

# Chapter 47

## Innovating Luxury Service Experiences Through E-Servicescapes

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### **ABSTRACT**

*The digital customer experience is a top priority and major challenge for luxury service companies, who have to connect with their target customers yet strive to remain exclusive and to innovate their core offers while preserving their heritage. After a brief review of the literature on customer experience and virtual environments in luxury service contexts, this chapter focuses on e-servicescapes as a means for innovation and improvement in delivering omnichannel experiences for luxury customers. Adopting Bitner's typology of servicescapes, this chapter is based on a three case vignettes analysis that highlights how luxury service providers can use e-servicescapes to enrich their physical service experiences. Three e-servicescape strategies are identified—integration, amplification, and substitution—that ultimately support companies in renewing and improving their overall luxury propositions.*

### **1. INTRODUCTION**

A recent report by Euromonitor International (2019) revealed that digital has been one of the most transformative innovations in the luxury industry, with connectivity being the “new normal” for many luxury customers and a major game-changer for players in the luxury landscape. Thus, the digital customer experience is a top priority and a major challenge for luxury companies, who have to connect with their target customers, yet striving to remain exclusive (Blasco-Arcas et al., 2016; Baker et al., 2018).

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This tendency is even more crucial for luxury service providers, who have to convey and “tangibilize” the experience offered in their physical environment also through their e-servicescapes (the service’s online environment), in order to involve especially the younger generations, who are not only online channels’ main users (Mangold & Smith, 2012) – having grown up in a digital world (Deloitte, 2017; Danzinger, 2019) – but are also looking increasingly for customized, co-created and intimate customer-company experiences (McKinsey & Company, 2018). In addition, such innovations become even more relevant from a strategic standpoint in a moment in time in which access to the physical service environment can be difficult, limited or even impossible due to the exogenous shock caused by the Covid-19 pandemic.

After a brief review of the literature on customer experience, digital experiences and digital environments in luxury service contexts, this chapter focuses on e-servicescapes as a means for innovation and improvement in delivering omnichannel experiences for luxury customers. In fact, e-servicescapes are a relevant source of competitive advantage, if the company is capable to incorporate customers’ needs and wants into its design (Parasuraman et al., 2005; Sonmath et al., 2008). Thus, this chapter investigates and focuses on how e-servicescapes can play the role of facilitators in the interaction between a service provider and its customers, spurring a favorable company image in the customer’s mind (Fisk et al., 2000) – a particularly salient aspect for luxury firms, who need to sustain their unique positioning in the long-term.

Three case vignettes, selected according to Bitner’s typology of servicescapes (1992) and focusing in particular on elaborate interpersonal services, are used to shed light on how luxury service providers can use e-servicescapes to enrich their customers’ physical experiences, ultimately innovating their service offer and overall value proposition.

From an academic standpoint our findings contribute to a better understanding of e-servicescapes’ and digital environments’ roles in innovating effectively luxury service providers’ offerings. The results also speak to luxury service managers who need to constantly update their high-end offers from a technological standpoint, keeping them relevant for their demanding customer base. Thus, e-servicescapes can play an important role in fostering customers’ active involvement, renewing a company’s business model and making it more resilient to exogenous shocks (like the one caused by the Covid-19 pandemic), as well as improving the brand’s overall omnichannel strategies.

## **2. CUSTOMER EXPERIENCE IN LUXURY SERVICE CONTEXTS**

The concept of *customer experience* grounds its roots in the 1980s, when the literature on consumer behavior was rapidly growing, and offered a new, original view of customers as feelers and emotional human beings, beyond just rational decision-makers only caring about a product’s functional benefits. Customer experiences thus encompass the role of emotions in consumption behavior and can be defined as a subjective state of consciousness with “a variety of symbolic meanings, hedonic responses, and aesthetic criteria” (Holbrook & Hirschman, 1982, p. 132).

The concept became more prominent a decade later in the marketing field, when Pine and Gilmore coined the term *experience economy* (Pine & Gilmore, 1999), referring to a new category of economic offering, which requires companies to conceive and deliver memorable events for their customers. Along with that, Schmitt (1999) developed a conceptual framework for experiential marketing, distinguishing among five types of experiences that companies can craft for to their customers: sense, feel, think, act and relate. Several contributions followed in the marketing and management disciplines, emphasizing

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