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## **Experiential Retail: Shopping in Recreation Tourism at the Venetian Resort**

This paper offers a practical understanding of experiential retailing and examines its' application by an existing tourism destination complex, the Venetian in Las Vegas. The Venetian's use of specific experiential retailing strategies, branding, thematic/entertainment retailing, lifestyle retailing, and brand extension, and their value also are discussed in terms of creating differentiation in a competitive market. These are strategies can help other tourism related retailers create customer value, encourage repeat tourism, and increase per person spending.

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## **Introduction**

Today's competitive environment encourages retailers to provide a product or service and create unique consumer experiences. Experiential retailing focuses on the complete shopping experience required to meet consumers' total functional and emotional needs and symbolic consumption, and entertainment retailing (Kim, 2001). This paper offers a practical understanding of experiential retailing and examines its' application by an existing tourism destination complex, the Venetian in Las Vegas. The Venetian's use of specific experiential retailing strategies, branding, thematic/entertainment retailing, lifestyle retailing, and brand extension, and their value also are discussed.

## **Las Vegas Tourism and Related Retail**

Traditionally, most tourists to Las Vegas were male visiting there to gamble. Las Vegas' visitor demographic profiles have changed significantly and now are 53% female and 47% male (Shemelagian, 2002). While gambling still generates the greatest revenue in Las Vegas, non-gambling entertainment generated revenues of more than \$4.8 billion in 2001 (Kim & Sullivan, 2003). About 69% of Las Vegas tourists gamble, while 63% shop (Almeida, 2004). In 2003 about \$2.9 billion retail dollars were spent n Las Vegas, supporting the argument shopping is an important part of tourism.

## **The Las Vegas Venetian**

The Venetian, a Venice-themed retail and entertainment complex located in Las Vegas, operates a hotel and casino, and houses a shopping mall, restaurants, theaters, and museum. It

mixes retail with tourism features like the Grand Canal Shopping Center, gondolas and singing gondoliers, and Canyon Ranch Spa Club (Retrieved from [www.venetian.com](http://www.venetian.com), September 2004).

Venetian stores generated sales of over \$900 per square foot in 2004 (Popovec, 2005) which was almost triple the U.S. national average of \$350 and regarded as a highly profitable retail establishment. Compared with the previous year same quarter results, the parent company of the Venetian posted a 72% increase in pre-tax earnings (Smith, 2004B). First quarter 2004 Venetian average available room occupancy rates were 98.9%, increased from 97.4% in first quarter 2003 (Curtis, 2004). The Venetian's growth in revenues and occupancy rates crossed all business segments with increases in hotel revenues (49%), food and beverage (67%), casino revenues (29%) and table volumes (17.5%) (Smith, 2004A). Revenue per available room had an annual growth rate of eight per cent (Smith, 2004B).

### **Major Competitor**

The Venetian competes with similar Las Vegas entertainment complex retailers, such as Forum Shops, MGM, Mandalay, and Harrah's (Shemelagian, 2002). The Forum Shops at Caesars is a Roman-themed retail and entertainment complex that opened in 1992 as a 510,000 square foot mall. The mall leases to upscale shops such as Versace, and Armani, and houses other restaurants and stores (Smith, 2004A). In 2004 Forum Shops retail sales per square foot were \$1,400 per square foot (Popovec, 2005) and represented revenues four times the U.S. national average (Smith, 2000). The Forum Shops raised the bar for retail sales in Las Vegas and challenges its competitors.

## **Experiential Retail Marketing**

Experiential retail considers demand and supply side factors existing in the current retail market. The objective of experiential retail is to create a differentiated experience that provides consumers with the products, services, and experiences that satisfy their needs, both tangible and intangible. Experiential retail marketing strategies include branding, thematic/entertainment retailing, lifestyle retailing, and brand extension.

### **Branding**

Branding creates a strong and positive reputation of a company's image for consumers. Traditionally, brand marketing focuses on an individual's preference for certain products such as Coca-Cola, Sony, and Nike. Changes in consumer behavior require retailers to place more emphasis on brand communities that reflect social culture and are obtained from shared consumer experiences (Caylor, 1999). The Venetian creates a brand with a unique image of recreation of Renaissance-era Venice through use of Italian architecture.

### **Thematic/Entertainment Retailing**

The Venetian offers its customers a themed and experiential shopping environment through several entertainment features inspired by tourist destinations. A gondola ride, one of the Venetian's most popular attractions, gives consumers a chance to see the sights of the Grand Canon Shopping center or outside the resort. Spacious walkways and a gondola-laden canal encourage consumers to shop the 500,000 square foot upscale shopping complex. Strolling juggler and opera trio, dressed in regal opulence entertain shoppers. Singers and actors perform in the Venetian's St. Mark Square.

## **Brand Extension**

The Venetian expanded its brand with a 1,000 room hotel tower and casino in 1999. Other brand extensions include multi-channel resort forms, such as Grand Canon Shoppers and Canyon Ranch SpaClub. The Venetian is the one of largest hotel and convention complexes in the U.S, with 4,049 hotel suites, 120,000 square feet of gaming floor, approximately 500,000 square feet of retail, and approximately 500,000 square foot of meeting space (Smith, 2004B). Also, The Venetian has formed a strategic alliance with another high end firm, London-based Le Meridien and a global hotel group, planning luxury operations in 57 countries (The Venetian Announces Marketing Alliance, 2004).

## **Lifestyle Retailing**

Consumption reflects consumers' lifestyles and meets their desire for functional and emotional value (Kim & Sullivan, 2003). The Venetian targets a high-end fashion customer. Retail operations respond to customers' needs through excellent customer services, consumer loyalty programs, and with technology which allows customization by tracking customer patterns and preferences. The Venetian uses an internet based customer relation management system.

## **Symbolic/ Experiential Retail Value for Tourists**

Symbolic reflects a consumers' perception towards a certain object, a sign or symbol, and utility gained from its purchase. The total tourist environment at the Venetian creates symbolic value for tourists. For example, the Venetian will have a triplex wedding chapel complex offering unique wedding events and experiences (Smith, 2002). The Venetian is selling Venetian romance in Las Vegas.

Statistics indicate shopping is an important part of Las Vegas tourism. The Venetian provides favorable shopping environments via product assortments, shopping atmosphere, and entertainment. The retail mix saves customers time and stimulates cross-selling that add to their bottom lines. According to the Las Vegas Review Journal, people spend \$500 to \$700 at the Grand Canal Shops, while they spend \$200 to \$300 on the average shopping trip (Smith, 2004). Retail enables gambling gain to remain in the resort (Almeida, 2004).

New technology provides retailers with additional opportunities to tourists through the internet, Television, telephone, and catalog. This multi-channel retailing helps create lasting customer relationships that save consumers time, energy and money when searching for information and purchasing and increase revenue per person.

## **Conclusions**

The Venetian uses experiential retail strategies that create differentiation in a competitive market. Unique consumer experiences help increase consumer loyalty and revenues. The Venetian has built a strong brand image by replicating the romance of Venice and providing a differentiated shopping experience with unmatched customer services. These are strategies can help other tourism related retailers create customer value, encourage repeat tourism, and increase per person spending.

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