# DIFFERENTIATION THROUGH THE EXPERIENCE: DIÁRIO CATARINENSE'S CASE DIFERENCIAÇÃO ATRAVÉS DA EXPERIÊNCIA: O CASO DO DIÁRIO CATARINENSE

**Mauricio Fernandes Pereira** 

Professor doutor adjunto do Departamento de Ciências da Administração Universidade Federal de Santa Catarina - UFSC

Recebido em: 06/01/2007 Aprovado em: 24/04/2007

Juliano Lissoni

Professor associado da Unisul

#### Gilberto de Oliveira Moritz

Professor doutor do Departamento de Ciências da Administração - Universidade Federal de Santa Catarina - UFSC

#### Alejandra Masclef

Professora do Departamento de Administração - Facultad de Ciencias Económicas - Universidad Nacional de Tucumán - Argentina

#### Martinho Isnard Ribeiro de Almeida

Vice-coordenador do Programa de Pós-Graduação em Administração - FEA-USP

## ABSTRACT

Strategic positioning must be established through differentiation. And it may be configured across experience movements. For its turn, experiences are getting increasingly plentiful in their own right as a product offering and in conjunction with products and services as a way to provide additional value to consumers. But the creation of experiences must be the way to create new economic value for the company, which performs those experiences. This paper seeks to broad the comprehension of experiences as differentiation of strategy, and use a case study originated from a Brazilian newspaper that started to add experience events into its sections. The result shows how a media company may use this tool in order to differ itself and create value. It means that the creation of value and profitable growth through the experience may be the emerging opportunity space for media companies that may transform its entertainment products (programs, newspapers, magazines) in experimental products.

**Keywords:** Differentiation, Experience, Strategic positioning

## RESUMO

O posicionamento estratégico pode ser estabelecido através da diferenciação. E isto pode ser configurado através de movimentos experienciais. Por sua vez, experiências estão se tornando cada vez mais abundantes na forma de oferta e em conjunto com produtos e serviços de forma a entregar valor agregado aos consumidores. Mas a criação de experiências pode ser o caminho para a criação de novo valor econômico para a empresa que as põe em prática. Este artigo tem como foco ampliar o entendimento das experiências como estratégia de diferenciação, a faz uso de um estudo de caso de um jornal brasileiro que iniciou o processo de adicionar eventos experienciais em seus cadernos.O resultado mostra como uma empresa de mídia pode utilizar esta ferramenta de forma a diferenciar-se e criar valor. Isto significa que a criação de valor e crescimento lucrativo através de experiências pode ser o espaço de oportunidade emergente para empresas de mídia transformarem seus produtos de entretenimento (programas, jornais, revistas) em produtos experienciais.

Palavras-chave: Diferenciação, Experiência, Posicionamento Estratégico

#### Endereços dos autores:

**Mauricio Fernandes Pereira** Caixa Postal 5159 - 88040-970 - Florianópolis - SC - mpereira@cse.ufsc.br Juliano Lissoni

Caixa Postal 5159 - 88040-970 - Florianópolis - SC - juliano.rbs@uol.com.br Gilberto de Oliveira Moritz

Caixa Postal 5159 - 88040-970 - Florianópolis - SC - gomoritz@cse.ufsc.br Aleiandra Masclef

Av. Independencia, 1900 - (4000) Tucumán - Argentina

Martinho Isnarde Ribeiro de Almeida Av. Prof. Luciano Gualberto, 908 - Cidade Universitária - 05508-900 - São Paulo - SP - martinho@usp.br

### **1. INTRODUCTION**

The strategic positioning concept was defined by Porter (1996) as the act of performing different activities from competitors or performing the same or similar activities better than rivals. And with this proposal, Porter (1996) sustained one of his concepts of generic strategies, the differentiation. Of course, performing better than rivals must be understood in the realm of cost leadership or focus, as well. Added to this, Pine II and Gilmore (1998) and Schmitt (2000), developed the concept of experience in order to join a new feature in the realm of differentiation, however the authors sustain that the "experience movement" is beyond of the differentiation product.

Some concepts had been written on the economy experience (KOZINETS et al. 2002; MATHWICK, MALHOTRA and RIGDON 2001; VERMA et al. 2002). Nevertheless, it is not clear what are the ingredients of an experience that are most likely to provide product differentiation and competitive advantage. Consequently, the research in this area is difficult. But in order to provide some techniques to evaluate or create "experience movements", Pine II and Gilmore (1998) developed a tool named "the four realms of an experience".

This article's point is, across a case study (YIN, 1987), to reflect on the phenomenon of a newspaper event experience. The research was based on documental research, interviews with the newspaper top management and participant observation. The first step of the paper is to define the relationship between differentiation strategy and experience movements. After that, the study describes the phenomenon of the sections experience of the newspaper, and proceeds to uncover its characteristics. Finally, some comments are made about the results of this attempt. Quoting Prahalad and Ramaswamy (2003, p. 14), "this article is not about best practices or current practices. It is about next practices". The goal is to find the connection between experience movements and value creation, using a case of a Brazilian newspaper.

The outlining of this exploratory research is featured as a study of a simple case. The criterion used in the choice of this case was the company's importance considering the size and reference in the press media and the fact that it is a pioneer regarding to experience marketing practices. The study's perspective is a longitudinal analysis comprising the period between 2002 and 2005. The analysis will deal with strategic aspects with a predominantly descriptive-qualitative approach. Primary and secondary data were collected from multiple sources of evidence. The secondary data were obtained from reports, presentations and company's documents. The primary data were obtained from interview with the marketing director to get a company's view of the experience marketing linked to the strategy and were dealt with through the analysis of the recording transcription of the report' content.

#### 2. GENERIC STRATEGIES: DIFFERENTIATION

One of the common mistakes in organizations is to think that just the growth could be the decisive matter, based on the product doubtless advantage (LEVITT, 1960). This trap is common when companies are worried about the "means" instead of the "ends", or else, when they're oriented to draw more attention to product manufacturing, and not to customer satisfaction. Para Levitt (1960, p. 56) "in short, the organization must learn to think of itself not as a producer of goods or services but as a purchaser of customers, as doing the things that will make people want to do business with it". Or even better, is not about producing products, but as providing customer-creating value satisfaction. This search for customer satisfaction must be the essence of strategy.

The concept of business strategy may be conferred to Chandler's concept (1962, p. 13) that strategy is the setting of goals and basic objectives for the long term in a company; and the adoption of actions and resources allocation needed in order to reach those objectives. The different ways of competition, in some way, are originated from the understanding of the action needs.

To Markides (2000) in McCarthy (2000), strategy is something that allows a company to stake a position in its market; this position does not need to change very often; if the need arises to change this position, the new one will emerge from the ideas and actions of people in the organization. According do Markides (2000) in McCarthy (2000, p.39), "strategy is the art of crafting a unique strategic positioning the firm's industry. A strategic position is nothing more than the answers a company give to three simple, but difficult-to-answer, questions: whom should I target as customers and whom should I not? What should I offer these customer and what should I not? How can I do this in the most efficient way?" Companies that fail to make clear choices on these dimensions drift aimlessly without a clear direction until they eventually fail.

In some way, Mintzberg (1967, p.72) keeps this perspective when he sustains that "strategy making is defined simply as the process of making important organizational decisions". In this proposal, the author suggests a framework for strategy making: intelligence – design – choice activity: collecting and analyzing information, designing alternatives and evaluating the consequences, choosing an alternative.

The different ways of competition were gathered by Porter (1991) as generic strategies. The competitors in an industry may adopt different ways in order to compete, according to its objectives, opportunities and resources. In highly competitive markets, the only way out is to differentiate the offer, and in a broad sense, three generic strategies can be viewed (PORTER, 1991): cost leadership, differentiation and focus. To Porter (1991), the essence of strategy formulation is coping with competition.

The main point for cost leadership is to be competitive on costs. It means that the company has to be competent in scales, across building' construction, costs reduced by experience, tight controls, low sale costs, planning, development and promotion, high market shares, easy access to raw materials, large volume, great investment in capital and equipments, aggressive price and to be willing to take risks in the beginning. According to Porter (1991), cost leadership is capable of protect the company against the five competitive forces. The main point is to manage low costs of production and distribution, sell with better prices than competitors, and get a large market share. Companies have to be strong in engineering, purchasing, production and physical distribution, and reasonable in marketing.

In differentiation strategy, the cost is not the main target. The company has to find a superior performance in some important point to its customer, and the differentiation is reached by the positioning of the product into its target. This "differentiation" states some barriers against competitive rivalry when the buyers pay more attention in emotional aspects, as brands, rather than prices. As differentiation risks, the competitor low cost may remove the customer perception, and the company may lose its advantage.

In focus strategy, the company move is to approach one or more market segments, in order to find cost leadership or differentiation in those markets. In this strategy, companies used to search for profitability instead of sales volume. In focus, again, competitors' low cost may remove the differentiation in the target market, or eliminate the segment advantage, or even create sub markets inside the market's company. In those cases, differentiation is reduced.

However, companies have to compromise its efforts with just one of the strategies, in order to ensure its development (PORTER, 1991). It means that after the definition of generic strategy, the company has to define resources, skills and organizational requirements in order to make the strategy effective. For example, if some company that differentiation, skills needed are in the realm of creativity, marketing research and so on, and a strong coordination capacity among those functions.

However, Porter (1996) reinforced the strategic definition across differentiation. To Porter (1996, p. 64), "competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mixture of value". The Porter strategic approach is sustained in the product-market positioning context. The *hyper competition* model proposed by D'Aveni (1994), is understood by Porter (1996) as a self-inflicted wound, not the inevitable outcome of a changing paradigm of competition

According to Porter (1996, p. 62) "the root of the problem is to failure to distinguish between operational effectiveness and strategy". The sustainable difference makes possible to a company to outperform its competitors. Operational effectiveness is about performing similar activities better than competitors perform them. Strategic positioning is related with differentiation, performing different activities or performing similar activities in a "better way".

According to Porter (1996), strategic positions are based on three sources: variety-based positioning, needs-based positioning and access-based positioning. Beyond this, is always a function of differences in activities? However, even with the definition of a strategy, the company may still be a target to competitors that re-steer its offers in order to find a better performance. Strategy means, as well, the combining of activities, through the creation of an exclusive activity-system (PORTER, 1996). This is the fit context, which is defined from three types: simple consistency, reinforcement of activities and optimization of effort. According to Porter (1996, p. 73), "competitive advantage grows out of the entire system of activities". Finally, strategy is about to choose what not to do, as well. Or else, the clear consistency about the company's true business may avoid problems originating from focus enlargement.

To Porter (1996), strategic formulation of company's positioning is about to take strategic actions in order to influence the five forces equilibrium, and it is about the anticipation of changes in the five forces model, defining the appropriate strategy to explore those changes. The five forces influence, specifically, is related with the action capacity of change the causes of the forces. In Porter's view (1996), strategy is besides everything, to think not only about what the business, market, competitors and environment are now, but also how they're going to be in future.

#### 3. THE EXPERIENCE OF ECONOMY

The experience realm may understand the differentiation strategy. Or even precisely, by the "Experience of Economy", a concept developed by Pine II and Gilmore (1998). To Pine II and Gilmore (1998, p. 97), "economists have typically lumped experiences with services, but experiences are a distinct economic offering, as different from services as services are from goods". And this is about economic value progression. According to Schmitt (2000), experiences are individual events that occur as an answer to some stimulus. To Pine II and Gilmore (1998, p. 97), "today we can identify and describe this fourth economic offering because consumers unquestionably wish experiences, and more and more businesses are responding by explicitly designing and promoting them". The point is that the concept is connected with Porter (1996), which sustain that differentiation is the development of a position in some valuable aspect to the customers. Pine II and Gilmore's point (1999) is demonstrated with the "economic distinctions" table 1.

But the transition from selling services to selling experiences will be no easier for established companies undertake and rather than the last great economic shift, from the industrial to the **economy service.** 

To Fidler (1997, p. 1), "despite the anxieties often caused by change, humans seem to have a remarkable propensity for rapidly assimilating new ideas, products, and services once they are perceived

Economic Offering	Commodities	Goods	Services	Experiences
Economy	Agrarian	Industrial	Service	Experience
Economic Function	Extract	Make	Deliver	Stage
Nature of Offering	Fungible	Tangible	Intangible	Memorable
Key Characteristics	Natural	Standardized	Customized	Personal
Method of Supply	Stored in bulk	Inventoried after production	Delivered on demand	Revealed over duration
Seller	Trader	Manufacturer	Provider	Stager
Buyer	Market	User	Client	Guest
Factors of Demand	Characteristics	Features	Benefits	Sensations

#### Table 1: Economic Distinctions

Source: Pine II and Gilmore (1999).

to fit into their personal and cultural definitions of reality". According to Gray (1997, 1998), everybody experiences far more than he understands. Yet it is experience, rather than understanding, that influences behavior. To Poulsson and Kale (2004) in its most general and broadest use of the term, experience is simply the mental state that occurs in any given individual, at any conscious moment. The Oxford Advanced Learner's Dictionary (2000, p. 461) defines an experience as, "events or knowledge shared by all the members of a particular group in society, that influences the way they think and behave."

According to Smith (2003, p. 233), "experience is a broad term that can refer to any sensation or knowledge acquisition resulting from a person's participation in daily activities. We experience things all the time, no matter what we do". To Pine II and Gilmore (1998, p. 98) "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". Experiences have been in the center of the entertainment business. An example is Walt Disney and the company he founded, which have creatively exploited the experience concept. Disney has done this better, for longer, and on a grander scale than anybody else, using its theme parks to promote movies, merchandise and, most importantly of all, the Disney image. However, Pine II and Gilmore (1999) sustain that experiences are not exclusively about entertainment, and companies stage an experience whenever they engage customers in a personal and memorable way.

What companies need is to stage an experience that is memorable and compelling. That is what the consumer values the most (PINE II and GILMORE, 1998). To Wolf (1999, p. 27), "companies now have to do something else with their businesses beyond instituting just-in-time inventory control or SAP enterprise automation. They have to create an experience; they have to inform and amuse; they have to build a destination". According to Schmitt (2000), many products are equivalent in quality, and the competition can fix the same price. So, what someone "feel" about the product is the base of its meaning.

As well as companies can provide an experience, they can charge admission to it, in order customer pay for it, and it does not mean that companies have to stop selling goods and services. According to Pine II and Gilmore (1998, p. 101), "Disney generates significant profits from parking, food, and other service fees at its theme parks as well as from the sale of memorabilia, but without the staged experiences of the company's theme parks, cartoons, movies, and TV shows, customers would have nothing to remember-and Disney would have no characters to exploit". To Prahalad and Ramaswamy (2003, p. 15), "it is that set of potential experiences that will determine the individual's willingness to pay and therefore form the basis for companies to extract economic value and generate profitable growth".

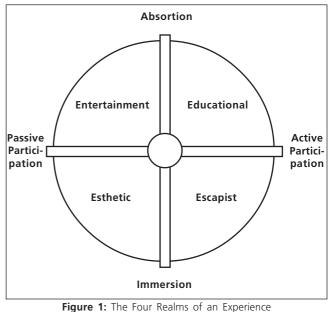


Figure 1: The Four Realms of an Experience Source: Pine II and Gilmore, 1998.

According to Pine II and Gilmore (1998), experiences have their own distinct qualities and characteristics. Two dimensions may understand experiences. The first corresponds to customer participation. Passive participation occurs when customers do not affect the performance at all, for example, when someone experiment an event as observer or listener. Active participation is when customers help to create the performance or event that yields the experience. To Pine II and Gilmore (1998, p. 101), "the second dimension of experience describes the *connection*, or environmental relationship, that join customers with the event or performance". This connection is about absorption and immersion. Going to a place when someone can see a fashion event is more absorbing than reading a newspaper about it. This context is showed in Figure 1.

Using this framework, the experiences may be understood in four broad categories: entertainment, educational, escapist and esthetic. When watching TV, customers participate more passively, and their connection is absorption, an entertainment experience. Taking lessons involve more active participation. However, customers, if you are not immersed in the action. Those experiences are educational. Escapist experiences involve greater customer immersion and active participation. In esthetic experiences, participants are immersed in an environment, but they have little or no effect on it. According to Prahalad and Ramaswamy (2003, p. 15), "an experience environment can be defined as a robust, networked combination of company abilities (including technical and social abilities) and consumer interaction channels (include devices and employees), flexible enough to accommodate a wide range of individual context-and-time-specific needs and preferences".

## 4. A NEWSPAPER IN THE AGE OF EXPERIENCES

This paper is about the use of "experience of economy" concept in a newspaper named Diário Catarinense, located in Santa Catarina, southern Brazil. In order to understand the need of a "newspaper experience" it is necessary to figure out that in a competitive market, commercial advertising has become a commodity. According to Shaver (1995), as competition has increased and substitutes have become available, competing sales efforts have increased the understanding of the strengths and weakness of competing media.

Newspapers use to make some efforts in order to enhance its circulation performance (BLANKENBURG and FRIEND, 1994). According to Bogart (1989), investment is necessary to assure the future of newspaper's main resource: their circulation and readership and investments should be required in distribution and promotion than to accept the idea that they will be more profitable by improving the budget of the editorial department. To Picard (1988), subscription and newsstand prices affect circulation and must be considered along with expenditure strategies. To Blankenburg and Friend (1994, p.11), "newspapers are creatures of both nature and nurture. Market population is a powerful determinant of circulation, but publishers have choices in defining and serving the market".

In U.S.A., several retailers, in particular, have followed this law in incorporating experience as a part of their product offering. According to Poulsson and Kale (2004), "from the Forum Shops at Caesar's Palace in Las Vegas to Weljekset Keskinen (the Village Shop) in the 500-inhabitant town of Tuuri in Finland, stores are now routinely practicing oneupmanship in inducing more store visits by making shopping fun and entertaining". But in Brazil, and more precisely, in a media vehicle, the concept has not been explored.

In media industry, the adoption of experience contexts has been used for a while, as in the case of Forbes magazine. The Forbes.com (www.forbes.com) was a star pupil in the lessons of experiential marketing. The magazine increased what they have, which is their editorial influence, to create live events or to stage interviews on-line. In turn, they increase their audience by promoting those events in their magazines. Live Webcasts of the dozen or more events the Forbes conference unit produces each year represent just one example of the "experiences" Forbes.com staged for its on-line audience (ZAREM, 2000).

The TV media has been using the experimental programming for a while, derived to the new generation programs on the prime time in U.S.A. Oprah Winfrey, Montel Williams, Jerry Springer, shows how the "talk show" was transformed in an "experimental show" (SCHMITT, 2000).

The press media has been showing by the evolution, its capacity of adaptation according to the environmental changes and tendencies. Not longer after photography became popular in the last century, some diviners predicted that photographic images would ultimately replace printed newspapers. According to Fidler (1997, p. 5), "some might argue that these visions of the future were not wrong, just premature in their predicted time frames". Fidler (1997, p. 7) sustain that "however society and media may change, we can be reasonably assured that they will continue to embody and build upon the experiences of the past, as they always have".

According to Gray (1997), presenting a brand to consumers in the real world, for example, away from the distancing confines of TV, print and cyberspace, is a different matter. To Mitchell (1998), "traditional advertising, such as the 30-second TV spot, is often criticized for being one-way (as opposed to two-way) and mass (as opposed to personal). But it's also lifeless and two-dimensional. An ad may express powerful emotions, but it's still just a lifeless representation. Experience – engaging all human senses in all dimensions – may be the "'real thing'".

Diário Catarinense is a newspaper that belongs to a southern Brazil communication group named RBS. The newspapers of the group reach all markets in Rio Grande do Sul and Santa Catarina, with different targets, geographic areas and consumer's behavior, and offer different forms of positioning by different especial sections and projects. Diário Catarinense is the leading newspaper in Santa Catarina. When created, in 1986, the media used to reach 166 cities, with an average circulation of 26.000 sold copies, considering subscribers and separate copies. Now DC reaches 246 cities (from a total of 293 in the State), with an average number of 41.000 sold copies, and a total of 400.000 readers around the State.

Shaver (1995) sustains that newspaper sell audience attention to advertisers and news and advertising content to readers. Rosse (1980) pointed that a decline in newspaper competition could be a result of the failure of papers to follow their markets. To Shaver (1995), many advertisers may still pay for audience numbers, but they are increasingly demanding that these numbers deliver quality audiences that meet their own specific target customer and geographic target area requirements for their investment.

A newspaper is usually divided in sections with several themes. When a media vehicle, as a newspaper, seeks for a circulation and readers increasing, one of the strategies is the development of segment content, focusing in different types of readers. In this way, Diário Catarinense publish, beyond the "Classificados" (Classified) section (divided in Vehicles, Real State, Employment, Products and Services), other 15 sections: Eureka and Patrola to young readers, Variedades (variety, travel, culture and gastronomy), Vida (health), TV Magazine, Computing, Sports, Summer Magazine, *Donna DC* (beauty and behavior) e *Casa Nova* (furniture and decoration).

However, in this group of sections, two of them got different attention and actions with the creation of specific events strategy using the same brands: Casa Nova section originated the Casa Nova event (a furniture and decoration event), and Donna DC section originated the Floripa Fashion Donna DC event (a fashion event). Casa Nova section content is based on decoration, architecture and design, and brings information to customers that want house renovation, building or decoration. It is published fortnightly and brings tendencies and novelties around Brazil and around the world. Donna DC section content brings. on Sundays, different themes as beauty, fashion and tendencies, behavior and entertainment. Besides this, the section has important columnist in the staff. The section focuses on esthetic, children, beauty, fashion, sex, behavior and leisure.

Since 2001, Diário Catarinense has been using events as a tool to add value to its brand and support a better performance in economic indexes. Event marketing in the world of business is becoming a powerful tool for forging customer relationships (GRAY, 1997). Inside the experience economy context, Casa Nova and Floripa Fashion events present the movement showed by Figures 2 and 3, respectively.

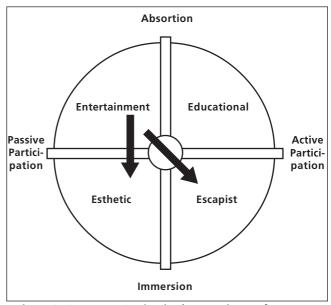


Figure 2: Casa Nova Section in the Experience of Economy Source: developed by authors with research results

The figure shows that the reader usually may read or research the topic of decoration. However, this is an entertainment experience, because it is only about a passive participation – the reader pass through the section – and an absorption relation – the reader absorbs the content. When the same reader is invited to a decoration event, the experience now is esthetic. Or else, the participation is still passive, but the relation now is of immersion. When the same reader participates in a workshop or in a thematic gather with some architects of the event, its participation now is active, in an immersion environment, which means an escapist experience. Besides this aspect, the strategy for the development of the product was to charge admission to visitors and architects. Visitors must pay the entrance, and architects must pay in order to exhibit its design creations inside the spaces of the event. The third financial aspect was the selling of sponsorship, to advertisers that wanted to explore the experience environment, and to get its brands close to the customers. The similar experience is related with the Donna DC section, as showed in Figure 3.

In this case, the reader may read about fashion tendencies or specialists opinions. However, when the same reader is invited to a fashion event proposed by the section, he or she may appreciate the same product in a different context, taking his or her part in the experience. The same is true to the

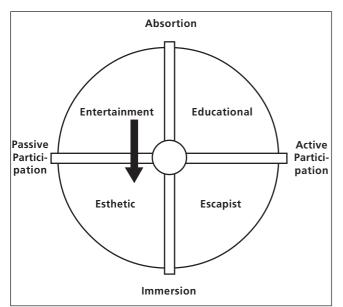


Figure 3: Donna DC Section in the Experience Economy Source: developed by authors with research results

newspaper client. When an advertiser, with specific strategic positioning, seeks to establish a relationship between its brand and its target, it may use the newspaper media, considered a traditional media. However, when the same advertiser is an event sponsorship, it may propose to its client and immersion experience of its brand, creating possibly a different and high impact relation.

Adding experience inside its products, Diário Catarinense captured the public attention, and nowadays, the events originated from the sections are bigger than the last one itself. The creation of events attends four objectives, divided in business and marketing reasons. In the former, the objectives are to attend a market demand that seeks for different media or no-media products (complementation), and to improve the relationship with clients. Those objectives are related, respectively, with the creation of a defendable position against the migration of advertising funds, and to bring near the clients.

The marketing objectives are to create product extensions, and to improve the brand image in the community. Through the development of experience events, the interaction with clients may bring a better brand image. The extension of the brands is extremely related with the business objectives. When the market changes its demands (to other types of products), a newspaper may need an evolution of its press media concept. In this case, the newspaper is coming from an informative media to an opinion, analysis and entertainment media. This movement is a part of a tendency that shows that hard news got less importance, because of the amount of options to get it. This movement, in this case, is based on experience events and technology.

The results of this strategy are visible. The events become independent, the newspaper got a revenue increase in the period of the events; the media reduced its revenue vulnerability, based before in government advertisement; and the brand image of the newspaper was changed (advertisers started to see the new posture and business aggressiveness of Diário Catarinense). In the period of the research, the share of experience events came from 3% of advertisement revenues in 2002 to 12% in 2005.

The newspaper considers the events as "live content", and the top management expects, using

this strategy, that after participate in an event, the "reader will read the newspaper as a part of its own experience" (sentence used by Felipe Sampaio Goron, Diário Catarinense Business Director, during the interview). The creation of a "differentiation block" in this strategy is to bring together the experience events, allied with the multimedia capacity (of being part of a media group), in order to create a variety-based positioning, producing its services using a distinctive set of activities, and showing that the newspaper can outperform its competitors through the establishment of a differentiation unlikely to be imitated.

## 5. COMMENTS

We wish to conclude by pointing out that while incorporating an experience in a product offer does provide a competitive advantage. According to Pine II and Gilmore (1999, p. 100), "there's new work to do, and only those who perform that work so as to truly engage their guests will succeed in this new economy". However, not all product offerings need to take the "experience route" to survive or prosper in today's economy. But in this case, the adding of event experience in two newspaper sections surely brought a new economic value to the newspaper.

When talking about perception, one of the most important principles is to incorporate inside the

product the feeling of beauty and attraction (SCHMITT, 2000). That must be the case of the two sections (Casa Nova and Donna DC). By the attraction inside the product, Diário Catarinense increased its revenue and improved its brand image. It might be the case, as well; that the experience created helped the newspaper to increase its circulation.

This case states that in the emerging experience economy, companies must realize that they make memories providing the place for generating a new economic value, not simply deliver services, and it could be a differentiation strategy. In order to differentiate itself from competitors and to increase its economic value, the newspaper of this study conceived its sections not only as a point to entertainment experiences, but also a place where the reader and the advertiser can live an esthetic or escapist experience. The construction of an attractive atmosphere and the immersion of its readers and clients are the new building blocks of this strategy, where the numbers of sold copies and the informative capacity seemed to be the only selling proposal variable for a long time. It means that the creation of value and profitable growth through the experience may be the emerging opportunity space for media companies that may transform its entertainment products (programs, newspapers, magazines) in experiential products.

## REFERENCES

BLANKENBURG, W.B., FRIEND, R.L. Effects of cost and revenue strategies on newspaper circulation, *The Journal of Media Economics*, v. 7, n. 2, pp. 1-13, 1994

BOGART, L. *Press and public*: who reads what, when, where, and why in American newspapers. Hillsdale, NJ: Lawrence Erlbaum Associates, Inc. 1989.

CHANDLER, A.D. *Strategy and structure:* chapters in the history of the American industrial enterprise. Cambridge, MA: MIT Press, 1962.

D'AVENI, R. *Hyper competition:* managing the dynamics of strategic maneuvering. New York: Free Press, 1994.

FIDLER, R. *Metamorphosis*: understanding new media. Thousand Oaks: Pine Forge Press, 1997.

GRAY, R. Learning from experience. *Marketing*, March, pp. 27-29, 1997.

GRAY, R. Hands-on stands. *Marketing*, May, pp. 29-30, 1998.

KOZINETS, R.V. et al. Themed flagship brand stores in the new millennium: theory, practice, prospect. *Journal of Retail*, 78, pp. 17-29, 2002

LEVITT, T. Marketing Myopia (HBR Classic). *Harvard Business Review*, July, p. 88-99, 2004.

#### REFERENCES

MCCARTHY, D. View from the top: Henry Mintzberg on strategy and management. *The Academy of Executive Management, v.* 14, n. 3, p. 31-42, Aug. 2000.

MATHWICK, C., MALHOTRA, N., and RIGDON, E. Experiential value: conceptualization, measurement and application in the catalogue and Internet shopping environment. *Journal of Retail*, 77, pp.39-56, 2001

MINTZBERG, H. The science of strategy making, *Industrial Management Review*, v. 8, n. 2, p. 71-81, Spring, 1967.

MITCHELL, A. What's the big idea of marketing experience. *Marketing Week*, v. 21, n. 19, pp. 28-29, July 1998.

OXFORD ADVANCED LEARNER'S DICTIONARY OF CURRENT ENGLISH. Edited by Sally Wehmeier. Sixth edition. Oxford University Press, 2000.

PICARD, R.G. Measures of concentration in the daily newspaper industry. *The Journal of Media Economics*, v. 1, n. 1, pp. 61-74, 1988.

PINE II, B.J., GILMORE, J.H. *The economy experience:* work is theatre & every business a stage: goods & services are no longer enough. Boston: Harvard Business School Press, 1999.

\_\_\_\_\_. Welcome to the economy experience. *Harvard Business Review,* July-August 1998, pp. 597-105.

\_\_\_\_\_. The economy experience, *HSM Mana*gement: Book Summary 1, pp. 82-97, 2000

PORTER, M.E. *Estratégia competitiva*: técnicas para análise de indústrias e da concorrência. 7. ed. Rio de Janeiro: Campus, 1991.

\_\_\_\_\_. What is strategy? *Harvard Business Review*, November-December, pp. 61-78, 1996.

POULSSON, S.H.G., KALE, S.H. *The economy and commercial experiences. The Marketing Review,* n. 4, pp. 267-277, 2004

PRAHALAD, C.K., RAMASWAMY, V. The new frontier of experience innovation. *Sloan Management Review*, pp. 12-18, Summer 2003

ROSSE, J.N. The decline of direct newspaper competition, *Journal of Communication*, n. 20, pp. 65-71, 1980.

SCHMITT, B. *Experimental Marketing:* sua empresa e suas marcas conquistando o sentir e o pensar, o agir e o indentificar-se dos clientes. São Paulo: Nobel, 2000.

SCHMITT, B. O modelo das experiências. *HSM Management*, n. 23, pp. 82-88, 2000.

SHAVER, M.A. Application of pricing theory in studies of pricing behavior and rate strategy in the newspaper industry, *The Journal of Media Economics*, v. 8, n. 2, pp. 49-59, 1995.

SMITH, W.A. Does B & B management agree with the basic ideas behind experience management strategy. *Journal of Business Management*, v. 9, n. 3, summer, pp. 233-247, 2003.

VERMA, R., FITZSIMMONS, J., HEINEKE, J. and DAVIS, M., New issues and opportunities in service design research. *Journal of Operations Management*, v. 20, n. 2, pp.117-120, 2002.

WOLF, M. J. *The entertainment economy*: how mega-media forces are transforming our lives. New York: Random House, 1999.

YIN, R.K. *Case study research*: design and methods. Beverly Hills: Sage, 1987.

ZAREM, J.E. Marketing experience. *The Magazine for Magazine Management*, v. 1, n. 3, Fall, pp. 28-32, 2000.