

EXPERIENTIAL MARKETING TO CREATE CUSTOMER VALUE

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Abstract

Development in information and communication technologies within the globalization concern to cause strategical importance of competition. So, to be successful in today's competitive world, firms concentrated on competitive superiority gained by using information. Increase in usage of information, number of competitors and changes in customer needs and wants make the firms to adopt customer oriented marketing concepts instead of traditional marketing concepts. Because of those changes traditional marketing concepts which focus on main characteristics of the good, customer needs and situation of competitors replace its place to new marketing concepts which focus on the information, brand, communication and experience.

In this new customer oriented economic environment, one of the new concepts developed to find customers in a high competitive area, satisfy and obtain their loyalty, is experiential marketing which construct sensitive relationship with the customer, attract them mentally, in short communicate and dialogue with them. Experiential marketing is creating difference by applying customers five senses with the products. Differences occur in not only the product's benefit but also creating and presenting experience.

In this study; experiential marketing which gets the customers appreciation by creating high value for them, touch their senses and mental activities is presented as a solution suggestion to the firms to be successful in the competitive environment with their rivals.

Keywords: Experiential Marketing, Creating Customer Value,

1. Creating Customer Value

In global economy with increasing changes and competition transformation of information into value is a critical issue.¹⁴ Marketing concepts affected from those changes. Marketing is focused on to satisfy changed needs of the customers. In today's

¹⁴ Cohen, D., L. PRUSAK, (Çev. Ahmet KARDAM), **Kavrayamadığımız Zenginlik Kuruluşların Sosyal Sermayesi**, Mess Yayınları, İstanbul, 2001, 35.

current economy, information economy concept made firms' behavior customer oriented.¹⁵ Today competition power changes according to level of creating customer value.

It's important to define customer value. Creating value for customers is an approach related with customers' wants and feelings after buying and using the product. Creating value for customers involve barter of getting benefit from the goods and services and sacrificing something to get that benefits.¹⁶ In short, it's the difference between total customer value and total customer expense. Total customer expense is the total of expenses customers make to get the goods and services, use and to dispose of them.¹⁷

Created value should be customer oriented and organized according to customer needs. Also customer value should be available to connect customer and the firm with an emotional relation. Firms develop new approaches to give different values to their customers other than their rivals. At this point "experiential marketing" occur. Because in real life customers expect more than a product and more than a firm. Customers want to have an emotional and mental relation with the product. They want to have dialog with the firms. Those are different experiences for the customers and customers think that those experiences create added value for them.¹⁸

Experiential marketing is about more than a one-off experience. It's a totally new way of thinking about marketing. The crux of experiential marketing is that a marketer should not only be concerned with customer satisfaction. He or she should be (more) concerned with making the consumer emotionally attached to the product/service. Thus, if we return to the traditional marketing concept, we see that only customer satisfaction is important, whereas in the experiential paradigm, emotional attachment is key. Thus, marketers are faced with the challenge of finding ways that this can be accomplished. An ongoing emotional attachment between a brand and consumer is the ultimate aim of experiential marketing. The delivery is through a unique experience, which can only be created by the brand, giving owners a higher degree of control. Companies that engage in experiential marketing take a brand essence and bring it to life in the form of an event, experience, or interaction. The company must be active rather than passive in relation to the brand.¹⁹

¹⁵ Helm, C., , "CRM overview", <http://www.marketingpower.com>, 2001, 3.

¹⁶ Odabaşı Y., **Müşteri İlişkileri Yönetimi**, Sistem Yayıncılık, İstanbul, 2000, 50-51.

¹⁷ Kotler P., **Pazarlama Yönetimi**, Millenium Baskısı, Beta Basım Yayım, Prentice Hall, 2000, 34.

¹⁸ "Gurulardan Geleceği Yönlendirecek Eğilimler", <http://ilef.ankara.edu.tr/pil/yazi.php?yad=1980>, 01/03/2004.

¹⁹ McCole, P., "Refocusing Marketing To Reflect Practice: The Changing Role Of Marketing For Business", *Marketing Intelligence & Planning* Vol. 22 No. 5, 2004, 535.

2. Experiential Marketing

Today, since traditional marketing concepts are insufficient, Bernd Schmitt states that it's time to leave traditional marketing concepts which focus on the product and marketing experts should focus on customers' experiences about the product.

So, what are the experiences? Experiences are special and sometimes lived hidden. They are the elements such as events, senses, feelings, mental experiences which occur in full life. Firms should have direct relationship with the customers, so customers can reach the firm and the product when wants to get experience.²⁰

Traditional marketing was successful about luxury goods. But today's customers perceive given quality, situation and the image. A lux car, fashion design, smart perfume bottles, a different logo in entrance of a hotel don't make a difference for the customers, they expect more than those things. First of all luxury goods should give right experiences. Marketing campaigns of the goods should get the admiration of the customers, touch their hearts and start mental activity so customers can relate them with their life style.

Experiences occur when the customer meet with the product and use it. Firms observe the customers' demand after using the products and get an outcome. Firms that use experiential marketing don't present their products as single shampoo, shave cream, moustrising cream etc. All of them are presented as bath products. This method will increase the sales and customers prefer to use the products of the same brand.²¹

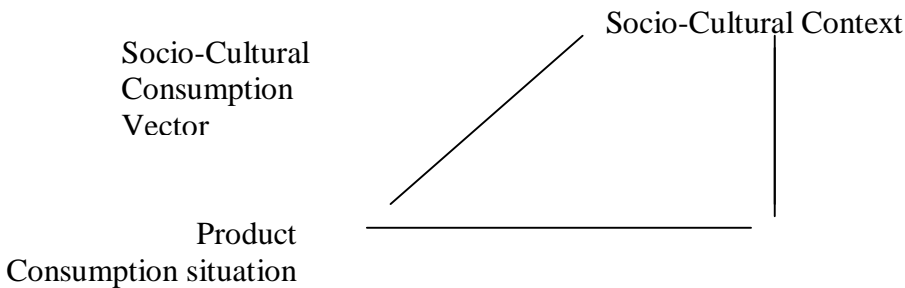
Experiential marketing is in everywhere. It's common for different goods and activities such as packing , television advertisement, web sites, cellular phones, coffee and cars etc. Especially in America and Europe it's a new trend and now in Asia and other economies it's very well-known.

To develop consumption, experiential marketing experts take in account customer satisfaction. To succeed it, they developed socio-cultural consumption vector. It's shown in below figure.

²⁰ Schmitt, B. , “ The Power Of a Luxury Experience”,
http://www.exgroup.com/pdf_files/the_power_of_a_luxury_experience.pdf, October, 1998, p.11.

²¹ <http://www.exgroup.com>

Figure 1:



According to this vector they showed which products are suitable for which consumption situation and how it can be designed. An example for this matter is Gillette. Gillette made variation for its products according to its customers' needs and wants and designed its showrooms accordingly.

3. Strategic Rules For Customer Experience Management

Experiential marketing focus on to understand experiences that customers live with the product. According to Bernd Schmitt experiences of customers are personal and private. The rules to manage the customer experiences depend on two subjects.

1. Modules depend on strategic experience
2. Experience assistants

Experiential marketing categorize modules depend on strategic management in five elements:²²

Ü Sense: It has the objective of creating sensory experiences, through sight, sound, touch, taste and smell. Managing sense requires, first, that a marketer strives for enriching sensory experiences at each contact point.

Ü Feel: It appeals to consumers' feelings and emotions with the objective of creating affective experiences, ranging from positive moods to strong emotions. What is needed for feel to work is a close understanding what stimuli can trigger certain emotions.

²² Schmitt, B., Fisher, B., "Experiential Marketing: A New Framework", http://www.globalbrands.org/research/online/academic/EXMktg_CEIBS.pdf, 2000, 5.

ü **Think:** It appeals the intellect with the objective of creating cognitive, problem-solving experiences that engage customers creatively. Think campaigns often challenge the customer to rethink the brand.

ü **Act:** It follows from positive sensory, affective, cognitive, and relational experiences. They enrich customers' lives by presenting alternative ways of doing things, alternative lifestyles, and alternative need satisfactions.

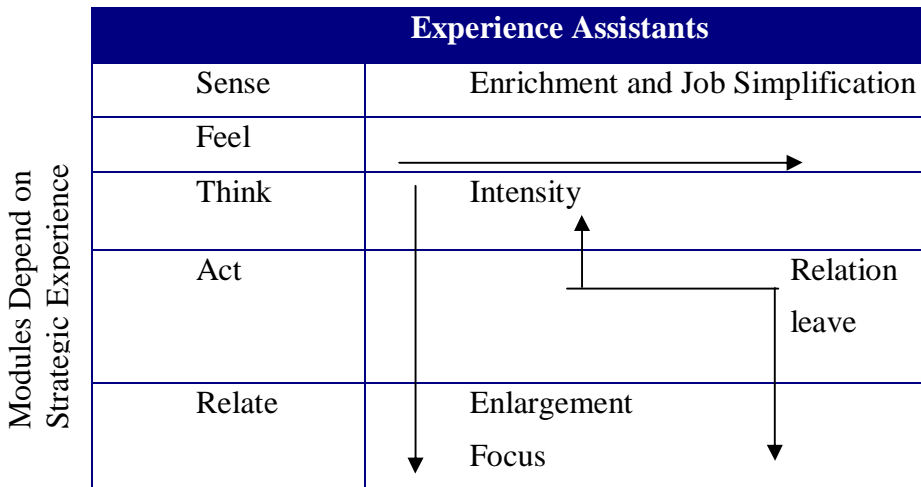
ü **Relate:** It contains aspects of sensory, affective and cognitive experiential marketing. Relate, expand beyond the individual's personal, private feelings, thus relating the individual to something outside his/her present state.

Marketing experts that adopt experiential marketing should develop experiences according to sense, feel, think, act and relate.

Secondly, experience assistants are used. Those are, visual identities, additional brands, visual frames, electronic media and sales staff. Those important relation elements should come together in a systematic and consistent way.

Elements of experiential modules are shown below.

Figure 2: Experiential Modules



4. Application Of Experiential Marketing By The Firms

Firms, which adopt experiential marketing, can create different values from their rivals. Some examples of firms can explain this situation. For example food sector is a

continuous sector since history. Food is totally experiential. Because it address to many different people's feelings such as smell, taste and appearance. Also for packaged goods, packaging should be important. Package of the good should be handy and easy to open.

Another example can be textile sector. For textile, the important thing is how feels the customer when touch the textile product. This feeling is very important when the customer decide to buy and wear the textile product.

In service sector experiential marketing is also important. Apple computer started a marketing and advertisement campaign. It was not only for technical specialities but also for the computers' appearance. Apple created colorful smart computers to appeal the customers. So it is a good example of experiential marketing used to differantiate and create value even if the totally same product with others, computer. Other traditional marketing experts emphasize memory of the computer, its power, speed etc. in their advertisements. Appearance of the computer is not important in their advertisements.

For example Volkswagen's new model 'New Beetle' is another good example of experiential marketing. New Beetle, was an old model of Volkswagen. But it is recreated by the firm. With an unusual shape and colours a new automobile image is presented. So an attractive car in roads appealed the customers and created different feelings and values for the customers. The first version of New Beetle, as an economic and cheap model, was addressing to customers who earn medium income. The new model was an expensive model and created for different customer group who have high income. In America 'New Beetle' is preferred as second additional car. It is mostly used in weekends. In America sales of the car were very successful and income was high. But it couldn't have the same success in Europe. Because in Europe advertisement campaign was made according to traditional marketing which focused on technical specialities, petrol consumption and functions of the automobile. In America advertisement campaign coordinated according to experiential marketing which focused on customers' feelings. That's the reason why there is a huge difference between the America and Europe sales income.

It is possible to increase those kind of examples. Firms that use the experiential marketing getting succes. They appeal customers' feeling and sense.²³

5. Competitive Advantage Through The Customer Experience

Customers are the most valuable assets of every companies. Now more than ever, companies need to retain existing customers and to attract new ones in order to survive and grow. Companies of all kinds claim to recognize that their customers are important. But what kind of experience are they providing for customers with their products, their services, their communications, and their interactions? How are customers really being treated? The answer is often "badly". For example waiting in lines in supermarkets or on

²³ Schmitt, B., "Marketers Seeking Sense In Sensibility", [http://www.exgroup.com/pdf files/marketers seeking sense in sensibility.pdf](http://www.exgroup.com/pdf_files/marketers_asking_sense_in_sensibility.pdf), Financial Times, October, 2000.

the phone, unusable web sites, uninspiring ad campaigns, or unresponsive customer service.

But not all companies provide poor experiences for their customers. Some companies deliver a great experience, and that gives them a great competitive advantage. These companies have a real understanding of the customer perspective and use that to provide service, products, and communications that are relevant to the customer's lifestyle and deliver a consistent experience. For example Amazon.com provides a marvelous online shopping experience. The site has the right look and feel, as well as an amazing interface. What's more, Amazon.com is continuously improving on the experience it provides. Singapore Airlines focuses on delivering an extraordinary experience. When customers make their reservations, they are met by a friendly and competent reservation agent. The check-in procedure is fast and efficient. Entering the plane, each passenger is greeted with a warm and natural smile; one of the flight attendants walks the passenger to the seat; at the seat there is an amenities box; during the flight the attendants are attentive; and so on and on.

Companies and their management need management tools that truly focus on the customer experience at every touch point. Customer Experience Management is that approach. To put it simply, Customer Experience Management, or CEM, is the process of strategically managing a customer's entire experience with a product or a company.

The CEM framework is made up of five basic steps:

1. Analyzing the experiential world of the customer
2. Building the experiential platform
3. Designing the brand experience
4. Structuring the customer interface
5. Engaging in continuous innovation

The first step of the CEM framework, provides original insight into the customer's world. For consumer markets, this comes from analyzing the socio-cultural context in which consumers operate: their experiential needs, wants, lifestyles and desires. Second step is the key connection point between strategy and implementation. This is not a cut-and-dried positioning statement or a two-dimensional perceptual map. Instead, the experiential platform includes a dynamic, multi-sensory, multi-dimensional depiction of the desired experience (referred to as the "experiential positioning") and a specification of the experiential value ("the experiential value promise") that the customer can expect from the product or service.

Step three includes the quality and design of a product that delivers the experience. The brand experience also includes the "look and feel" of packaging and retail spaces, and the experience of advertising and communications. Step four, includes all sorts of dynamic exchanges and contact points with the customer, whether they happen face-to-face in a store, during a sales visit in a client's office, at an automatic teller machine at a bank, at the check-in counter of a hotel, or as part of ecommerce on the internet. In step five, the experiential platform must be reflected in a company's innovations – a process that called "Engaging in Continuous Innovation."

The CEM framework can be used to address a variety of core marketing issues. For instance, many companies view segmentation from the perspective of the company and

its products (segmenting by features, price, or distribution channel, for example). The CEM framework approaches segmentation and targeting very differently, by starting with research tools that reveal meaningful data from the customer's perspective, and using these to develop a customer-focused segmentation scheme.

What attracts customers to any company and sustains their loyalty to its products, services, and brands, is the customer experience. That experience encompasses products, service, communications, and every interaction the customer has with the company.²⁴

5. Conclusion

Experiential marketing is a relatively new orientation, which is gaining ground in western and other developed economies and which provides a contrast to traditional marketing. Whereas traditional marketing frameworks view consumers as rational decision-makers focussed on the functional features and benefits of products, experiential marketing views consumers as emotional beings, focussed on achieving pleasurable experiences.²⁵

Traditional marketing has provided a valuable set of strategies, implementation tools and methodologies for the industrial and early stages of the consumer age. Today is information age. It is necessary to shift attention from an approach based on features and benefits to one featuring customer experience. Firms should consider new concepts and, most of all, new approaches within the organisation to capitalise on the opportunities offered by experiential marketing.

Experiential marketing not only provides a new set of concepts and techniques. It is also a new way of conducting business and as such works best when the whole company is oriented towards managing the customer experience.

Firms that plan to build experiential marketing should emphasis on creativity and innovation. It views the creativity and innovation displayed by employees as its intellectual capital. It considers the hiring and experiential growth of its employees as a key human resource requirement.²⁶

Experiential marketing which gets the customers appreciation by creating high value for them, touch their senses and mental activities. Firms to be succesful in the competetive environment with their rivals should start to apply experiential marketing into their business.

²⁴ Schmitt B., "Competitive Advantage Through The Customer Experience", http://www.exgroup.com/pdf_files/competitive_advantage_cem.pdf, 1-3.

²⁵ Williams, A., "Tourism And Hospitality Marketing: Fantasy, Feeling And Fun", International Journal Of Contemporary Hospitality Management, Vol. 18 No. 6, 2006, 493.

²⁶ Schmitt, B., "Marketers Seeking Sense In Sensibility", http://www.exgroup.com/pdf_files/marketers_asking_sense_in_sensibility.pdf, Financial Times, October, 2000.

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