Experiential Marketing: An Insight into the Mind of the Consumer

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ABSTRACT

Experiential Marketing is the process of engaging customers with in-depth experiences of the product or a brand. It can also be termed as a live marketing engagement where there is a face to face interaction between the consumer and a product or a brand. Its purpose is to appeal to the emotional senses of the customers and to influence their choice decision. This paper aims at investigating consumer's response to retail experiential marketing. As a descriptive and explanatory study, it establishes a connection between consumer lifestyle and behavior in modern retailing and how it affects customer satisfaction. The paper suggests various characteristics and specifications that a retail outlet should have in order to appear most appealing to the consumer and create an experimental touch in the entire retailing process.

Keywords: Shopping experience, customer, event marketing, experiential marketing, customer satisfaction, emotional attachment.

1. INTRODUCTION

In recent years, there has been increased interest in building and enhancing customer experience among researchers and practitioners. Companies are shifting their attention and efforts from premium prices or superior quality to memorable experiences. Also, the value created by memorable or unique customer experiences and emotions exert significant impact on organizational performance in terms of customer satisfaction, retention and loyalty. Experiential marketing is the new approach which views marketing as an experience and treats consumption like a total experiment, by taking cognizance of the rational and emotional aspects of consumption using eclectic methods.

We are in the era of ‘experience economy’ and the main concern and preoccupation of proactive organization is how to create total experience and unique value system for customers, which necessitate the need to understand the life of customer from perspective of their shopping experience. Experiences is inherent in the mind of everyone, and may result into physical, emotional, and cognitive activities which invariably may generate strong feelings that the customer might take away. Experience tends to come from the interaction of personal minds and events, and thus no two experiences may be the same in any occasion (Schmitt, 1999).

Schmitt (2003) distinguishes between five types of experience that marketers can create for customers to include; sensory experience (sense), affective experience (feel), creative cognitive experience (think), physical experience, behaviors and lifestyles (act), and social-identity experience, all relating to a reference group or culture (relate). The author posits
that the ultimate goal of experiential marketing is to create holistic experience that seek to integrate all these individual types of experiences into total customer experience.

According to Pine and Gilmore (1999), economic development is generating a new and dynamic era of experiences, which challenge the traditional sales approach focusing on product sales and service offering. And in order to enhance consumers’ emotional connections to the brand and provide a point of differentiation in a competitive oligopoly, retailers have turned their attention to creating memorable retail experiences, which try to appeal to consumers at both physical as well as psychological levels.

The emergence and spread of shopping malls, supermarkets and hypermarkets in both developed and developing countries, heightened competition for consumers’ spendable or discretionary incomes. There are therefore more choices available for consumers than ever before. In such a situation retailers seeks to develop business strategies that focus on creating and maintaining customers, by offering customers a differentiated shopping experience.

The term “Experiential Marketing” refers to actual customer experience with the product/service that drive sales and increase brand image and awareness. When done right, it’s the most powerful technique to win brand loyalty. Olorunniwo et al., (2006) concluded that customer experience is related to behavioral intentions and connecting the audience with the authentic nature of the brand is one of the prime goal of experiential marketing. This is achieved through participation in personally relevant, credible and memorable encounters.

Shopping has been considered a search process where shoppers would like to ensure that they make the right decisions. In addition, they also intend to derive emotional satisfaction (Taubner, 1972). It has been found that a high level of brand awareness may not translate into sales. Proactive organization should consider every visit of the shopper as a distinct encounter and a moment of truth. Unless the interaction is satisfactory, the next visit may not guaranteed. Therefore, if the store does not provide a compelling reason for a repeat patronage, the amount of purchase per visit may likely decline (Zeithaml, 1998).

The concept of experiential marketing appears to have resonated with practitioners and academicians alike. However, research work on customer experience appears to be in its infancy, compared to other service related topics such as service quality and loyalty. Furthermore, customer experience as a concept is considered by some practitioners as applicable and relevant to entertainment industry (Zomerdijk and Voss, 2010). However, in view of the dynamic nature of consumer behavior, whatever the service (or product) a customer is buying or receiving, the customer will have an experience; good, bad or indifferent. In other word, exchange of goods or services always comes with an experience (Carbone and Haecke, 1994) whilst shopping encounters for instance, even for a mundane product or service provide an opportunity for emotional engagement (Berry and Carbone, 2007)

The growing significance of experiential marketing has resulted into diverse and fascinating study on the concept (e.g. Csikzentmihalyi, 1997; Schmitt 1999; Pine and Gilmore 1999; Holbrook, 2000; Arnould et al., 2002; Caru and Cova, 2003 to mention a few). However, the dynamics of consumer behavior have necessitated the need for more papers. With few exceptions, the existing experiential retail literature has focused mainly on the isolated testing of static design elements (i.e. atmospherics, ambient conditions, and services cape architecture) of retail stores (Turley and Milliman, 2000). McCole (2004) in particular recognizes this dearth of academic research in the areas of experiential and event marketing as an indication of the division between academia and business and calls for marketing theory in these areas to be more closely aligned with practice.

Similarly, Gupta, (2003) identified a lack of systemic body of knowledge and conceptual framework on which to base scientific inquiry as a key tenet of experiential marketing. The current study seeks to address some of these gaps in the literature. In consequence this
paper aims to gauge consumers’ responses to experiential marketing in modern retail outlets and analyze the effect of experiential marketing on consumer behavior.

2. CONCEPTUAL BACKGROUND

Experience as defined within the realm of management is a personal occurrence with emotional significance created by an interaction with product or brand related stimuli (Holbrook and Hirschman, 1982). For this to become experiential marketing the result must be “something extremely significant and unforgettable for the consumer immersed in the experience” (Caru and Cova, 2003, p. 273).

According to Schmitt (1999) experiential marketing is how to get customers to sense, feel, think, act, and relate with the company and brands. Customer satisfaction is a key outcome of experiential marketing and is defined as the “customer fulfillment response” which is an evaluation as well as an emotion-based response to a service. It is an indication of the customer’s belief on the probability or possibility of a service leading to a positive feeling. And positive affect is positively and negatively related to satisfaction (Liljander and Strandvik, 1997).

Experiential marketing involves the marketing of a product or service through experience and in the process the customer becomes emotionally involved and connected with the object of the experience (Marthurs, 1971). A well designed experience engages the attention and emotion of the consumer, and becomes memorable and allows for a free interpretation, as it is non-partisan (Hoch, 2002). In contrast to traditional marketing which focuses on gaining customer satisfaction, experiential marketing creates emotional attachment for the consumers (McCole, 2004). The sensory or emotional element of a total experience has a greater impact on shaping consumer preferences than the product or service attributes Zaltman (2003). The benefits of a positive experience include the value it provides the consumer (Babin et al., 1994; Holbrook, 1999) and the potential for building customer loyalty (Pine and Gilmore, 1998; Gobe and Zyman, 2001).

Experiential retail strategies facilitate the creation of emotional attachments, which help customers obtain a higher degree of possessive control over in-store activities (Schmitt, 2003). These strategies allow consumers to become immersed within the holistic experience design, which often creates a flow of experiences (Csikszentmihalyi, 1997). Affective reaction based on an interaction with an object can be described as a person’s subjective perception or judgment about whether such interaction will change his or her core affect or his or her emotion toward the object. Cognitive reaction toward interacting with the object involves cognitive reasoning or appraisal, and is a consumer assessment of the purchase implications for his/her well being. Cognitive and affective reactions towards an object can be quite different, for example: one might appraise taking garlic as good and useful for one’s health, nevertheless, one can at the same time consider it unpleasant due to its smell and taste.

Experiential events can turn out to create both consumer and consumption experiences and can by far more effective in attaining communication goals. Caru and Cova (2003) conceptualization of experience, and Csikzentmihalyi (1997) experience typology and 7 T’s of Wood and Masterman (2007) may serve as a useful framework for evaluating the effectiveness of an event by developing measures that relates to the level of challenges, newness, surprise, and matching it with the audience’s prior experience and skill level. However, the usefulness of measuring these attributes of the event depends upon the assumption and belief that an event that is strong in those attributes will effectively create a memorable and potentially behavior changing experience.

The strategic experiential marketing framework consists of five strategic experiential models which create different forms of experience for customers. The five bases of the strategic experiential modules are: (1) Sensory experience: the sensory experience of customers towards experiential media includes visual, auditory, olfactory and tactile response results. (2) Emotional experience: the inner emotion and sense of customers raised by experience
media. (3) Thinking experience: customers’ thoughts on the surprise and enlightenment provoked by experience media. (4) Action experience: is the avenue through which experience media, linked customers so that they can acquire social identity and sense of belonging. (5) Related experience for customers: is actualizes through the experience of media production links, and to social recognition.

3.0 METHODOLOGY AND METHODS

3.1 Descriptive/Explanatory research method

This study, being descriptive and explanatory, utilized secondary sources of information. Secondary information is a good source of data collection and documentation that cannot be under-estimated as it provides necessary background and much needed context which makes re-use a more worthwhile and systemic endeavour (Bishop, 2007).

4. DISCUSSION AND CONCLUSIONS

The retailing business is constantly changing and experiencing huge trends due to changing consumer tastes, consumption patterns and buying behaviors. As a result of the changing consumer shopping ecosystem, retailers’ ability to sell its merchandise, depends largely on the strength of its marketing mix elements and ability to create a rewarding and fulfilling experiences for customers.

Traditional marketing strategies focusing on price or quality are no longer a source of differentiation and competitive advantage. Researchers advocate that one of the main routes to successful differentiation and competitive advantage is a much stronger focus on the customer (Peppers and Rogers, 2004). Shopping involves a sequence of ‘see–touch–feel–select’ and the degree to which a shopper follows the whole or part of this process varies with brand, product category, and other elements of the marketing mix.

Experiential marketing evolved as the dominant marketing tool of the future (McNickel, 2004). Companies have moved away from traditional “features and benefits” marketing, towards creating experiences for their customers (Williams, 2006). Experiential marketing has evolved as a response to a perceived transition from a service economy to one personified by the experiences, for instance, Williams (2006, p.484) argues that “modern economies are seen as making a transition from the marketing of services to the marketing of experiences, all tourism and hospitality offers acts of ‘theatre’ that stage these experiences”.

From now on leading edge companies, whether they sell to consumers or businesses, will achieve sustainable competitive advantage by staging experiences which include personal relevance, novelty, surprise, learning and engagement (Schmitt, 1999; Poulsson and Kale (2000). Undoubtedly, consumers now desire experiences and, in order to fully capitalize on this, business must deliberately orchestrate and engage in offering memorable experiences that create value and ultimately achieve customer loyalty.

Online shopping experience poses numerous challenges to retailers and has changed the shopping ecosystem. It has opened up huge opportunities for consumers, not only in terms of what they buy, but how they buy it. In an offline experience, factors, such as time constraints (Bergadda, 1990), the shopping environment Barbin and Dardin, (1994) and perceived rewards Barbin et al., (1994) often influence consumers shopping experience. Although these factors may also play important role in the evaluation of an online experience, however, the challenge centers on the conscious design of a web environment that is not only appealing but creates positive effects in users and increases favorable consumer responses (Dailey, 2004).

The retail experiences consist of holistic realms (aesthetic, entertainment, education etc), which allow flow between the various static and dynamic elements within the experiential environment and helps the consumer to become immersed and engaged within the retail
marketing event ((Csikszentmihalyi, 1997; Pine and Gilmore 1999). For this reason experiential marketing element does not operate in a vacuum nor work in isolation; they function as a holistic mechanism driving the customer’s retail experience.

It can be concluded that the retail experience is not only a physical store layout but a combinations of static and dynamic elements which provide customers with rich emotional benefits. These dynamic elements enable the customer to explore their environment to receive an exciting, entertaining and playful form of retail consumption (Holbrook, 1999). It also makes consumers shopping trip a form of adventurous journey, not defined nor restricted by the act of consumption but rather by experiencing holistic immersion (Arnold and Reynolds, 2003).

Experiential marketing techniques used by retailers play a major role in attracting customers to the stores and also inducing them to engage in a shopping experience. Pine and Gilmore (1999) suggest that companies, who stage experiences alone, without considering the effect these experiences will have on participants and without designing the experiences in such a way as to create a desired change, will eventually see their experiences become commoditized and not yielding the expected return on investment.

On a final note, to manage total experiences of the customers, organizations must strive to effectively manage the affective component of the customers, using similar approach devise in managing the functional aspect of the product/service. Also, since shopping is an experience, value for money is a very important factor for most shoppers; retailer must therefore strive to enable the customers feel they are getting value for money. Retailers also need to focus a lot more on merchandise and the range of products on their shelf. Store must be visible, and basic facilities within the mall (e.g. restroom, parking slot, etc) should be maintained properly to avoid warding off many shoppers from making a repeat patronage. Customer service aspects like courtesy of staff, supportive shop assistants, response to complaints can really make the shopping experience fun and enjoyable and are crucial factors that determine customers decision to visit and revisit a store.

REFERENCES


Experiential marketing is all about direct engagement with consumers and creatively interacting with them in a memorable way. It’s also known as engagement marketing, live marketing or participation marketing, and is often lumped into event marketing—even if it’s a far-cry away from traditional conferences. Though some experiential strategies involve live events as we typically think of them, others can be one-off installations that only last for a few hours. From beginning to end, the theme of the party stayed consistent and all attendees were immersed in a comic book universe. By keeping a red color scheme and having bartenders dress like fictional characters, Smirnoff created a rather memorable experience that really showed off their creativity as well as their brand. Experiential Marketing: Consumer Behavior, Customer Experience and The 7Es. January 2019. DOI:10.4324/9781315232201. Experiential marketing mix and its scholarly grounding in an insightfully elaborated formulation of the essential experiential concepts via case examples and reviews of the relevant literature (including a timely awareness of the emerging physical-digital or “phygital” consumption context). Morris B. Holbrook, W. T. Dillard Professor Emeritus of Marketing Experiential marketing is in a period of continued growth at present, because it provides a great opportunity for consumers to interact directly with brands and build up a positive association. In fact, according to findings published in the Freeman Research Global Brand Experience Study, more than a third of CMOs plan to allocate between 21% to 50% of their budget to experiential marketing in coming years. Quantitative and qualitative data that paint the picture of how consumers move into the different stages of the offline buyer’s journey are severely lacking. This is echoed by the results of a survey which revealed that 1 in 3 marketers find it hard to demonstrate positive ROI, therefore making it difficult to request funds for their experiential marketing campaigns.