Chapter 5

5.0 Discussion and Analysis

5.1 Summary of Findings

The exploratory study established the link between customer engagement and experiential marketing. A consumption experience would always improve willingness to try/buy however if the information given was insufficient and if the situational variables were not kept in mind then it would be possible that it did not convert into active word of mouth advocacy which was a necessary pre-condition to customer engagement.

The unit of measurement for the main study was a household. The validity, reliability and data adequacy were clearly established using the appropriate statistical measures. The customers interviewed for this study were from eight urban centres from all parts of India, between the age groups of 25-55 years, with men and women from socio-economic class A and B. Majority of the respondents interviewed were carrying between 2-4 cards in their wallets/purses. All respondents who were finally interviewed had to be aware of loyalty cards as a concept.

Most respondents agreed that the process of enrolling for the card was easy and convenient. They opined that if the process was convenient then the accessibility was improved and customers were therefore more willing to be a part of the consumption experience. The reasons why a customer would not be willing to be part of a consumption experience were inconvenience and a time consuming process. Therefore if an organization wanted to increase rate and frequency of customers wanting to go through their service experience then they needed to concentrate on making the experience convenient and quick. This also validated one of the key variables
impacting engagement viz convenience and ease of use. Any consumption experience that involved long wait times may also not be appreciated. The other part of the same story about the reasons why a customer would be loyal to a certain consumption experience were getting the correct products and services that were appropriate and relevant to their specific requirements, getting value for money which would be a key reason to want to come back to the same store. Apart from these, quality, trust and good variety/choice were also important. The least significant was locational convenience. Clearly it was the value proposition and therefore utilitarian benefits that were driving loyalty, commitment and thereby engagement. This could mean that customers were willing to be slightly inconvenienced if they specifically got what they wanted, at the price they wanted which was available at the desired quality.

Clearly loyalty was driven by three categories in the following order of decreasing importance:

- Value-in-use – by way of most relevant offers, good value for money and ability to earn more points or collect more value. Relevance was overlapping value.
- Trust – Trusted and therefore reliable brand having good quality and good variety
- Convenience – ability to access my store

Customers seemed to be showing a tendency to be loyal due to multiple benefits and were willing to let convenience occupy lower importance. Loyalty therefore clearly was not a measure by itself but a composite measure that was multidimensional in the minds of customers.

The next set of questions specifically checked for the different variables and constructs as defined in the ‘Experience to Engagement’ model. Majority of the respondents agreed completely with the ‘value in use’ variable. Customers were willing to spend more if they felt that the value derived at the end of the transaction was likely to be more. This could also be an indicator of possible loyalty and ‘customer engagement’ as the customer clearly showed an inclination, in the practitioners terminology to ‘retention’ and also ‘lift’ (implying upsell i.e
customer is willing to pay more); which had a direct bearing on profitability. The customer was willing to travel a little farther to visit a store they enjoyed shopping at. However, if the distance was too much, then, even if the shopping experience was great they were not willing to travel. This was also because the value tended to be compromised when more money and time was spent in reaching the favoured destination. Customers did not wish to inordinately inconvenience themselves to get value. However the scores clearly indicated that ‘value in use’ was a more critical variable impacting loyalty and engagement than mere convenience. ‘Value in use’ therefore clearly was the central and most significant variable. This also had implications for managers. They could not afford to ignore ‘value in use’ as a variable and needed to constantly monitor and measure it to sustain and improve profitability.

In case of loyalty cards it probably was easier to give greater benefits and maybe marketers needed to consider giving some kind of loyalty rewards to promote new customer acquisition.

Customers wanted value in terms of relevance and value for money, convenience, novelty and variety seemed to be the second best choice and probably fell in the ‘nice to have category’ rather than ‘must have’. Customers preferred to carry lesser cards. Therefore the cards of the kind under study for this research required customers to carry one loyalty card for all types of service experiences. This made usage convenient and the respondents also opined that “it is easier to keep track of card and its rewards than multiple cards”, “if there are too many cards we will forget something and some benefits expire”. This made the case of coalition loyalty cards strong in urban India.

‘Value derived on account of variety’ was clearly desirable but is not a ‘strongly agree’ attribute. It is definitely something customers are looking for but it is again a second best choice. Managers need to keep in mind that value and relevance should not be sacrificed for variety and novelty, definitely so in India. Customers were very clear about the benefits and value that they were deriving out of the loyalty card and the card had found a permanent place in their wallets.
They were very clear about the reasons why they wanted to go shopping with the loyalty card and probably were not averse to other people noticing this ownership. Practitioners need to remember that not only should they provide good value in use but also propagate/communicate their benefits clearly and openly so that they can see the benefits and therefore non-users will be motivated to become users.

Simplicity seems to be an important criteria impacting loyalty for a consumption experience. 60% of the respondents find it to be ‘extremely important’. Therefore the simplicity of purchase and use of a product or service influences loyalty. Unnecessary complication is not a preference for customers. Access to enroll for a consumption experience is considered to be extremely important by 51% of the respondents. Presumably respondents felt that service that was easy to enroll was actually “welcoming me to join”. 51% respondents agreed that ‘ease of earning’ points on the card was ‘extremely important’. Customers opined that “if it was not easy to earn the points then the loyalty card is only a hoax to earn money for the company and useless for customers”. Ease of earning therefore seemed to have some kind of bearing on value derived from the service encounter. If marketers want to be seen as trustworthy and reliable, two of the key variables under study, then they need to ensure that customers can get access to expected value easily. The ease with which points could be redeemed is also directly related to ease of earning as it was seen to complete the cycle of the ‘rewards promised’. Ease of redemption was considered to be important in the overall service experience as it was directly tied in to satisfaction post event and eventually loyalty.

Ability to earn frequently seemed to be an important criteria, however not as critical as the others. The customers were convinced that the ability to earn value everytime they went through the service experience was important. Lesser partners tends to reduce the perceived choices across products and services which may take away from the feeling of independence of choice. Any service experience that takes away choice, independence and restricts the customer lends itself to lower satisfaction and therefore lower loyalty and customer engagement. This was an important criteria for marketers to remember. Partner reputation was important as it was seen to
have a bearing on trust and reliability, which are again critical parameters in the utilitarian benefits sought to evaluate the service experience. It is important to communicate clearly with customers to pass on all kinds of information about the products and services being used them. It helps to set the context of the service experience clearly from setting expectations to the actual service experience and the feelings post consumption. Customers said that “if we know the offers clearly and what to do about them then we feel we can trust the company”. In effect, it conveys that there is nothing to hide and customers are being treated fairly.

In store visibility is considered ‘extremely important’ by most respondents and this maybe because it aids in getting information about the service clearly. Another indirect benefit could be that others who are not members will become aware of their non-member status and also get to see the current members. This will help not just in retention of existing but also lift (increased usage) amongst existing customers and shift (new customer acquisition). This seems to aid in making the actual physical service experience better.

Relevance per se is an important criteria of evaluation for a service experience. It is a parameter that adds value to the consumption experience. Offer attractiveness was considered as ‘extremely important’ by 47% of the respondents who were questioned for this study. Offers are the reason why customers will go through the service experience as it gives them more value for money. If the offer attractiveness is high the customers are more likely to buy into the offer. Marketers need to pay special attention while designing the offers rather than offer something that is mere lip-service and customers think it not relevant. It maybe a good idea to co-opt customers into designing the offers such that value and relevance from the customer perspective could be achieved. This would also aid in making the experience novel and memorable and therefore competitively differentiated. Offer frequency is considered extremely important by 45% respondents. Offer attractiveness and offer frequency are inter-related and as such show the “willingness of the organization to make good their promises”. Therefore this parameter may also feed into relevance and reliability/trust at some level. It was not enough to make relevant and attractive offers but also propagate the same among the target and potential customers.
Factor analysis was done to understand the factors impacting loyalty while choosing a service experience. When all responses were considered together, it was interesting to note that only one factor emerged. It was clear that ‘value in use’ was the most important consideration and was a composite of all the variables being considered. The other implication of the single factor is also possibly that the service experience is a unitary experience however it tends to be multidimensional. Marketers need to remember that there can be many reasons why a service experience may not be preferred and on the face of it customers may not be able to clearly vocalize the gaps experienced by them. This research attempts to give the key metrics against which measurement and management can be done.

When the factor analysis was performed by the various demographics it gave some interesting insights. For the men there was only one single factor whereas for the women ‘value in use’ and ‘trust and reliability’ were two important factors while considering loyalty towards a service experience. Marketers can woo men by harping on value however women needed to be told about more than value and needed to be convinced about trust and reliability as well.

The income group between Rs.50000 and Rs 1 lakh considered only one factor as important however the lower income groups in this study showed two factors each. It is clear here that the lower income group considered ease as an important factor and the higher income group considered trust and reliability as important apart from value in use; which was important for all. Probably the experience was perceived as ‘easy’ for the higher income groups and was not an area of concern for them. Marketers therefore need to keep the experience simple and easy in case they wish to attract the middle income groups. The SEC B also showed a similar factor structure to the middle income groups.

Respondents upto the age of 45 considered only one factor viz ‘value in use’ as critical to improving loyalty for a service experience. It was the higher age group of 46-55 years old that showed an evolution and discernment by way of two factors i.e. ‘Value and Ease’ and ‘Relevance’. For the older customers ‘relevant experience that adds value and is easy’ was
considered important. This can be considered as the key value proposition to communicate with that particular age group.

In hypothesis testing, the model of ‘Experience to Engagement’ was clearly validated and the data proved the alternate hypothesis correct with extremely high significance levels. The key variables of novelty, trust, relevance, ease of use and value in use were strongly correlated to satisfaction, loyalty and word of mouth advocacy. Each of the constructs of satisfaction, loyalty and word of mouth advocacy were also strongly dependent on each other and established the fact that a service experience though unitary was multidimensional and composite and that customers evaluated a service experience at various levels and via many parameters. It is imperative for marketers to understand therefore that if they wanted to take their customers through the ‘Experience to Engagement model’ then they needed to spell out the utilitarian benefits clearly. Value in use being the most important followed by the rest. All these variables can be measured and therefore manageable.

5.2 Connecting the Literature Survey and Main Research Findings

There are several theoretical implications arising from this study. First and most importantly, this research has developed a construct that recognizes the calls from recent researchers to expand the boundaries of relationship marketing to include experiences. This is one of the first studies that looks at engagement of customers with service experiences in depth.

Recent research refers to customer engagement, but mostly explores the construct from the perspective of satisfaction. This is one of the first studies to measure Customer Engagement by way of Experiential Marketing empirically. CE puts customer conversions into a longer term, more strategic context. Customer Engagement aims at long-term engagement, building lasting connections with consumers and developing goodwill in the process that is likely to lead to conversions of prospects or potentials into customers and stronger loyalty of existing customers.
This research answers several calls for focusing on prospects, experiences and engagement. The excessive focus of relationship marketing on retention led to the neglect of examining processes underlying acquisition of customers. The service-dominant (S-D) logic (Vargo and Lusch 2004, 2008) and Prahalad and Ramaswamy (2000, 2003) emphasize the importance of experiences of prospects, potentials, and the value configurations and called for future research to focus on them. This research makes an important contribution by empirically developing the construct of Customer Engagement that captures the experiences of customers.

Customer Engagement considers firm-customer relationships that are focused, not on exchanges, but on the experiences. Therefore, this construct answers the calls for focusing on customers, and the experiences of prospects and potentials, along with the customers.

This research also answers the Marketing Science Institute’s (MSI) call to create unique ways to engage the customer and sustain the emotional connection of the customer with the brand, such as the “fun” retail experiences where consumers interact physically with the merchandise (MSI Research Priorities 2006). This probably may be one of the first studies to empirically define and develop a measure of Customer Engagement that does not assume that relationship with a customer starts only after a commercial transaction with the company has taken place. It happens before, during and also after an experience. Sometimes the context of someone else’s consumption also tends to impact the customer’s engagement levels.

Besides the individual pre-conditions of trust, relevance, ease of use and value in use, the elements of the engagement strategy also affect the engagement of a customer. The discussion on customer engagement on Wikipedia.org suggests that these elements are embedded in the engagement focused marketing practices that seek to include the customer. Although the literature suggests that it is the online social media which has strong capabilities to generate dialogue and interaction (Wikipedia), this research shows that even offline engagement strategies work effectively in engaging consumers. In fact these experiences acquired in an offline mode tend to be retained as memories which impact future behavior and choices.
Besides creating opportunities for dialogue and playing a facilitative role, trust and relevance are other elements that companies may use to engage customers. Strategies that the customers can easily relate themselves with are perceived as relevant and trustworthy and therefore authentic attempts to engage customers.

This research is also the first to extend the theory of consumption values (Sheth, Newman, and Gross 1991), and the reciprocal action theory (Li and Dant 1997) in the context of experiences. Emphasizing that the stronger determinants of choice are consumption values as against purchase criteria. Sheth, Newman, and Gross (1991) identified five consumption values that drive all market choice behavior: functional, social, emotional, epistemic and conditional. These consumption values are independent and make differential contributions in any choice situation (Sheth, Newman, and Gross 1990, 1991). Although the theory of consumption values has been used to test several consumer choice situations, until now it was limited to the context of customer-firm transactions. In this study consumption values has been applied to consumer experiences. This research shows that the consumer reciprocates to a firm for the value s/he receives from the engaging offerings and activities by developing a connection with the company, and goodwill towards its actions. Consumers who receive value from an engaging event also intend to do business with the company they associate with the engaging experience. Moon (2000) had argued that the norm of reciprocity can be applied to consumer research only in conditions of one-on-one interactions with consumers. The construct of Consumer Engagement is based on the premise that consumers participate in creating their unique experiences, and so this theory could be extended to this research.

The construct of Consumer Engagement contributes to the existing literature above and beyond several existing constructs such as customer participation, consumption communities, involvement and consumer devotion.

Managers have long been attempting to assess the level of engagement of their customers. However, there was no empirically developed model of what Consumer Engagement is and how it can affect the perception of the value a firm provides. A large number of companies are
providing platforms for consumers to come together, but are not sure where specifically the efforts should be targeted. Different firm efforts will likely have differential effects on enhancing the level of enthusiasm, participation and social interaction. In the beginning of this research, we started with the expectation that engagement of customers is not limited to certain high involvement product categories. The confirmation of this expectation in this study brings an important message for managers of most industries. It is critical for the practitioner to know that consumers can be emotionally engaged not only with special products like alcohol and jewelry, but also with relatively everyday products like cell phones and providers of routine products and services, such as loyalty cards and normal shopping experiences. This finding suggests that all types of companies should focus their efforts on engaging the consumers through increased participation and activity, and getting them connected with their businesses. Thus, the companies should provide consumers with as many opportunities as possible, enhancing their interaction with the firm’s products, and with other customers.

This study empirically supports the theory that experiential marketing induces customer satisfaction through experiential value. In addition, the synergetic effects of experiential marketing and experiential value simultaneously contributing to customer satisfaction have not been reported by other researchers. Therefore, this study can serve as the basis for future study regarding experiential marketing and customer satisfaction.

The literature in marketing, retailing and service management historically has not considered customer experience as a separate construct. Instead researchers have focused on measuring customer satisfaction and service quality (e.g., Parasuraman, Zeithaml, and Berry 1988; Verhoef, Langerak, and Donkers 2007). The customer experience construct is holistic in nature and involves the customer’s cognitive, affective, emotional, social and physical responses to the retailer. This experience is created not only by those elements which the retailer can control (e.g., service interface, retail atmosphere, assortment, price), but also by elements that are outside of the retailer’s control (e.g., influence of others, purpose of shopping). Additionally, I submit that the customer experience encompasses the total experience, including the search, purchase,
consumption, and after-sale phases of the experience, and may involve multiple retail channels. This is exactly the complicated and composite area that this study has attempted to cover.

During the review of literature one realized that since Abbot in 1955 many researchers had studied and written about ‘Experiential Marketing’. Abbot propounded the hedonic perspective of experiential marketing and Dewey added the dimension of uniqueness to it. It was in 1982 that Holbrook and Hirschmann spoke about customers as emotional decision makers and brought the hedonic perspective into experiential marketing. Pine and Gilmore in 1998 described successful experiences as those that were unique, memorable and sustainable over time and these experiences could be an economic offering that created strategic differentiation. There was not enough evidence on how to convert this strategic differentiation into practice and how; and also what to measure for effectiveness. Customer Engagement was thought to fill this gap by way of Experiential Marketing.

Many researchers had written about customer experience as a lever to create value for the organization. There was obviously a gap in terms of defining what kind of value would exactly be created and how should it be measured. Brakus in 2001 for the first time talked about experiences being involving and engaging. A lot of researchers thereafter made references to co-creation of value by customers (Caru and Cova, Schmitt, Prahalad and Ramaswamy). However even here the issue of what the experience should deliver on to improve profitability was not addressed. It was only implied in a roundabout way. The ‘value-in-use’ variable alongwith novelty, trust, relevance and convenience were established as leading to satisfaction, loyalty and word of mouth advocacy helping to establish customer engagement. Customer engagement in turn was seen to lead to improved profitability on account of customer retention and acquisition.

Majority of research in the experiential marketing area was either conducted with premium or luxury brands and in developed markets. The importance of experiential marketing for a popular product in a developing economy like India had not been studied at all. Evolved customers would definitely go beyond the utilitarian and seek hedonic value. However practical and not so
evolved customers who had not been exposed to premium offerings may not look beyond utilitarian benefits and think that getting utilitarian benefits itself was a great offering. Researchers had also established that hedonic benefits gained in prominence only in times of economic prosperity (Urry 2002). Given India’s economic outlook the utilitarian benefits were chosen and the customers also clearly showed a preference for utilitarian benefits only.

Purchase of a product or even a service tends to involve buying into the transaction and the service encounter leads to a consumption experience which begins before purchase and ends after the product or service has been consumed and disposed off. This entire experience leaves an impression in the minds of the customers and inadvertently it gets used as a reference for future purchase decisions.

As per Hilton (2008), future research needed to focus on experiences from a managerial perspective, where experiences were co-created by interaction among the visitor and the experience (Bäckstro¨m and Johansson, 2006). Particularly, as Gentile et al. (2007, p. 395) note, “there is the need to shed some light on how the right environment and setting for the desired Customer Experience should be created in such a way as to contribute to the value creation for customers and the company itself”. Clear metrics in terms of the ‘Experience to Engagement model’ were established to enable the creation of the right environment for a valuable service experience.

The emotional bonding that is formed as a result of a good experience is linked to future purchase intentions (Allen et al., 1992; Verhoef et al 2009; Richins, 1997; Barsky and Nash, 2002) or loyalty however even over here no connect is made to customer engagement or a more permanent measure than loyalty. Satisfaction leading to loyalty and word of mouth advocacy as a composite measure of customer engagement was clearly established as more enduring than each individually. Customer engagement based on experiential marketing was the new composite measure proposed for this.
Satisfaction was considered to be an antecedent of loyalty by many researchers (Bennett, 2001; Bolton, 1998; Jones and Suh, 2000; Ringham, Johnson, and Spreng, 1994; Bennett et al, 2005). Increasing satisfaction was considered to lead to increase in loyalty. Loyalty, satisfaction and word of mouth advocacy by themselves could lead to many things however as a composite measure could indicate enduring loyalty by way of customer engagement. This research provided the composite measure of ‘Customer Engagement’ which could lead to profitability on account of customer retention and acquisition. Each of the constructs of loyalty, satisfaction and word of mouth advocacy by themselves were not able to guarantee return of the customer to the same service provider therefore the gap was to check if a composite measure would be more compelling. As opined by Holbrook in 1994 and then in 2006 that value for the customer was in the experience and not in the product per se. Therefore this research concentrated on the study of loyalty card usage rather any particular brand. Value-in-use concept propounded by Lusch et al (2007) which was a crucial concept of service dominant logic and closely related to the consumption experience was taken as one of the key variables in this study.

The customer requires the independence to take a decision in his/her best interest and also most relevant to themselves. Ramaswamy (2009) talked about co-creating value thorough customer experiences. Clearly value, experiences and engagement were linked by this study.

Morgan and Hunt (1994) first described customer engagement to say that it required commitment of the customer. Engagement or commitment were considered essential in customer retention as the occasional service breakdown would not lead to customer disenchantment and loss. Value creation for an engaged customer was personalized and points towards the customer dominant logic and moves focus to customers rather than organizations to take onus of the consumption experience. Kirby in 2006 clearly talked about engaged customers driving positive word of mouth which was ‘ten times more effective’ than any other form of communication. This connect was also well established in this research.
Many researchers have talked about the importance of customer engagement for better business returns (Firat and Dholakia 2006, Chevlin 2007 and LaMalfa 2008). Many professional organizations like Gallup, Forrester Consulting and Advertising Research Foundation have emphasized the importance of customer engagement. There is clearly a need to establish a better conceptual framework for customer engagement and experiential marketing and linking them together. We believe that this research has closed that conceptual gap by providing the service experience framework and the ‘Experience to Engagement model’.

The experience and value (Vargo and Lusch, 2004) was perceived purely from the point-of-view of an individual customer and was inherently personal, existing only in the customer’s mind. Thus, no two people could have the same experience (Pine and Gilmore, 1998). Therefore given the many business imperatives, this proposed that experiential marketing was a definite way to build unique and competitively differentiated customer engagement which would lead to better profitability to organizations. This would also aid better conceptual clarity on customer engagement, considered mostly to be the domain of the online customers. Even in the real world customer engagement was very relevant as a concept and experiential marketing as the consistently unique tool to achieve this. Sashi (2012) talked about the Customer Engagement cycle where loyalty, satisfaction and word of mouth advocacy were considered as antecedents to engagement. These three constructs were then connected to the utilitarian benefits of value-in-use, relevance, trust, convenience and novelty to build the model that was validated by this research.

There is a clear need to establish a composite variable to understand customer behavior rather than simply loyalty, satisfaction or advocacy by themselves. Sustained commitment on part of customers cannot be based on single variables. This would obviously be based on composite constructs as the customer today was living in a highly fragmented but completely connected world and was spoilt for choice.
Organisations needed to monitor many different parameters at all times to understand the changing perceptions of customers. There is a need for researchers to develop these composite and ongoing measures to monitor the changing trends of customer behavior and design offerings accordingly. Clear indicators of the same have been set forth in this research study.

A challenge that seemed to be emerging from the literature was how could organizations systematically engineer their customer experiences (Carbone and Haeckel, 1994) in order to achieve the “triple bottom line” i.e. to make them not only better for the customer but also better for the organisation’s staff and better for its “bottom line” i.e. cheaper and more efficient (Bate and Robert, 2007; H.M. Government, 2007). While there was literature on service quality improvement, the customer experience literature appeared limited to coverage about the nature of the experience and the provision of a number of operational tools and techniques. There appeared to be a knowledge gap about how, at a more strategic level, organisations could go about improving specifically their customer experiences to try to achieve a triple bottom line. Judicious and proper use of the ‘Experience to Engagement model’ may enable organisations to achieve the triple bottomline.

Service experience has its roots in many disciplines including economics, psychology, social psychology, management and marketing. Hence, the growing body of knowledge on service experience was somewhat fragmented and lacked a universally accepted way of integrating the different perspectives (Holbrook, 2006). This particular research has managed in some ways to integrate the perspectives on social psychology, management and marketing.
5.3 Managerial Implications of the research

The conceptual framework and study has a number of managerial implications. The framework clearly illustrates why simply having a loyalty programme is not good enough, what is important to know is whether your card is delivering on the service experience and thereby increasing propensity to frequent the same service setting. This research also shows that each and every encounter between customer and a company is important, whether live or virtual and together all these interactions make a cumulative contribution to co-created value, the experience achieved and the level of engagement reached. The research clearly showed that value-in-use was the most important variable in consideration especially when customers were evaluating service experiences.

Customers require good accessibility to information sources that gives them a clear idea of the total value available on offer. Managers need to ensure that the advertisement about programmes and offers provide clarity on the four key variables, which will enable them to get the correct cues and build the right context in which to evaluate the service experience. In-store visibility and information was also seen as important by the customers.

This study has clearly delineated some important considerations for managers who wish to design successful loyalty card experiences to improve customer engagement and profitability. The entire process of acquiring the card and using it had to be convenient and easy. The customers did not appreciate spending time at these stages rather they preferred to spend time evaluating the relevance and value in use of the service experience for themselves. Customers also preferred cards that gave them access to many products and services such that they did not need to carry many cards and track each of them. The staff was an important part of the entire service experience and the quality of information provided by them was critical since it enables the customers to find relevant value for themselves. To make an experience engaging, the role of staff, and therefore their training and management, should be an important consideration for managers.
It was also shown that managers needed to devise offers that could be easily earned, redeemed and were sufficiently frequent as this was seen to directly impact the value-in-use variable. The Indian customer was clearly value conscious and therefore the value-in-use variable was very significant. This value could be made available to customers in the form of better and relevant discounts, more variety to choose from, getting value and/or points for items of frequent purchase, actual value of rewards and the ability to get a standardized service experience in more places. It is also important to note that even though customers are looking for greater value they will not switch easily for small benefits instead they may consider shifting only if the value is more than 2 times than currently offered. Relevance was clearly seen as extremely important and next only to value-in-use as a variable. At some level customers felt that a relevant service experience was valuable and therefore preferred. It is very important for managers to research and study what constitutes a relevant experience for their target audience and design the service experience accordingly. Some of the measures that could be used were providing enough variety in terms of brands, products and services so that customers could choose what was most relevant for them and for which they were willing to travel slightly more. This study also established that at some level value-in-use and relevance also impacted the trust about the service experience. Managers need to know the perception about the partners that they were operating with as this influenced the feeling of trust with the service. Trust was also impacted by the adequacy of communication as it was felt that the company was revealing the offers and terms clearly and was not hiding anything.

It was very obvious that if the practitioners wanted to improve loyalty and usage levels then the whole usage experience had to be convenient, relevant and show good value-in-use. This could also mean that the customer was hoping to gain more than just the service on offer and those companies could devise parallel programmes on educating customers in related areas like oral hygiene by a company making toothpaste. Customers needed a guarantee that they would get exactly what they wanted if they shopped in your partner store. Loyalty and satisfaction were therefore clearly influenced by perception of value-in-use, trust and convenience. Managers needed to clearly ensure that these variables were met, studied, monitored and corrected regularly. This was also because service experiences tended to evolve over time for the same
customer going through the same service experience. Inspite of the changing service experience context of extrinsic and intrinsic factors the experience needed to deliver on these key variables consistently to lead to positive word-of-mouth advocacy and eventually engagement. Doing a monitoring study once only was not enough especially while evaluating experiences and needs to be done regularly to pick up the changing trends and customer preferences to improve engagement levels and profitability.

Managers need to evaluate the value-in-use derived from a service experience to improve loyalty. Factor analysis clearly showed that value-in-use was the most critical factor impacting loyalty behavior followed by convenience, relevance and trust in that order of priority.

The hypothesis testing clearly established that the four key variables of trust, relevance, ease of use and value-in-use impacted loyalty, satisfaction and word-of-mouth advocacy. Also, the three key constructs were interdependent when we considered evaluation of a service experience by a customer. Managers had to monitor all these variables regularly and consistently to understand and track the dynamic nature of experiences gained by customers. Also it was essential to keep all these variables and constructs in mind while designing experiential campaigns that would lead to engagement and profitability in the long term.

At the core of experiential marketing is an effort to engage the consumer with an extended personal interaction with the brand through relevancy. This experience driven tactic is far more effective in influencing customer affinity and loyalty and when executed properly can result in substantial ROI/ROO (return on investment/objectives).

The studies in the process of developing this model and construct clearly show that unlike popular perception amongst academics and managers alike, the phenomenon of Customer Engagement is not just limited to 40 million customers, who are networking with each other online (Prahalad and Ramaswamy 2002). If companies focus on providing engaging experiences through products, services and activities, they can also engage offline consumers. This research shows that engaging the consumer influences their intent to do business with the firm. This can
be clearly measured by the variables of trust, relevance, ease of use and value-in-use. Managers can use loyalty, word of mouth advocacy and satisfaction scores as key metrics to check if the experience is delivering on engagement. Apart from tangible outcomes such as intent to buy, a good experiential campaign engages a customer and builds a connection with the company as well as enhances long-term goodwill towards the company. In an environment where return on investment is a key marketing deliverable, customer engagement strategies through experiential marketing sometimes might not get sufficient managerial approval and attention. This study shows that this might be detrimental to a firm’s interests. As seen in the classic case of Coca-Cola, softer marketing outcomes such as connection and goodwill can have substantial impact on the firm valuation in the long run. The value of the most expensive brand Coca-Cola is nearly 60% of its total company value. Coca-Cola is known to engage its consumers for “wholesomeness and friends and family” (Foust 2009, p. 42), making the social interaction dimension or learning from own and other’s experiences of customer engagement most important in this case.

A large number of companies are providing platforms for consumers to come together, but are not sure where specifically the efforts should be targeted. In the Indian context it would be important to concentrate on whether the experiential campaign delivered on trust, value-in-use, relevance and ease of use and whether it improved the loyalty, word of mouth advocacy and satisfaction with the product/service.

This research also provides managers with a model that can be used to measure the key variables and metrics to track whether an experience or the sum total of experiences being perceived to be delivered by the service is leading to customer engagement in a live retail setting. This has become extremely crucial in a fragmented and highly competitive marketplace where it is tougher to measure engagement levels unlike the virtual environment.

In the beginning of this research, we started with the expectation that engagement of customers is not limited to certain high involvement product categories. The confirmation of this expectation in our study brings an important message for managers of most industries. It is critical for the practitioner to know that customers can be engaged not only with special products like beer and
jewelry, but also with relatively everyday products like loyalty cards and the service experience it offers. This finding suggests that all types of companies should focus their efforts on engaging their customers via experiential marketing through increased participation and activity, and getting them connected with their businesses. Thus, the companies should provide customers with as many opportunities as possible, enhancing their interaction with the firm’s products, and with other consumers. Some such practices are already being used by some retailers who conduct summer camps or fashion shows at malls to create engaging experiences. It is also becoming increasingly common among grocery retailers now-a-days to set up tasting counters or counters where the salespeople prepare the dish or show how a certain product should be used.