Experience Economy and Shift in Provision of Taxi Service in Dubrovnik

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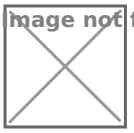
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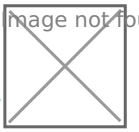
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Experience Economy and Shift in Provision of Taxi Service in Dubrovnik

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ABSTRACT

This research study was focused on how far or close Dubrovnik Taxies are from becoming Taxi Ambassadors and therefore enter experience economy with their service provision. Participants of the questionnaire were RIT Croatia Alumni who at least once used Taxi service in Dubrovnik. Research study showed that there is ongoing change happening with Dubrovnik Taxi service provisioning. In addition, this paper tried to explain on how can Dubrovnik Taxi can attain level of experience economy and improve quality of service. Mostly, attitudes were positive and participants have realized that change is happening.

KEYWORDS: Experience economy, Service quality, Taxi service, Metamorphosis of service industry

INTRODUCTION

Purpose of this paper is to find out how does Taxi service can evolve into something more than just transportation and how does that fit into ongoing change toward experience economy. This paper will try to find out how does current situation look like and how far or close are Dubrovnik taxies in achieving the ongoing transformation. Hopefully, this can serve both well to drivers and their customers, but the main focus in on providers of Taxi service, thus they can achieve competitive advantage and therefore increase their value. Method being used will be survey that was originally intended toward tourists arriving to Dubrovnik through airport and afterwards using Taxi service to get to city centre. However, due to global pandemic of COVID-19, survey will be given out to RIT alumni whom I can easily approach with condition that they have used Taxi service at least once.

EXPERIENCE ECONOMY

For starters, observation and analysis of two important terms that create basis for entire work will be examined; experience economy and metamorphosis of service industry. The experience economy is defined as “an economy in which many goods or services are sold by emphasizing the effect they can have on people’s lives.” Experiences are their own category, just like “goods” and “services.” (Localist, 2016).Giving the easiest way to explain it is through an example of celebrating kids’ birthday parties. Prior to experience economy we had commodity, goods and service ones. In commodity economy, parents used what they could extract from their agricultural household; eggs, flour, milk and used ingredients to make cake by themselves. Moving on, in goods economy, parents could buy all the ingredients because they had administrative or industrial jobs and could not extract what is necessary for cake on their own. Lately, in service economy, there are pastries which provide you service of cake making. They are specialized in what they do and their goal is provide you with best service that they can and more importantly, with service that you on your own will have hard time achieving by yourself. Finally in experience economy, whole celebration is staged.

One can track how did we get from mothers making cakes on their own to fathers outsourcing whole birthday parties to businesses that can stage entertaining event for kids and usually add cake which has started the whole story for free. Not only does experience economy in this case add another value to birthday party, making it luxury good that leaves long lasting memories, but also it removes all load from mother or father. Naturally, prerequisite is that parents have surplus of money and can afford outsourcing of birthday party.

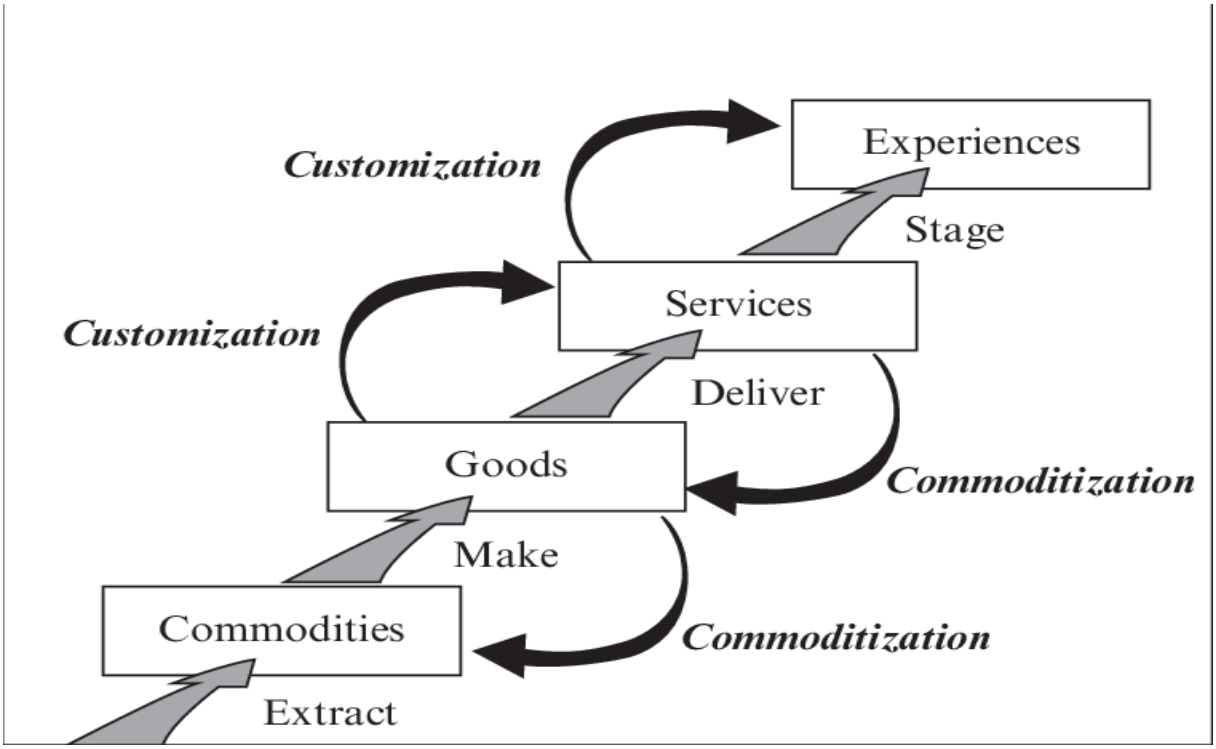


Image source: Pine (January 2013), Strategic Horizons

PERSONALIZED AND SHARED EXPERIENCE

What is it that makes experience economy so much interesting and important? An experience occurs when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event (Pine & Gilmore, 1998). Thinking of it, people sometimes forget what some place or events looked alike, but remember how it made him feel. That is why in experience economy one's senses must be engaged. Staged experience must look, sound, feel, taste and even smell nice. Once the senses are awakened, brain immediately starts reacting

before we even start thinking about what is that we actually see, hear or smell. Let us here give an example of a restaurant where upon entering, you can immediately sense how your lunch or dinner there is going to be. When interior is nicely decorated, music there is appealing, natural smells such as rosemary or lavender is mildly present instead of chemical ones, your brain instantly creates a perception of fine dining place. If you ever had a restaurant experience in different culture, even though food may not be of your preference, the ambient and way of doing thing lingered in your mind much more then poor food quality. Because your senses were disturbed, you smelled, saw and heard things that your brain is not used to. Chemical reactions did their part and you are left with memory. Even if you never go back at the same place, as soon as you enter a restaurant that is themed similar to your previous experience, brain will react and you will immediately remember, at least subconsciously. Now, with restaurants pilling up at almost every corner, owners understood that there is a need for separation. And my previous example of different culture restaurant can explain importance of staging an experience. They observed that if they can make senses alert, brain connections can subconsciously make relationship with experience (Pine & Gilmore, 1998).

4 E'S OF EXPERIENCE

Pine & Gilmore (1998) explain that experience must be educative, esthetic, entertaining and provide escapism for people. What is more important, for experience to be full, borders between these four elements must be blurred, so that customers do not know where one starts and the other one ends. If all of those are achieved, there is a transformation ongoing in customer perception. In today's world where information is easily accessible, educative part is important because today's customers are most educated ones, and do thrive for knowledge collection. Esthetic and entertaining elements are self explanatory, but still are not easy to achieve those. They must be non-aggressive so that they just flow in naturally. As for the escapism element, once they start experience that you staged for them, they enter a little bubble that you prepared from them so they can forget outside world and just focus on present moment. This last element plays a crucial role in today's busy and fast pacing

world where people just want to get away from everything and completely surrender themselves into an experience.

SERVICE QUALITY

Quality is an elusive and indistinct construct (Zaithmal, 1985).Next thing that will be discussed is metamorphosis of services, and it goes hand in hand with experience economy. During transformation, it is important to consider how service management has been done in the past and how every element might be reused effectively. Intelligent and predictive analytics—a combination of emotional intelligence and business intelligence—can help interpret data and drive new, proactive ways of working that enable faster and better response to dynamic customer requirements and shifting organizational priorities (Zeithmal, 1985). Metamorphosis is phenomena happening already; service providers recognized importance of providing relationships along with service. Not only does it create meaningful emotional connection with service but can add value to it, making it personalized and more suitable to consumer. Once establishing a relationship you are no longer just a customer there, you feel excepted and valuable member of property. There are two dimensions for observation here: customer participation and connection. Customer wants to be amazed, and here it can be attained by co creating or co working with customer; to get him or her involved into service, a making he or she feels special. Once he is the one who participates in service provision, he immediately adds more value to it, because he is one of the producers of it. He can also feel pride in service that he helped to co create. Other thing is connection, which makes a customer part of the team in a way. He feels strongly connected with service and once being part of it, he really feels transformed by it (Regan, 1993). Not only did he only used it, rather he is a part of it and once to remain there. There is a purpose for him or her.

These two previously discussed terms can be implemented into every service providing and boost its value and performance sky high. And smart companies and one that do observe what is happening

around them already change their services into something even more intangible and more meaningful. Using coffee bars as an example can be useful here, they all serve coffee but ambient around, cookie on the side or shape of milk on top of it make us come back and consume more. Coffee falls on the lowest plain and seems not to be important in coffee business, how is that possible? Okay, not going far into imagination, coffee is definitely important, but idea here is there are lots of other things delivered while delivering cup of coffee, and we notice them all, at least unconsciously. And every service can be improved just by having these things in mind!

TAXI DRIVERS AS AMBASADORS

Finally, arriving at the core of the paper work and trying to put terms being discussed in practical use. But hopefully, after grasping experience economy and metamorphosis and evolution of services, one can understand that there is need to develop and improve taxi drivers as service delivery. Not to be mistaken; realization that there is gap here is self-evident and easily understandable. If one just types in taxi ambassadors into Google, you will find practices from all over the world where taxies are changed from something basic that they all started with into something meaningful, personalized and valuable. There are instances from throughout the world where for example in Teheran, taxies decided to make moving libraries out of their vehicle (Spindle, 2014). It makes ride entertaining and if you really like the book, you can buy it and read it later when you again have time. Here, both sides win, customers are educated and entertained, while taxi drivers generate another source of income. Here you can observe both terms that are explained at beginning. Here experience is present with elements of education, esthetics (books are around you in nice order), escapism and entertainment and metamorphosis of service is ongoing. That taxi suddenly became something more than just means of transportation. Abraham, Sundar and Whitmore (January, 2008) conducted research about Toronto taxi drivers as ambasadors and it showed that not only does it make customer value more the service they are being provided rather it makes drivers job much more complexed and efficient

instead of just repetition of driving routes. Their research also shown increase in income of drivers that declared for ambasador taxi license and reduced risk of entering taxi business.

DUBROVNIK TAXIES

Dubrovnik taxies are somehow getting into everyone's experience of Dubrovnik. Even though it is rather small town, covering distance on foot is hardened because of the heat in the season months and infrastructures of the city where stairs are present everywhere. Even if you climb your way to apartment or hotel once, most of guests promise themselves that next time they will take a taxi for return. But working in hotel for past three seasons and reading the reviews on Trip advisor, people tend to have a bad perception toward Dubrovnik taxies. On internet one can find examples where they do not even turn the taximeter on, rather negotiate the price before entering vehicle. (Nikšić , 2017). Trust is there being lost at first interaction and is understandable for consumers to get a bad perception toward taxies in Dubrovnik. Furthermore Pericic (2017) shows example where taxies do not want to drive customer for short length or if they do, charge higher price and still look angry because they lost their spot for only a short ride. Experiencing an event where person got inside one and told the driver to wait for a friend of his. Another pair of tourist came and seeing the cab driver outside asked for price to a small city located 15 km from Dubrovnik, he told the price but told them to get into car of his colleague behind him. Once other passenger arrived, one could feel the dissatisfaction of the driver for getting a bad fare. And the guest also noticed this type of behavior toward business and felt that they are only mean to get as much money as possible for a simple job of transporting people from one place to another.

POTENTIAL OF TAXIES IN DUBROVNIK AND ONGOING CHANGE

After last paragraph, one could presume that taxies in Dubrovnik are like those in movies where taxies are mostly controlled by gang members, but it is far from truth. On Trip advisor there are reviews where guest are amazed with drivers knowledge on ongoing events or manifestations that are happening in city and surroundings, their recommendations for leisure or eating. There is a thirty

minute long drive from airport to the city centre, and due to the fact that most guests arriving to Dubrovnik by plane, and on Trip advisor one can find reports that they had a great experience driving with Dubrovnik taxies.

METHODOLOGY

The main purpose of this research paper was to find out can Dubrovnik taxies really become part of experience economy and transform their service into something meaningful or at least a bit more useful then just transportation from one place to another. In other words can Dubrovnik taxies become ambassadors of the city? The questionnaire as a research instrument represented the set of statements about experience in taxi service in Dubrovnik. The focused populations were ought to be the tourist arriving from the airport but due to global pandemic, is shifted toward RIT Alumni whom I can easily approach and know that they at least had one long ride with Dubrovnik Taxi. The questionnaire was distributed through Google Documents. Survey is divided into three parts. First two questions are demographic ones, followed by eight scale question and finally two open ended questions.

RESULTS

This questionnaire was conducted in order to find how close or far are Dubrovnik taxi drivers to experience economy and how much there is a need for change in their service provisioning. The response rate was a total of 40 participants from RIT Croatia Alumni. From 40 participant 55% were male and 45% female participants. As for their age; 65 % of participants were 18-24 years old, while they were most easily accessible to me and I had better contact with them. Rest were divided into 30 % for people between 24 and 34 of age and only 2 persons or 5% were older than 35. The results were mostly expected even though on some answers that it could be assumed that the driver would score better, results have shown that there is still quite a room for improvement.

Statements Analysis

The RIT Croatia Alumni questionnaire was consisted of a total of 8 statements. All of the statements were based on the Likert's scale from 1-5 (where 1 stands for strongly disagree and 5 stands for strongly agree). At the end, the last two questions in the questionnaire were open ended questions where participants could write what was best thing about their taxi experience and how could that experience be improved. Statements that had 50 or more percent with results 4 or 5 were the following

- Driver was able and interested in communicating with me
- Driver had helpful information about destination.
- Driver behaved professionally while driving
- Driver was very polite and courteous.
- Driver appearance was neat.

Good response toward these statements can be observed as minimum level of service that taxi drivers find important in their everyday work. Furthermore, some of the statements like professional

behavior while driving should not even be a question for someone working as taxi driver, but is a part of experience. If customer does not feel confident in driving skills, all other benefit that taxi service can provide are eclipsed by his poor driving performance. However, there is change ongoing. With first and second statement, one can observe that taxi drivers understand that it is not only driving part that is important in their service. With showing interest and providing helpful information about destination, drivers' role in destination immediately changes. He or she presents the first interaction with local culture and destination and therefore holds a significant role. Drivers are aware of benefits this type of approach gives both to them and to destination and are starting to implement those as result are showing. As for the last two statements, drivers also are aware of their behavior and appearance as important in their service provisioning. Delivering quality service is one of the major challenges facing hospitality sector (Essays, 2018). Their job is not only moving people from point A to point B rather there is a whole staging the service for benefit of customers and therefore drivers.

On the other side, these three statements did not have 50 or more percent in results 4 and 5:

- Conversation time was of pleasable duration.
- Driver provided information or recommendations about events or activities that are ongoing in destination.
- I was satisfied with driver's language skills.

From these results it is observable that some aspect of taxi service can be bettered and are not strong point of Dubrovnik taxies. As for the first statement, results were expected. Even though drivers are willing to help and communicate (as per results mentioned in first part of results) there is a misunderstanding of how much conversation is needed or even wanted. This can also be shown in one answer from open ended questions: *Friendliness is a major + and - in this case. Sometimes this overly friendliness turned into asking personal questions and long conversations. Personally, I think the driver should be more considerate towards his clients*. Drivers can use conversation to make their time go faster and can be unaware of customer willingness to even have one. Customers usually do

not want to express their opinion if driver is too much into having a conversation but from research it really can bother taxi customers. Here drivers experience and feel for customer must be in place so he can, depending on feedback that he gets, conclude how much of this talk is needed or even wanted. Even though whole point of experience economy in taxi service is providing something more than just a vehicle and driver, there must be a reason behind every aspect of services that driver is provisioning while delivering a service. Second statement caries even more worry about Dubrovnik taxi drivers reaching ambassador level. A taxi ambassador should be well aware of activities and event that are ongoing in the destination but have failed in providing those to their customers. However some answers from opened question show different opinion: *The best thing about was that he was so professional and he treated us like we are somebody important, also he was very open, communicative and he gave us a lot of helpful tips and suggested us a lot of places that do not show up in guidebooks.* Out of this answer one can observe on how much a fact that driver is actually a local can help in experiencing destination. When in foreign town or county, locals can get you an advice or tip that cannot be found online or in a tourist book. Drivers should use this fact to add value to their service. As for the last statement of not meeting level of satisfaction regarding language component, here I was also surprised while taxies usually deal with foreigners and language is important for drivers. There is an argument that drivers are usually not highly educated and did not receive education where focus is on learning new languages. However, this is crucial point because without language competences driver cannot attain level sufficient enough to become taxi ambassador.

Open questions analysis:

In this part of questionnaire, participants gave their honest opinion regarding two questions: What was best about my taxi experience and what could have driver done better. First question is trying to grasp on how memorable experiences in taxi service are being created. Results showed that drivers' knowledge about destination and his language skill play crucial role in becoming a taxi ambassador in

experience economy. Here are some of the answers that support previous claim: *Extremely reliable and informative offering advice and tips on how to make the most out of my trip, Information about ongoing events in the destination, didn't speak when not asked to.*

As for the second question where participant could share on what driver could do better, results show that there is room for improvement, and RIT Alumni are aware of what experience economy is and how could drivers attain that level of service. Here both answers where too much or too little information has been provided to customers which leads us to conclusion that drivers are not aware that there are two sides of any conversation inside their vehicle.

DISCUSION

Results of this research highlighted the fact that Dubrovnik Taxi drivers are both close and far away from attaining level of an ambassador of the destination. Ambassador level of taxi service is one that is needed when moving the service toward experience economy and improving service quality in general. Dubrovnik taxies are aware that their service should evolve into something more than just mean of transportation and through research and evaluation of participants, change is certainly ongoing. Drivers tend to provide their customers with something more, therefore adding value to their service but are still not fully aware or conscious on how to attain this type of service provisioning. Results show that language competence, knowledge about ongoing activities and events in destination and duration of conversation are the weakest point in their service provisioning. This could be improved by educating drivers into becoming ambassadors where language skills, knowledge about destination events and about customer well being will be

mandatory for drivers to get to a level where their service evolves into something that belongs to experience economy.

On the other hand, drivers have already taken things into their own hands and started to evolve their service by themselves. Change is noticed and through research examples of drivers who understand their customer need and desires. Results show that some drivers are well aware of extra dimension their service can achieve and are already on path to attaining it. There is a need for customer satisfaction. The lagged change in customer satisfaction, which contributes to future demand, has a significant impact on spending growth (Fornell, Rust, and Dekimpe (2010). From results that show drivers language competence was on point as well as his appearance and knowledge about destination, we can say that some drivers have already reached level sufficient enough to become taxi ambassador.

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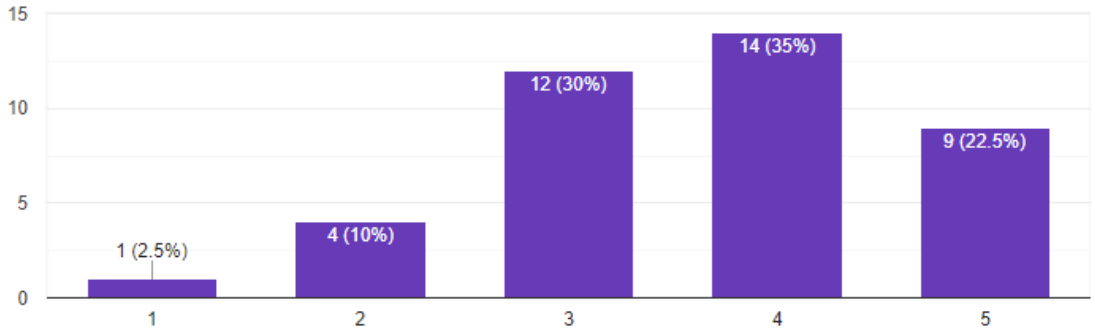
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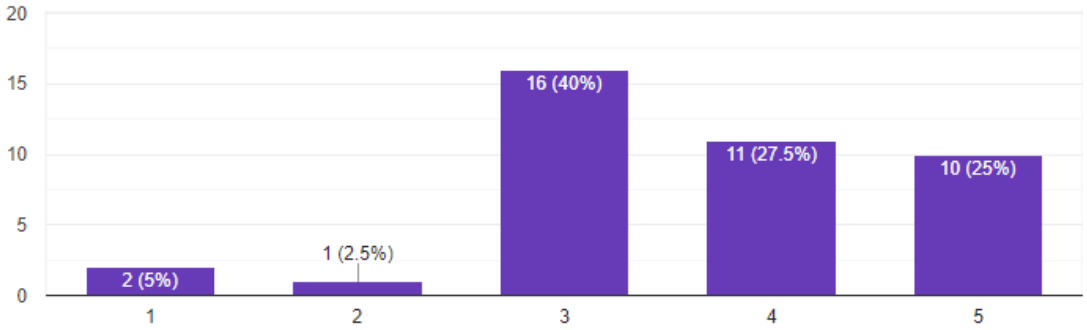
Conversation time was of pleas able duration.

40 responses



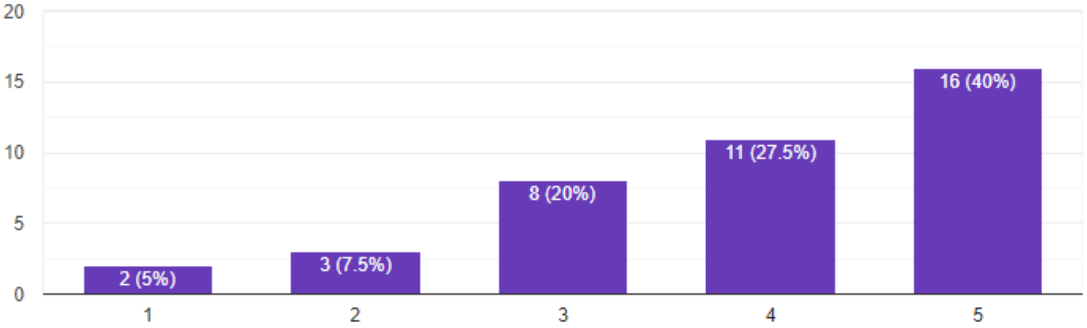
I was satisfied with driver's language skills.

40 responses



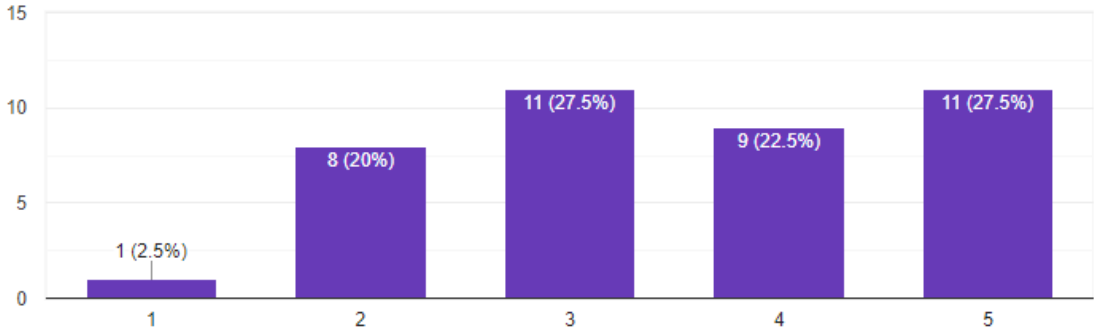
Driver had helpful information about destination.

40 responses



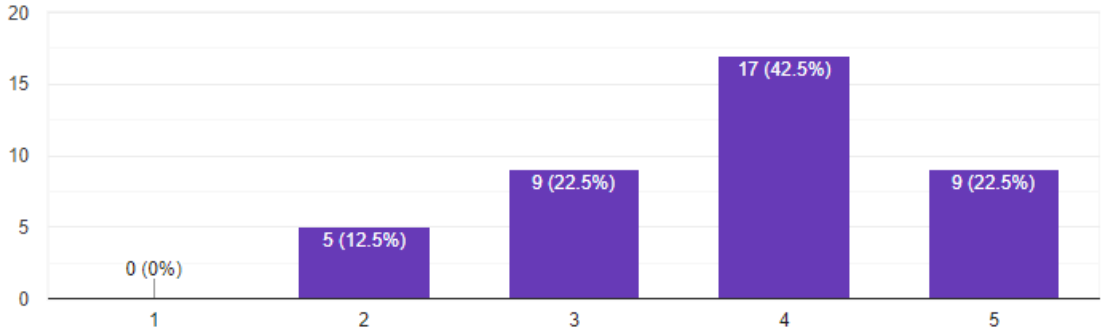
Driver provided information or recommendations about events or activities that are ongoing in destination.

40 responses



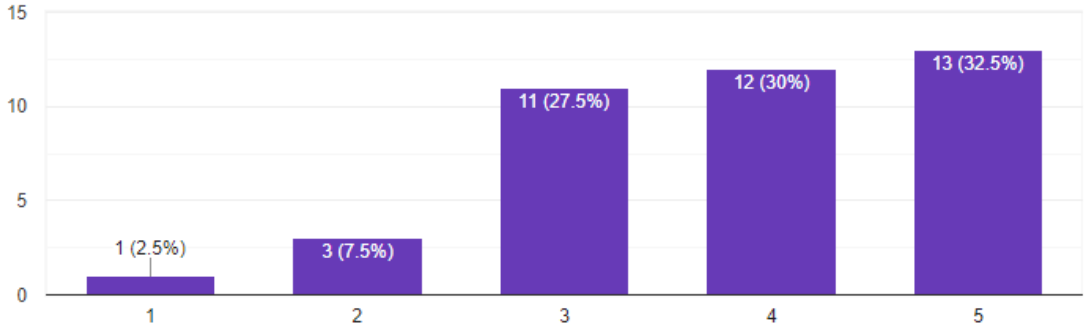
Driver was very polite and courteous.

40 responses



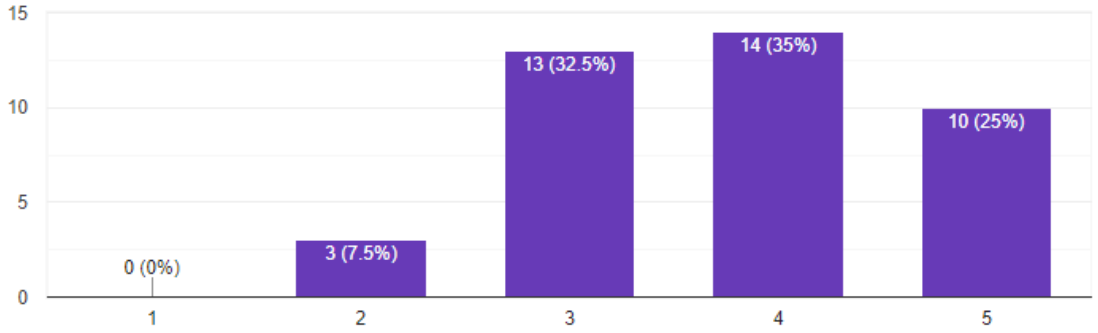
Driver behaved professionally while driving.

40 responses



Driver appearance was neat.

40 responses



Driver was able and interested in communicating with me.

40 responses

