



THE PROBLEM
Consumers are overstimulated and disillusioned, and they're demanding depth.

WHY IT MATTERS
How people spend money and time shapes civilizations.

THE SOLUTION
Provide experiences that offer personal growth and community building.



What a Great Experience!

Consumers are no longer content to buy things or simply be entertained. They want to be moved. Welcome to the experience economy. By Meghan Walsh



Last year, at the moment when tickets for Taylor Swift's Eras Tour went on sale, a handful of Mikala Slotnick's family members were furiously refreshing Ticketmaster. Alas, their efforts were futile. Tickets sold out almost instantly. The 24-year-old, full-time student at the University of California, Davis, did eventually secure two nosebleeds for the bargain price of \$500 each (the average Eras ticket in California went for \$1,088), but she and her aunt had to book a hotel more than an hour away from the Los Angeles venue because rooms were sold out nearby.

All the effort—totally worth it. Slotnick still wears one of the friendship bracelets from that night (it's a Swifties tradition to trade friendship bracelets at the shows and to dress in themed attire), and vividly recalls the young girl who gave it to her. "It feels like we're in a club that spans all over the world," she says.

When it comes to investing time and money, Slotnick, like many of her generation, chooses one-off occasions over material items—and she's willing to go into debt if necessary, using credit services like Affirm to pay her way. "Shoes get dirty," she says. "Bags are seasonal. Trends come and go. Seeing an artist who impacted my life in concert, that's a once-in-a-lifetime opportunity."

Welcome to the new experience economy, where performances, once regarded as simply an entertaining evening out, are now considered to be cultural pillars that construct a person's identity and build connection. Where travel is an expression of values and doing is a means of becoming. There has been a marked shift, among not just younger generations but people of all ages, toward spending on *things* to investing in *moments*—or, more pointedly, the memories and potential they generate. It's no longer enough to be pleasantly distracted for a few hours. People

want community, self-expression, meaning, and to be moved on an emotional level—and, like Veruca Salt, they want it now.

Over the last 40 years, the share of US consumer spending on live experiences has increased 70 percent, with admissions to performing-arts and sporting events more than doubling since 1990. According to one estimate, people today dedicate a quarter of their budget to traveling, eating out, recreational activities, and other events and services. Once, artists went on tour to sell albums; now they release albums so they can go on tour, with the average concert-ticket price more than doubling in the last decade (economists have a name for this: funflation). "This is happening across the income spectrum and across industries," Korn Ferry North America president Radhika Papandreou says. "I don't think it's cyclical, either. This will be a real shift going forward."

This shift—which experts warn will be as disruptive as the last great economic turnover from the industrial economy to the service economy—is already reconfiguring business models.



understand prosperity. "When we buy something that's about personal transformation, the customer becomes the product," says Ben Hunnicutt, a historian of leisure and author of *The Age of Experiences: Harnessing Happiness to Build a New Economy*. "Progress will be expressed more in terms of intrinsic motivation and personal outcome than in terms of external consumption."

To understand this evolution in consumer behavior we need to look back at both the immediate and overarching past. Since the pandemic, there has been an explosion of mass events—festivals, marathons, conferences. People are "revenge living," as some have termed

"Fostering human flourishing is the raison d'être of business."

Traditional retail brands, such as Gap, are now hiring chief experience officers. Lego, unlike many brick-and-mortar toy stores, is thriving, in part due to its early pivot to in-person experiences, including amusement parks and competitions. And luxury companies like Louis Vuitton are expanding into the travel business by opening hotels, looking to connect with customers through multidimensional offerings. Even the entertainment business, which has always placed experiences at the heart of its model, is evolving from pure spectacle to intentional co-creation. "It's much less about stimulation and more about connection," Papandreou says.

And the implications may be even broader still. As society prioritizes becoming more than doing or owning, some say, it won't just change how people spend money. It will change when, where, and how much employees work. It may even change how people

it. But experts say something deeper is going on.

While companies once competed on quality, convenience, and cost, technology has leveled the playing field to a great extent. In a time when people are oversaturated and disillusioned, what sets brands apart is the emotional effect they deliver. "I think in a broader sense the transactional nature of our lives has caught up to us," says Akash Abraham, a 44-year-old global director of business-development innovation in the semiconductor industry, who identifies less with his job title than with other descriptors: audiophile, epicure, world traveler. Of the forays he's made abroad

Let the Fun Begin

How people invest their time and money in leisure has changed over the decades. A look back at the last 65 years.

1960s Movies, Bowling, and Vacations:

People go to the movies, as well as bowling alleys and skating rinks. They begin taking annual family vacations and spending money dining at cafés. The majority of Americans also own a TV by the end of the decade.



1970s Festivals, Nightclubs, and Road Trips:

Live music and outdoor festivals become popular, eventually moving into nightclubs when disco fever hits. Early video games



draw money and people into arcades. The station wagon inspires middle-class families to take road trips, go camping, and stay in motels.

1980s Buying Binges:

There is a greater emphasis on material consumption, with



the mall becoming a central social hub. Consumers invest in at-home electronic entertainment, including video-game consoles and VCRs. Families flock to amusement parks. This is the aerobics era.

1990s Movies at Home:

Renting movies becomes a weekend ritual. Themed



restaurants, like Rainforest Cafe, proliferate. Casino gambling explodes. A strong economy allows people to invest in high-end sporting and exercise equipment.

2000s Digital Directions:

Consumers continue to invest in at-home



entertainment, which now includes computers. With the rise of reality television, gaming, and social media, digital technology becomes interactive. People congregate in coffee shops. Budget travel makes going abroad more accessible.

2010s Staycations and Streaming:

Post recession, there is a shift toward staycations and an explosion of DIY culture. Eating out becomes a

form of entertainment. Streaming revolutionizes the TV, movie, and live-sports industries. Boutique fitness surges. With the rise of Airbnb, travelers seek to live like locals.

2020s Getting in Shape:

Wellness becomes a top priority, shaping



how people socialize and travel. There is a return to nature immersion. Remote work enables long-term travel. Festival culture continues to grow and become more immersive. Hobbies are a focal point.

Now, the follow-up question: Why? Well, Kumar explains, experiences have value before, during, and long after the actual event. We find joy in planning a trip (which is why Kumar warns against employing AI to do that for you) or corralling our loved ones to hunt down concert tickets. Engaging in the experience itself fosters a feeling of kinship with others, even if it's as superficial as having a conversation with a bartender while dining solo. That sense of connection extends into the future, too, as we're more likely to share something we've done with other people than something we've bought. Emotionally moving experiences also inspire gratitude, which elicits generosity, which in turn generates deeper connections, and round

and round it goes. "Investing in experiences is investing in relationships," Kumar says, adding that positive relationships, for a social species, are central to happiness.

Material purchases, on the other hand, tend to evoke comparison and competition. And rather than an enduring return on investment, objects provide less and less pleasure over time, a phenomenon called hedonic adaptation. So shoppers end up feeling less while wanting more.

Cybersecurity executive Dayse Morales lives in a comfortable enough apartment in Brooklyn, but admits that it's minimally stocked. "I have everything I need," the 42-year-old says. "I'd rather spend my money on traveling." While Morales typically travels solo, for the last several years she's taken an annual trip with a diverse group of women ranging in age from their early 30s to their 50s. The co-travelers

to—mature into transformations, alchemical processes that fundamentally change the consumer.

An experience is not an amorphous construct, Pine argues. It's as real an offering as any other. The outdoor-retail industry has long understood this. In addition to apparel and gear, companies like Patagonia and REI offer trips and classes. They support local run clubs and host adventure outings. They are selling a way of life—along with the hiking boots needed to traverse it.

"Fostering human flourishing is the raison d'être of business," Pine says. He urges executives to ask questions that go beyond financial returns: What makes people happier and healthier? What cultivates cohesive communities? What fuels personal, not just economic, growth?

We have pretty good answers to these questions, thanks to both trial and error and decades of scientific research. Amit Kumar, a professor of marketing and psychological and brain sciences at the University of Delaware, has been at the forefront of this research. His conclusion: In terms of satisfaction that endures, experiential purchases return more happiness than material purchases do.

"The customer becomes the product."



Nick Dolding, Fortgens Photography, George Rudy, Prostock-Studio, Oscar Wong, Wang Yukun, Thomas Barwick, Yana Ilesyeva/Getty Images

began as strangers, but now, having gone hiking in New Hampshire and snorkeling in Montenegro together, they know each other intimately. "It's all about community," Morales says.

Korn Ferry's Papandreou says more people than ever are choosing to travel solo or in groups outside of family and friend circles. "People are seeking new companionship

through these shared experiences," she says. Wellness travel is also exploding, with tourists seeking out meditation retreats and nature immersions. Interestingly, Kumar's research shows consumers who buy experiences are more open to uncertainty than those simply purchasing items. In fact, unpredictability adds to the allure, which companies are capitalizing on. The online travel agency Pack Up + Go plans surprise getaways for clients based on survey responses,

only revealing the itinerary on the day before departure.

To be sure, consumers are still spending more on durable goods than they were before the pandemic. And there are those who contend that experiences are being commoditized in the same way goods and services have been. A mood of "been there, done that" (with the Taylor Swift Eras Tour muscle tee to prove it) will set in, and the hedonic chase will continue toward ever more intense and novel experiences (and new gear to accompany them). These critics fear the market will find ever-new ways to charge for what was once free. While experiential consumption may be packaged in feel-good wrapping, it can still be reduced to a dopamine-triggering transaction.

People, Pine says, don't buy goods, services, or experiences: They buy aspirations. The product is simply the means to the end, and the end is a better person and a better life. That's why the progression of economic value is always going to lead to transformations. These transformations can be thought of as from/to statements. From sick to well. From unable to skilled. The outcome is the product.

Pine says the way to uplevel a service or experience to a transformation is by encapsulating it. Begin by preparing consumers beforehand, help them to reflect afterward, and then offer ongoing integration. Coaching prepares clients to think about the possibilities and what they really want, while reflection brings into clear focus the impact of the experience. Integration is all about the follow-up. "You haven't truly transformed until you've changed your behavior," Pine says.

As people come to value more meaningful pursuits, they will inevitably put a premium on their time, the most precious of resources, says leisure historian Hunnicutt. Work will no longer be our main portal for expressing identity, and there will be continued pushback against long hours and return-to-office mandates. Careers, too, will become a means to an end. For millennia, those who think about such things have argued that secur-

ing tangible goods is important insofar as it allows societies to cultivate intangible ones: personal and collective actualization (think Maslow's hierarchy of needs).

Reflecting on his affinity for the culinary and performing arts, Abraham, the Manhattan executive, landed on a conclusion similar to that of Greek philosophers 2,000 years ago: "These activities offer moments to recenter on things that have been important to me since childhood, and to reinforce my thoughts on life and what matters." ▀



Image: Broker/Urugay Koca, Uguur Karalok, Klaus Vedfelt, Max Kefire, Kilito Chan, Thomas Barwick/Getty Images

Experience Sells

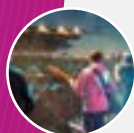
These companies are growing revenues by leaning into the experience economy.



LEGO Group

Early on, the toy company embraced in-person offerings, from amusement parks to competitions.

Approximate 2025 revenue: **\$11 billion** (12% annual growth)



Live Nation

The largest live-experience company in the world has seen huge growth in recent years.

Approximate 2025 revenue: **\$25 billion** (9% annual growth)



Airbnb

By offering travelers "live like a local" experiences, the platform continues to thrive.

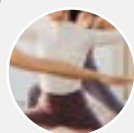
Approximate 2025 revenue: **\$12 billion** (10% annual growth)



Disney

This longtime leader in crafting emotionally moving experiences continues to resonate with the masses.

Approximate 2025 revenue: **\$94 billion** (3% annual growth)



Lululemon

The athletic-apparel brand sells a lifestyle by hosting yoga classes and run clubs.

Approximate 2025 revenue: **\$11 billion** (9% annual growth)