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## **Memo to Leaders: “Enchanted” Marketplaces and Workspaces are on the Horizon**

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Pine and Gilmore’s (1999) famous concept of the “experience economy” – introduced nearly 25 years ago – asserts that businesses intent on competition or differentiation must deliver “memorable events” for consumers because such favorable “experiences” are the ultimate product in today’s marketplace. Researchers have since learned that the most memorable experiences specifically embody the qualities of aesthetics, authenticity, education, entertainment, escapism, newness, and a feeling of rejuvenation. These trends all clearly align to the tourism-hospitality industry’s overarching brand promise of efficacious emotions and experiences (e.g., Filep & Pearce, 2014).

Yet new research hints that the experience economy is evolving to something more evanescent and esoteric. Houran et al. (2020a) discussed how this development is most visible per the immense, mainstream popularity of “paranormal tourism.” Here, diverse customers spend strongly and year-round on the hope and excitement that accompanies the chance to experience something “unbelievable and supernatural.” And impressive consumer reactions often happen when unbelievable things do occur. One paranormal tourist at a reputedly haunted restaurant described his response to hearing a mysterious voice when no one else was around, “Time 2 immediately stood still as I was trying to come to grips with an amazing event that I was first skeptical about.”

“The Magic Train” attraction in Portugal offers a more “earthbound” example (Lange et al., 2021b), whereby visitors go on what they expect to be merely a fun ride around the city of Porto, and instead they often have profound experiences of “specialness, humility, and similarly being lost-in-the-moment.” Moreover, this emerging enchantment economy is arguably exacerbated by the ongoing social restrictions ushered by the COVID-19 pandemic. One consumer sentiment survey (Lange et al., 2021a) found that about 63% of respondents indicated a desire for what can be called “awakenings” – that is, personal or professional experiences that surpass mere comfort or excitement by challenging people’s understanding of reality and their own place in it. It is a trippy idea but one with practical ramifications. The most pressing implication is that contemporary marketplaces and workspaces will need effective, and arguably new, leadership approaches to best navigate the shifting expectations of customers and employees in what seems to be a burgeoning “enchantment economy.”

## **Introducing the Enchantment Economy**

Recent studies of consumer motivators in niche tourism products (Drinkwater et al., 2020; Houran et al., 2020a, 2020b) strongly suggest that people are notably drawn to offerings that (a) are *immersive experiences* which completely surround individuals, so they feel inside and part of them, and accordingly (b) induce a sense of enchantment in consumers. Enchantment is a complex arousal state filled with competing emotional, sensorial, timeless, rational, and transformative themes. This confluence disrupts the mundane or difficult experience of daily life with a positive feeling of connection to a “transcendent agency or ultimate reality” (Drinkwater et al., 2020). This more surrealistic view expands previous definitions of awe or enchantment as generically memorable or emotionally engaging experiences (Kawasaki, 2011). Simply put – products in the experience economy delight consumers’ senses and sensibilities, whereas enchanting experiences profoundly stir their psyches and proverbial souls (Drinkwater et al., 2020).

Leaders should not dismiss the concept of enchantment as a relic of the 1960s hippie counterculture movement. The human need for the “numinous” remains a potent motivator around the world, as exemplified by the awe-inducing appeal of some extreme-sport activities, art exhibitions or demonstrations, religious and secular pilgrimages, as well as natural and manmade “sacred spaces” (Drinkwater et al., 2020; van Elk et al., 2016). In fact, some businesses routinely entice consumers with marketing material or brand promises that reference enchantment. For example, “Enchantment of the Seas” is a Vision-class cruise ship that has been operated by Royal Caribbean International since 1996. Or consider New Mexico’s Tourist Bureau, which described the state as “the Land of Enchantment” in a 1935 brochure that aimed to attract visitors to the area. The motto was later adopted as the state’s formal nickname. Likewise, “It’s being in awe a few hours more” was the value proposition that American Express card services proclaimed in an October 2018 ad in *Travel + Leisure* magazine.

## A Concept More Relevant than Ever

An enchantment economy was certainly blossoming before last year's disruptive events (Houran et al., 2020a). However, we contend that the boredom, anxiety, or depression caused by the extended social and leisure restrictions of the COVID-19 pandemic (Ammar et al., 2020) are creating unparalleled pent-up demand for escapism and experiences of enchantment. To be sure, distractions such as television binge-watching (Dixit et al., 2020) or impulsive shopping (Sneath et al., 2009) often coincide with event-induced stress, and on a grander scale, journalists have documented a global wave of public protests against "lockdown fatigue" from mass quarantine or confinement (Reguly, 2020). A new term has even been dubbed for this anticipated trend – i.e., "revenge travel" (Shadel, 2020) – which echoes "revenge spending" that emerged in China in the 1980s following the opening of its economy.

Moreover, preliminary research reveals that consumers intend to pursue "enchanted marketplaces" post-COVID via five categories of events or experiences labeled as "Escapade, Nostalgia, Catharsis, Communion, and Attachment" (Lange et al., 2021a). Also, a growing business case for consumer enchantment comes from the Net Promoter® Score (NPS: Reichheld, 2003) approach. NPS is the percentage of customers rating their likelihood to recommend a company, product, or service to a friend or colleague as 9 or 10 ("promoters") minus the percentage rating this at 6 or below ("detractors") on a scale from 0 to 10. This metric correlates with revenue growth and has been adopted by more than two-thirds of Fortune 1000 companies. In a commissioned study of "The Magic Train" attraction in Portugal, Lange et al. (2021b) found a significant correlation ( $r = .40, p < .05$ ) between NPS scores and the total number of terms endorsed on the "Enchantment-Adjective Checklist" (Houran et al., 2020b). In other words, the more a product enchants customers, the more these customers become promoters. Leaders at all levels in an organization should therefore appreciate the business case for consumer enchantment.

But *consumer-oriented* enchantment is not the whole story. All indications are that *employees* likewise want "enchanted workplaces." Excessively rational or transactional corporate cultures that are preoccupied with "control and process" are linked to increases in various types of organizational "dehumanization," which can undermine employees' well-being, sense of self, and relationships to various others (Ritzer, 2005). Consequently, leaders need to intentionally turn dehumanized organizations into enchanted workspaces that promote meaningful and empowering experiences on professional and personal levels (Endrissat et al., 2015). The return-on-investment for this effort can include employees who are particularly resourceful, happy, resilient, passionate, motivated, or healthy at work (Suddaby et al., 2017). This area is admittedly fresh and mostly unexplored, so more research is needed to better understand the leadership practices, characteristics, and behaviors that create the most enchanted workplaces. The good news is that this research is currently underway, and new insights should follow in due course.

## “Enchanted Leadership”

Strategically speaking, enchanted leadership involves the mission of exploring and investing in product and service innovations that both exceed and redefine consumer expectations, either subtly or boldly (Houran et al., 2020a, 2020b). Rather than giving consumers what they literally expect or want, the idea is for hospitality businesses to facilitate unforgettable experiences that specifically situate consumers “betwixt and between” reality and fantasy – an enriching and existential “wow factor” as readily observed in visitor reactions to paranormal tourism or The Magic Train attraction. This might sound especially tricky or difficult, but a sense of awe and enchantment can be consistently induced in many people under certain conditions (e.g., Bermudez, 2009; Houran et al., 2020b; van Elk et al., 2016).

It is true that hospitality businesses understandably ground their service strategies in the three Universal Service Rules to heighten their (a) *empathy to customers* (traditional “Golden Rule”), (b) *focus on customers’ expectations* (“Platinum Rule”), and (c) *ways to exceed those expectations* (“Double Platinum Rule”). But the enchantment economy advocates a more aspirational rule, i.e., “Deliver experiences that people are not expecting to be possible.” Houran and colleagues (2020b: Appendix B) offered initial guidance on engineering such outcomes for consumers, but they also acknowledged that not every product or service can, or should, be enchanting. Even so, our market research on The Magic Train attraction shows that even one instance of enchantment can leave an indelible impression on consumers that translates to a competitive advantage for businesses (Lange et al., 2021b).

## A Closing Thought

Accepting that the enchantment economy is on the horizon, leaders moving forward must have the proper mindsets and ambitions to meet the evolving expectations of customers and employees. We are researching this important issue in more depth so that detailed guidance on creating and sustaining enchanted marketplaces and workspaces will be available to seasoned and new leaders alike. In the meantime, all leaders can critically reflect on the impact they tend to have on their direct reports, peers, stakeholders, and customers, i.e., does one’s efforts, relationships, and outcomes consistently “invigorate” other people or “sap” them? Ultimately, enchantment involves “inspiring vibes or energies” from experiences or interactions – and that energy is just the jolt needed to propel us forward.

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