Managing experiences with systems thinking

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An experience is only cherished when it is not a moment of regret, but an experience is only memorable when it is real, passionate and no regrets at all.

Bhavna Khemiani

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Introduction

- ➢ *Welcome*
- ➢ *My thoughts & prayers*
- ➢ *Our brief journey···*
  - – The *Experience Economy*
  - – Experience factors in hospitality & tourism
  - – Implications for management
  - – Systems thinking
  - – Modeling for optimization
- ➢ *Challenges for the near term*

"I alone cannot change the world, but I can cast a stone across the waters to create many ripples."
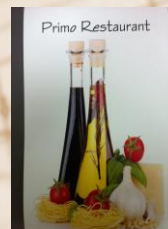*Mother Teresa*

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Had these experiences?

Are you kidding me?

Fast food

Crying Mayan

Wow!

Dining

Disneyland

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Nothing ever becomes real 'til it is experienced.
John Keats

...read between the lines!!!!!
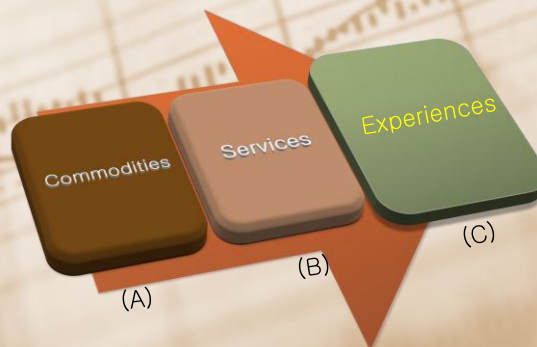
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Looking for "Wow," got "Ouch"!

WARNING

The Experience Economy

- Our everyday experiences are tracked, stored, analyzed & tailored
- *Cyberspace* knows every action you initiate or execute
- *Premise:* Your habits are an amalgamation of behavior central to shaping future actions by and for you.
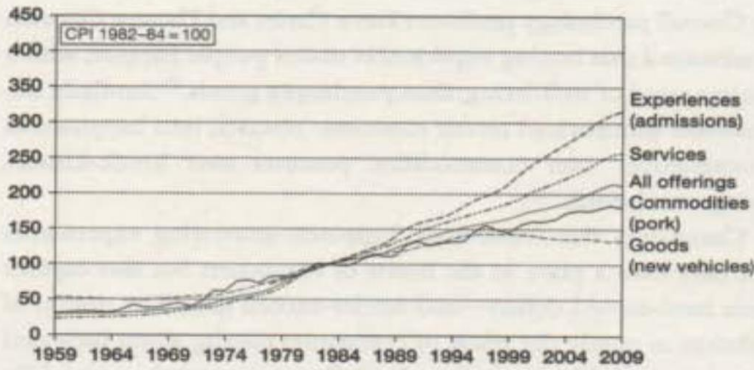
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Our global economy

- Since 1900's decades of evolution

- Some countries remain in (A) & (B)

- Experience sector outperforms commodities & service industries

Commodities

Services

Experiences

(A)

(B)

(C)

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FIGURE 1-2

Consumer Price Index (CPI) by economic offering

CPI 1982–84 = 100

Experiences (admissions)
Services
All offerings
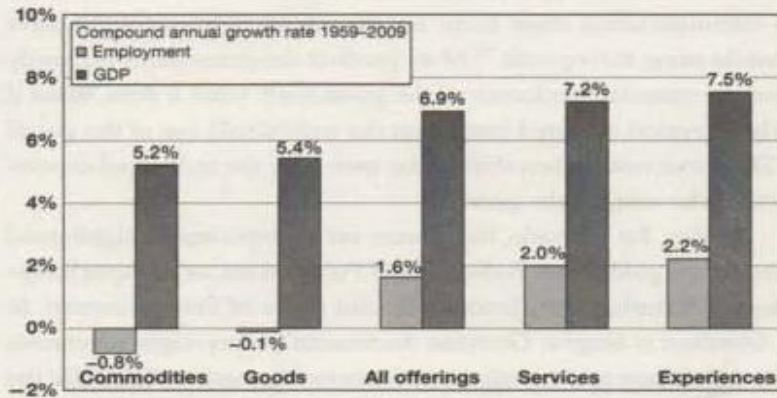Commodities (pork)
Goods (new vehicles)

Source: U.S. Bureau of Labor Statistics; Lee S. Kaplan, Lee3Consultants.com.

Pine & Gilmore, 2011, p.20

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FIGURE 1-3

Growth in employment and nominal gross domestic product (GDP) by economic offering

Compound annual growth rate 1959–2009
▫ Employment
■ GDP

	Commodities	Goods	All offerings	Services	Experiences
Employment	−0.8%	−0.1%	1.6%	2.0%	2.2%
GDP	5.2%	5.4%	6.9%	7.2%	7.5%

Source: U.S. Bureau of Economic Analysis; Strategic Horizons LLP; and Lee S. Kaplan, Lee3Consultants.com analysis.

Pine & Gilmore, 2011, p.21

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Future industry shifts

✓ End of *service industries* as we know it?

✓ Experience quality (EQ) rises; service quality (SQ) maintained as threshold measure

✓ Conversion to industry wide, *brand loyal, centrist experience engineering*

✓ Social media & person tracking emerge as *Experience Indexing*

✓ *Unified, full spectrum staffing protocols* to create indelible experiences

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IF OUR INDUSTRY IS TO CAPTURE & SUSTAIN ITSELF, INTENTIONAL EFFORTS MUST OCCUR THAT LEAD TO COMPELLING, "WOWFUL" EXPERIENCES.
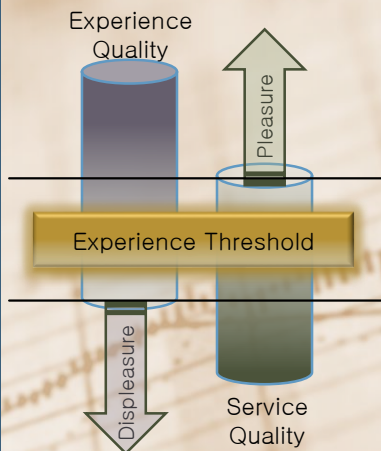
The Experience Factor

Experiences matter…

When you have really exhausted an experience you always reverence and love it.

Albert Camus

EXAMINE   EXPECT   EXPLORE

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EQ vs. SQ

Experience Quality

Pleasure

Experience Threshold

Displeasure

Service Quality

The business must meet or exceed a level of service quality in addition to excelling in offering indelible and memorable experience quality.

Source: Experience Factor Model
(Ralston, Ellis, Compton et al., 2007)
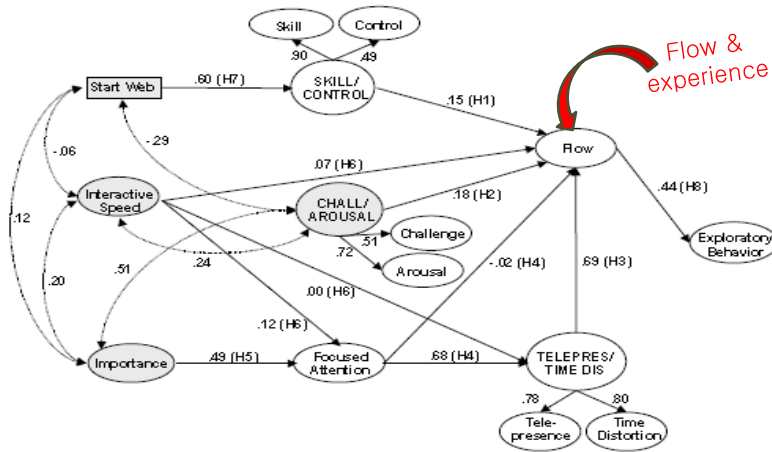
Online "Gateway" experiences

Figure 2
The Base Model

Memorable tourism experiences
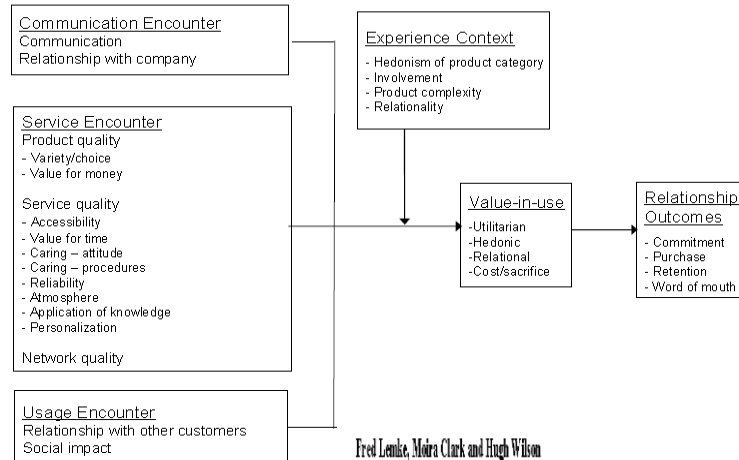
- *Constructs of MTE*
  – Hedonism
  – *Involvement*
  – Local culture
  – *Refreshment*
  – *Meaningfulness*
  – Knowledge
  – *Novelty*
    Source: Kim, Ritchie, McCormick, 2011; Kim & Ritchie, 2013

Figure 1:
Conceptual model of customer experience quality

Communication Encounter
Communication
Relationship with company

Experience Context
- Hedonism of product category
- Involvement
- Product complexity
- Relationality

Service Encounter
Product quality
- Variety/choice
- Value for money

Service quality
- Accessibility
- Value for time
- Caring – attitude
- Caring – procedures
- Reliability
- Atmosphere
- Application of knowledge
- Personalization

Network quality

Value-in-use
-Utilitarian
-Hedonic
-Relational
-Cost/sacrifice

Relationship Outcomes
- Commitment
- Purchase
- Retention
- Word of mouth

Usage Encounter
Relationship with other customers
Social impact

Fred Lemke, Moira Clark and Hugh Wilson

Journal of the Academy of Marketing Science (2011), 39, 846-869

Experience unmasked

- Achieving *"Flow"*
- Transcendent Customer Experience (TCE)
- Indelible imprints
- *Physiological indices*
- *Transformative!!!*

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Creating & sustaining...

- What is "Wow"?
- How is it created?
- Engineered?
- Applied?
- By whom?
- How often?
- Toward *"transformation"* ?

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Implications for management

Challenges

- ✓ Being Disney isn't easy
- ✓ *Scaling* to type of business is essential
- ✓ *Thinking outside the box*
- ✓ Logistics of doing it
- ✓ Maintaining "novelty"
- ✓ *Differentiating* yourself in the marketplace
- ✓ *New era of "transformation"*

Strategies

- *Disney & Marriott differentiation*
- Geek squad example
- *Pine & Gilmore tenets* of the experience economy
- *Map the competition (e.g.) golf example*
- Think in systems mode

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The Systems Factor

IF WE ARE TO COMPREHEND THE EFFECTS OF INTENTIONAL EXPERIENCES WE MUST MANAGE THE COMPLEX SYSTEMS AND THEIR DATA TO ACHIEVE BRAND LOYALTY.

What is systems thinking?

Systems thinking *is a process* that incorporates the crucial elements of strategic planning, management and leadership development, team building, and other principles of organizational change in the *effort to create positive change within an organization*

Systems thinking: A disciplined approach (2004)

Analytics

Data

Strategic efforts

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Stella & iThink (ISEE)

- A *computer modeling software* that allows us to understand and construct a dynamic system.
- *System:* A set of variables that sustains functional relationships through time (Ruth & Hannon, 2001).
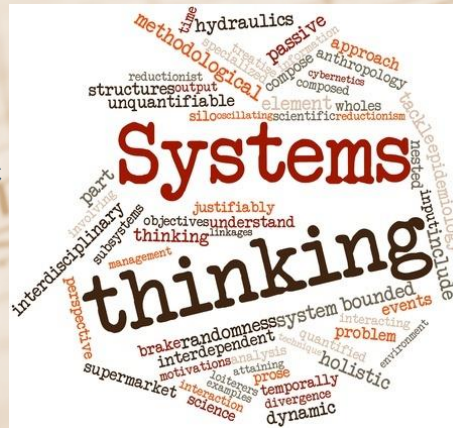
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Why systems science?

✓ Hospitality & tourism are *complex systems*
✓ Knowing *which factors affect others* is critical
✓ *Optimization* of customer experience
✓ Detecting *critical factors* that disrupt, destroy, or influence customer experiences
✓ Reducing or eliminating *negative factors*
✓ *Amplifying factors* that lead to brand loyalty, positive media transmissions

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Organizational maturity in utilizing systems thinking

Systems Thinking Maturity Model
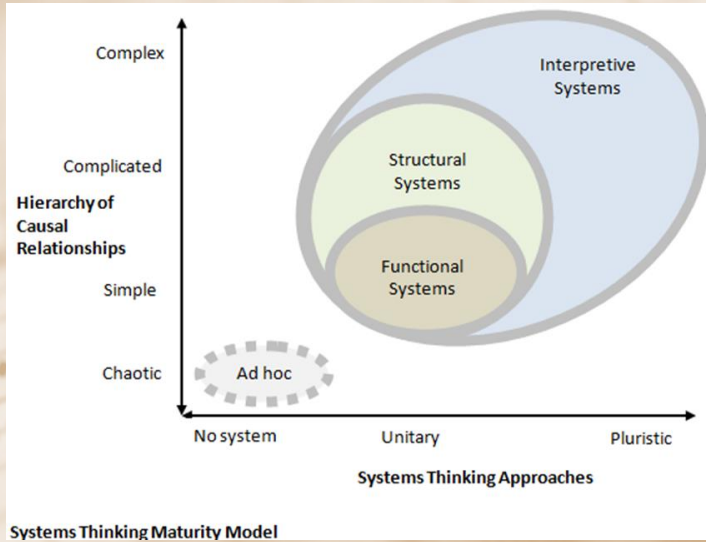
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Dynamic models help us to...

➢ *Understand model structure of a complex system*

➢ *Represent hypothesized causal relationships between factors*

➢ *Evaluate changes on outcomes of interest over time*

➢ *Examine effects of changes in one system factor on the whole system*

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However, models are not ...

➢ Attempt at perfect representation of "real-world" system

➢ *Dependent upon complete data*

➢ Replacement for traditional analyses

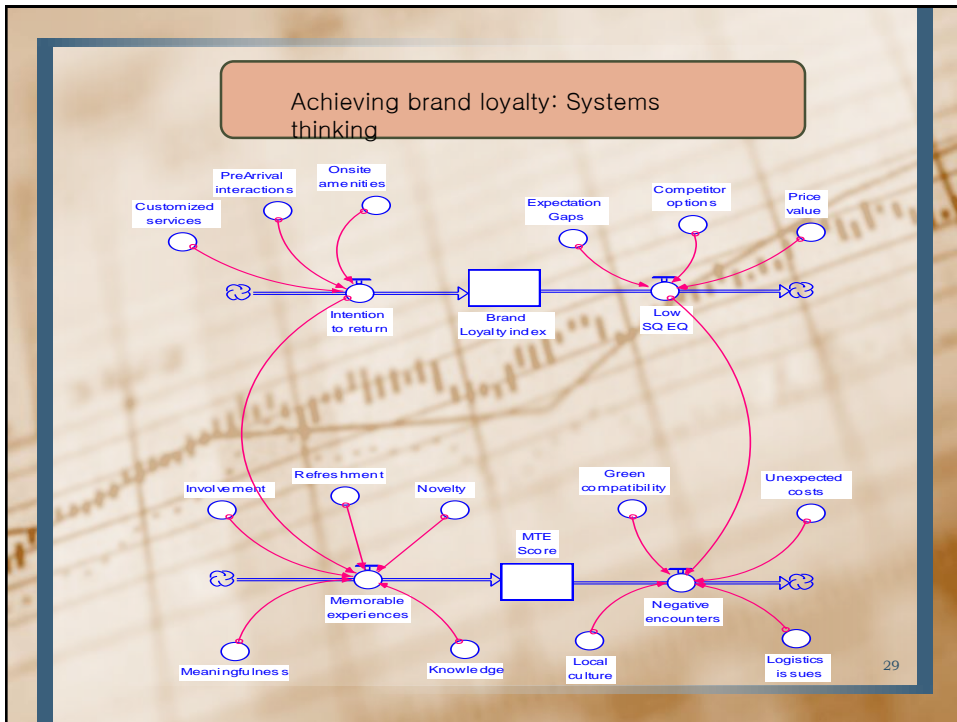➢ *A black box for decision making*

Osgood, N (2010)

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System structure: Tourism/hospitality and the experience economy

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Achieving brand loyalty: Systems thinking

Summary

"THE PURPOSE OF LIFE IS TO LIVE IT, TO TASTE EXPERIENCE TO THE UTMOST, TO REACH OUT EAGERLY AND WITHOUT FEAR FOR NEWER AND RICHER EXPERIENCE." ELEANOR ROOSEVELT

I submit that we must...

1. *Comprehend* the relationship between SQ ~ EQ
2. *Engage* in research that leads to dynamic modeling related to "brand loyalty
3. *Link* tourism & hospitality sector to early education & charter school efforts
4. *Revise* HE curriculum to teach systems thinking
5. *Require* systems skills across the company (e.g.) Ford motors
6. *Provide* managers with tools & evidence that result in efficiencies, controls, productivity, "*WOWFUL*" outcomes in the *transformative era*

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Thank you…

QUESTIONS···COMMENTS···DIALOG