CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Today the marketing environment has become more dynamic and competitive with the increase in industries and marketing activities. As a result, certain products and services are reaching the maturity stage faster. In order to survive in this competitive marketing scenario the firms need to come up with more creative components, rather than relying solely on quality and functional benefits of the product/services. Such components will create an emotional appeal or bond with the customer. Branding has also to change its role from being a purely identification element to one of creating a unique brand value. Today marketers are compelled to search for alternative ways to communicate the brand value and to go for a more interactive communication process rather than only following the passive persuasion method. The brand value can be communicated in a more effective way by focusing on the perceived hedonic value of the brand that “emphasizes the significance of primary process thinking in accord with the pleasure principle” (Holbrook & Hirschman, 1982, p 135) which seek fun, fantasy, arousal, sensory stimulation and enjoyment with brand. A strong brand value can be created by pivoting on the hedonic aspect such as level of senses and emotion in consumption to construct a deep, intimate and lasting emotional arousal which connect an emotional bond with the brand, that in turn develop a unique trust in the brand (Morrison & Crane, 2007). One way of creating and strengthening the unique impression of the brand in customer’s mind is to communicate the brand story in an interactive way, which in turn will drive to create a unique customer experience. Customer overall experience can be explained in a holistic way such as peak experience (Maslow, 1968), personal
occurrence with emotional significance (Holbrook and Hirschman, 1982), high level of emotional intensity (Arnould and Price, 1993), take away sensory impression formed by the interaction of customer with the product/services (Carbone and Haeckel, 1994) and events engaging customers in a personal way (Pine and Gilmore, 1999).

1.2 THE CONCEPT OF EXPERIENCE IN MARKETING

Researchers name the current economy as the “new experience economy” (Rageh Ismail et al., 2011; Pine and Gilmore, 1999). Experiential marketing discipline is relatively young, but is gaining rapid growth because it is successful in creating deeper emotional engagement and communication with the customer at a more personal level than any other mass media campaign. The customer’s overall experience helps in formulating a strong emotional bond with the brands which resulted in a strong relationship between the customer and the brand (Fournier, 1998). Experiential marketing can be coined as “cross-media promotional activity” that encourages two-way interactions and a direct physical involvement with the brand. Experiential marketing is about identifying the major or key touch points that can stimulate the sensory, emotion and feelings of the consumers and define the experience a customer has with the product, service or with the overall brand (Brakus et al., 2009). Experiential marketing focuses majorly on helping/assisting consumers experience a brand that provides them with unforgettable engagements and events; this helps the brand to differentiate itself from its competitors. According to creativeguerrillamarketing.com (September 23, 2013), “while traditional advertising verbally and visually communicates the brand and product benefits, experiential marketing tries to immerse the consumers within the product by engaging as many other human senses as possible. In this way, experiential marketing can encompass a variety of other
marketing strategies from individual sampling to large-scale guerrilla marketing”. The primary objective of experiential marketing is to construct an emotional and memorable bonding between the consumer and the brand, as a result it will generate and increase customer loyalty and also it will influence the future purchase decision of customer. Brand experiential marketing takes the initiatives not only to attract and hold the customers, but also to leave an everlasting impression about the brand in the customers mind.

According to the survey conducted by TBA global and Event Marketer in 2009, more than one third of the respondents say that experiential marketing is the most effective tool that develop and maintains a strong bond between the brand and its customers. Brands most commonly employ experiential marketing to not only intensify and complement the traditional promotion activity, but also to stand out among its competitors in both the product and service industry. It even become more important for the service providers to employ experiential marketing because of its complex nature, is been discussed elaborately in the following sub chapter.

1.3 IMPORTANCE OF EXPERIENTIAL MARKETING IN SERVICE DOMAIN

The service sector in India which consists of a wide range of activities, including transportation, hotels, communication, financial, trading, real estate and other personal and social services is a major contributor to the nation’s economic growth. According to the Central Statistical Office, currently the service sector in India constitutes almost 60 percent of the country’s GDP which is widely recognized in the international market for its development and high growth rate. It also shows the statistics for the significant expansion of the service sector of 6.7 percent in 2014

where the HSBC's Services Purchasing Managers' Index (PMI) reached at 54.4 points in June 2014 as compared to approximately 50.2 points in the previous year.  
As the current marketing scenario in India is very dynamic, especially in the service sector, experiential marketing would help the marketer to create a niche not only for effective use of promotional activities to demonstrate the brand but also to invite customers to experience the service. Service marketers face different challenges compared to those faced by marketers of goods (Grace and O’Cass, 2004). The prime challenge is in communicating the intangible offerings and standardization of service delivery. Due to these challenges, purchasing decision, consumption experience and post purchase evaluation of services becomes difficult for consumers. The features of the tangible products can be seen and felt very easily before purchase, whereas in case of service consumption the experience and feelings comes after using the service itself, and the surprises are more in case of service consumption than goods consumption (Zeithamal and Bitner, 1996). In other words, the pre-purchase evaluation of services is more difficult than that of goods. Therefore, for a service oriented company it very important not only to grab the attention of the customer but also to hold them. In the service context, experiential marketing creates a sense of belongingness among the customers towards a particular brand (Lewis and Palmer, 2008). Multi sensory brand experience is quite neglected in the marketing literature despite of their importance in creating sensory experiences, customer value and the brand image (Hulten, 2011). Though few researchers have pointed out the importance of experiential marketing in the service domain in creating everlasting, unique, emotional experience for the brand, the area is still neglected because of no empirical support (Grace and O’Cass, 2004; Edvardsson et al., 2005; Hulten, 2011; Rageh Ismail et al., 2011).
Existing studies have explored the two concepts of brand experience (Brakus et al., 2009; Zarantonello & Schmitt, 2010; Iglesias et al., 2011; Lee and Kang, 2012; Shamim and Butt, 2013) and service experience (Grace and O’Cass, 2004; Helkkula, 2010; Klaus and Maklan, 2012) separately. There are also studies that have been conducted on their effect on different behavioral outcomes. However, there are no studies that explore and establish a relationship between experiential marketing in the service domain and its resulting impact in shaping brand attitude, satisfaction, brand equity and repurchase intention.

1.4 OUTLINE OF THE STUDY

The dissertation is divided into six chapters. The first chapter briefly introduced the concept of experiential marketing in consumer behavior, its emergence and relevance with particular reference to the service industry. The second chapter presents a comprehensive review of literature that talk about the importance of consumption experience and its relation with other major constructs in marketing. This chapter also discusses the possible research gaps prevailing in the literature. Chapter three states the research questions derived from the literature review and present the research objectives to address the research questions. Hypotheses formulation and conceptual model development to address the research objectives are also presented in chapter three. Chapter four incisively discusses the research methodology to test the hypotheses. This chapter elaborates on the research design, questionnaire development, sampling and data collection method, data analysis and pilot testing. Chapter five brings to light the study results and discussion. Chapter six presents the conclusions of the study by elaborating on the study implications in terms of both managerial and academic contribution, limitations and scope for doing further research. The reference section is presented thereafter followed by an appendix.