson et al. 2005).

A crucial reason that experiences marketing works effectively is that it encourages customers to incorporate themselves into the brand community and add the brand to their identity. These inclusive brand communities provide a context for interactions between like-minded people (Hopper 2020). For example, Harley-Davidson created the Harley Owners Group community, which typically consists of Harley-Davidson enthusiasts. Here, Harley Davidson community enthusiasts can unite, share in a lifestyle, act as pseudo-marketers of the brand, and consult each other on product-related concerns. Additionally, Anheuser-Busch markets community into its brand by offering experiential events and encouraging community involvement. It describes itself as "a company that brings people together for richer conversations, sweeter celebrations, and stronger communities." Consequently, firms benefit from these communities for several reasons:

consumer decision processes are often positively influenced by retrieving information from communities, community participants have high engagement and loyalty toward the firm, and community participants are highly likely to recruit others and to provide useful feedback (De Valck et al. 2009; McAlexander et al. 2002; Algesheimer et al. 2005). Summarily, experiences marketing is a catalyst for customer relationships because it uses strategies and encourages brand communities that result in enhanced customer relationships.

### 5.3. Virtual Brand Communities as a Current Trend in Experiences Marketing

Brand communities are often a central aspect of experiences marketing, and, increasingly, these communities are maintained virtually through online forums that provide a space for community members to interact. A virtual brand community is defined as “a specialized, non-geographically bound, online community, based on social communications and relationships among a brand’s consumers,” (De Valck et al. 2009, p. 185). Virtual brand communities include popular social networks, such as Mom365 in which community members share parenting advice with other users. Firms can take advantage of the convenience of virtual communities as they are typically

Company	Primary Offering	Mission	Experiential Initiative	Outcome
Absolut	Premium vodka	Absolut inspires sophistication, socialization, and bringing people together through its brands and experiences (Absolut 2021)	It hosted “Elektrik House” party in Los Angeles that provided participants with a variety of immersive, communal experiences (e.g., drone bartenders, backyard concert, dance floor).	This event resulted in 1,400 media news stories, and the sales impact was more than 1.5 times the forecasted expectation.
Vans	Skater shoes	Vans mission is “to enable creative expression—and inspire youth culture—by celebrating and encouraging the Off the Wall attitude that comes from expressing your true self” (Vans 2019)	Vans hosts the Warped Tour and the House of Vans. Both provide events including concerts, skateboard parks, and art galleries that customers can contribute to.	The 2019 Warped Tour sold more than 540,000 tickets resulting in a gross revenue of \$21.3M.
Zappos	Shoes	“We aim to inspire the world by showing it’s possible to simultaneously deliver happiness to customers, as well as employees, vendors, shareholders and the community, in a long-term, sustainable way” (Zappos 2021)	Zappos hosts a series of events across the country with live music and a happy hour. For example, in 2017 Zappos hosted a roadshow charity event, “The Friends with Benefits Road Show,” that visited 10 different U.S. cities.	Approximately 4,600 attendees and 150 pets adopted (this event encouraged pet adoptions).
Anheuser-Busch	Beverages	“We are a company that brings people together for richer conversations, sweeter celebrations and stronger communities. We embody the time-honored traditions of brewing great beer while constantly innovating to drive the industry forward. We strive for excellence in everything we do” (Anheuser-Busch 2021)	As part of its #Up For Whatever campaign, Bud Light held over 22,000 surprise, communal events across the United States and held on site auditions for the chance to win a visit to a town created entirely by the brand. The event auditions were captured and uploaded onto the firm-sponsored YouTube channel.	More than 100,000 people auditioned to visit the fake, brand created Whatever, USA, town. The brand ultimately selected 1,000 people to visit, and it alone created 37,000 initiative-related media posts.

Tab. 3: Case examples of experiential marketing initiatives

accessible in multiple forms, and can be hosted on second party platforms, such as Facebook and LinkedIn. Devices such as smartphones, tablets, and computers allow consumers easy access to virtual brand online communities. These devices enable users to communicate directly and instantaneously through social media platforms and text messaging (Cheever et al. 2014).

Virtual brand communities face two main challenges: the consumers' spontaneous and deliberate mind-wandering and their attentional failures whilst engaging in multiple forms of media at once (Ralph et al. 2014), and creating online platforms that allow consumers to actively engage with others. Since virtual communities are present on different platforms, firms should take strategic measures to ensure that their virtual presence is engaging. Even though consumers can easily connect with others online, the connection may not feel as real as it would in person. Luckily, video conferences (e.g., Zoom, UberConference) have made online connections more face to face. This is important since more community involvement typically equates to more community influence, which is likely advantageous for the brand (De Valck et al. 2009).

With the rise of COVID-19, virtual brand communities and working remotely have increasingly become the norm. Employees have worked from home and coped with increased isolation. In-person events have been postponed, leading to firms being more clever to reach their market. From this, many virtual brand communities and video conferencing platforms emerged to allow people to continue to work from home and to connect with others at a safe distance. Zoom, a video communications company, saw its revenues increase from 2020 to 2021 substantially. Revenues were at \$122 million during the first quarter of 2020 and went to \$328 million during the first quarter of 2021 (Richter 2021c). Online platforms have advanced by offering facilitated interactions and experiences. Namely, Netflix created "Netflix Party" to allow users to sync screens to watch the same movie or TV show together, doing so remotely (Tab. 2). Users can use the chat feature to communicate with each other while watching the program (Morgan 2020). As the world slowly moves past COVID-19, these new norms may persist and create new virtual experiences that firms and customers will adapt to.

#### 5.4. Conclusion

Today, firms are continually innovating ways to position offerings as unique and engaging experiences. The popularization of experiences marketing has raised the bar for customer expectations. Firms must have a strategic plan to guide the experiences they offer to avoid any drawbacks as there can be some unintended repercussions of a poorly planned experience. This includes disruption from the core service, lower customer satisfaction, insincere

firm responsiveness that leads to a tarnished reputation, dysfunctional customer behaviors that damage the experience of others, a short-term success that does not translate into long-term success, and, at worst, firm divestiture (Reynolds and Harris 2009; Fisk et al. 2010; Harmeling et al. 2017a). Only 54% of people surveyed will put up with two or three bad experiences before completely abandoning a brand. 1 in 5 people will do so after only one negative experience (Hall 2019). Firms that do not deliver an experience that meets the customers' expectations endure detrimental repercussions. Firms shifting into experiential marketing pursuits must listen to customer feedback to rectify damaging flaws in their experience offering.

We highlighted the differences between goods, services, and experiences marketing, and provided case examples of each. We also present unique motives for initiating and engaging in experiences. Furthermore, we explained that firms that shift into experiences marketing should consider crucial emotive elements, brand community development, customer contributions, engaging servicescapes, and the quickly changing nature of customer expectations. Finally, we noted a few current shifts that have changed the way experiences are delivered. Further research is needed to identify impactful tools for developing and hosting an effective experience online, to create accurate, engaging messages that influence customers to contribute to those messages regarding the experience, to manage the vulnerability of the firm when scouting for the right customers, and to assess the long-term effects of the experience for the customer. Summarily, firms that stay up to date with current shifts and strategically plan the overall experience accordingly will reap the benefits of strengthened customer relationships.

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### Keywords

Relationship marketing, customer data, subscription business model, sharing economy, experiences marketing