Imagine booking a volun-tour, an experience bundle involving volunteering and sightseeing. Would you prefer sightseeing after volunteering or to alternate them throughout the trip? We examine how the design of a bundle impacts preferences. With three studies, we show that an alternating (vs. sequential) structure enhances complementarity perceptions and preferences.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/1024847/volumes/v45/NA-45

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Design an Experience Bundle: The Role of Experience Structure
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EXTENDED ABSTRACT
Imagine planning a spring vacation and coming across an ad that features a six-day volunteer trip. The ad suggests an itinerary where half of the trip involves volunteering in jungle restoration in the Amazon and the other half sightseeing in Peru. This is an example of an experience bundle, a bundle that is composed of two or more experiences (e.g., volunteering and sightseeing) that are usually consumed independently of one another. To maximize desire for this bundle, an important decision must be made by marketers: how should the experiences in the bundle be structured? Should the trip be structured such that consumers will complete sightseeing in the first three days before jungle restoration (i.e., sequential structure), or should the trip be structured to include sightseeing experiences and jungle restoration (i.e., alternating structure) during each day?

With three studies involving a variety of experience bundles, we find that alternately (vs. sequentially) structured experience bundles are more preferred. This is because an alternating structure allows consumers to infer greater value with an experience bundle, which leads to higher complementarity perception. For example, when the volunteer trip is structured sequentially, consumers may infer that the jungle restoration experience will be spiritually rewarding and that the touring experience will be fun. In other words, the multisensory elements, events, and benefits of each experience are processed mainly independently of one another. In contrast, consumers may infer additional benefits when the jungle restoration and sightseeing experiences are alternated throughout the trip. Not only will consumers identify that the jungle restoration will be spiritually rewarding and the sightseeing will be fun, but they may also infer that boating along the Amazon River (touring event) will be relaxing after finishing a half-day of tree-planting (volunteer event). Further, appreciation of the river-maintenance activity (volunteer event) on the following day may also be enhanced. It is these inferred values that enhance complementarity perception and high evaluations for alternately structured experience bundles.

In study 1, participants (N=110) evaluated a French Festival event in a between-subjects design. The festival was composed of three films (different genres) and three acrobatic shows (different themes), and was structured either alternately or sequentially. Supporting our expectations, the alternately (vs. sequentially) structured French festival was perceived more favorably to consumers. Notably, a follow-up study with 80 participants found no differences in variety perceptions (Koukova and Wansink 2004) between the alternately and sequentially structured bundles, ruling out this perception as an alternative explanation to our hypothesized effect.

In study 2, participants (N=97; between-subjects design) were asked to evaluate a full-day Toronto trip and indicate how complementary the trip seemed to be (Koukova, Kannan, and Kirmani 2012). This trip was a bundle of two historic and two modern tours and was structured alternately or sequentially. We also included an inferences-condition impairment condition, where subjects again evaluated an alternating trip, but the individual tour descriptions were displayed on four separate pages. The descriptions, however, appeared on one page in the alternating condition. In this condition, we expected that complementarity perceptions would be reduced if participants had to flip back and forth between descriptions to identify meaningful connections among the tours. Consequently, we expected the alternating trip would also be perceived less favorably. Support for the expectation that an alternating structure would be more preferred was also found in this study. In addition, complementarity perception was found to mediate this preference (Hayes 2013). Notably, the fact that the experience bundle was evaluated less favourably in the condition with descriptions on separate pages (vs. alternating) condition suggests that variety perception is not the underlying mechanism.

In study 3, participants (N=175; between-subjects design) were asked to list their thoughts about the sequencing of activities in an educational trip to Singapore and then evaluated the experience. This trip was a bundle of sightseeing and educational engagements, and was structured either alternately or sequentially. Participants’ thoughts were coded for complementarity inferences. Greater number of complementarity inferences implies greater complementarity between bundled experiences. As expected, complementarity perception mediated preference for the educational trip, such that a greater number of complementarity inferences were generated for the alternately structured trip. Further, some participants were provided with complementarity inferences in the sequentially structured experience condition, and their evaluations increased in comparison to when complementarity inferences were not provided.

To the best of our knowledge, we are the first to examine experience bundles, an increasingly popular market offering. Theoretically, we contribute to the bundling literature in several ways. First, we show that complementarity perception, an important determinant in bundle evaluation (Gaeth et al. 1990; Popkowski Leszczyc and Häubl 2010; Stremersch and Tellis 2002), is quite malleable. Prior literature often assumes, implicitly, that complementarity perceptions are stable. We show these perceptions can be influenced by varying the structure of an experience bundle. More importantly, we show that complementarity perception is malleable because consumers engage in an inferential process when learning about experience bundles. This process has not received attention in the bundling literature. Equally important, we offer insights on how to better design and market experience bundles.

REFERENCES