

Understanding experience marketing



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The main objective of this paper is to create new definitions, to propose two conceptual models of experience marketing, and to identify and highlight differences between experience marketing and experiential marketing. The methodology in this conceptual paper is theoretical research. Resulting from research the author found out that experience marketing, based on experience economy theory, is a strategic and a broader term than experiential marketing. Experience marketing is strategic marketing of relevant experiences. Experiential marketing is a tactical tool that explains how to do marketing (campaigns) experientially.

The proposed model shows the differences between the terms. Keywords: experience marketing, experience, experiential marketing, customer experience management, brand experience

Introduction Experiences are considered to be key concepts in marketing today. Still there is confusion in business terminology and clear definitions of experience and experience marketing are absent in marketing literature. Experience is the key element in understanding consumer behavior and marketing management, and according to Pine and Gilmore (1998) it is even a foundation for the whole economy.

Experience is the main component of experience marketing and according to Losable and Britton (2003) and Schmitt (1999) it is marketing of the future. During the past years, experience marketing has become a topical issue also in the branding world. In 1999 Schmitt said “ we are in the middle of a revolution A revolution that will replace traditional feature-and-benefit marketing with experiential marketing” (Schmitt AAA). Since then, many articles have been published, but still a scant understanding of what

constitutes experience and even less knowledge of what experience marketing comprises is prevailing.

In other words, an unambiguous definition of experience marketing is not to be found in marketing literature. Experience marketing is a relatively new concept in marketing and therefore clearly little empirical research has been conducted. Academics, experts, and practitioners see experience marketing in different ways and offer varying approaches, but we need a solid foundation for the whole concept and an understanding of the essence of experience marketing. For example, confusion arises when defining experience marketing, experiential marketing, and customer experience management that are sometimes used as synonyms.

Also Tanya and McKenzie (2009) in the review article “ Experience marketing: a review and reassessment” refer to lack of clarity in marketing literature with regard to “ what exactly constitutes an experience and the conflation of terms associated with experience marketing”. Although they confirmed that there is conceptual confusion in terminology, the authors did not propose their definitions. Schmitt, the initiator of experiential marketing, wrote in 1999 a seminal article and a book “ Experiential marketing”.

But ten years later in his article (2009) written together with Brakes and Gerontology, the keyword is experience marketing. In 2005 Bowman, Thistles and Peled expanded the idea of meaningful experiences in their book “ A new perspective on the experience economy’. The same idea was also explored by a Swede Hans Soller (2007). In 2006 and 2007 Holbrook tried to prove (in ten critical book reviews) the lack of conceptual

foundations and reasons of commercial interest of other authors as well as partial understanding encountered in this area.

The first objective of this paper is to examine the terms experience, experience marketing and experiential marketing in detail to understand the phenomenon. Consistency in language and definitions would facilitate communication and future research in this area a great deal. By providing main definitions, this paper separates experience marketing from experiential marketing. Research in this area is impossible unless we have a good understanding of the definitions, and the theory and the conceptual models behind the subject. Marketers need to understand the whole conceptual framework and principles of experience marketing.

Otherwise they cannot create proper customer experiences that are engaging, relevant, memorable, and satisfying. That is why the second objective of the paper is to review the theoretical basis and existing literature of experience marketing and to analyze the other terms to understand what experience marketing is all about to use it in effective marketing strategies. The third objective is to propose two conceptual models of experience marketing. The main research questions are – what is experience and experience marketing? What are the differences between experience marketing and experiential marketing?

The author reviews literature on the topic, explains and defines experience, experience marketing, and experiential marketing, and proposes conceptual models. The contribution is creation of new definitions and models in order to understand the subject. 3 First, the paper builds upon the body of evidence

seeking to understand the essence of experience and experience marketing. Second, the paper suggests some theoretical approaches and relationships to understanding the other terms, such as experiential marketing, customer experience management, and brand experience.

Finally, the paper proposes two models of experience marketing to pave the way for further analyses and research. The limitations and implications for the future are also discussed. Conceptual Framework / Literature Review Experience Schmitt (AAA) assures that nowadays experience is one of the “hottest” movements in business practice. However, Paulson and Kale (2004) observe that there has been no attempt made to systematically define what exactly constitutes an experience in marketing terms.

A deal of the disagreement and lack of clarity lies in the different ways in which the term ‘experience’ can be understood. Tanya and McKenzie (2009) explain that it is both a noun and a verb and “it is used variously to convey the recess itself, participating in the activity, the affect or way in which an object, thought or emotion is felt through the senses or the mind, and even the outcome of an experience by way of a skill or learning for example”. That is the reason why many authors have written articles and books about experiences, all with different definitions and ideas behind them.

There is also a difference between the simple pleasure of an ordinary or mundane experience and the enjoyment of an extraordinary or flow experience (Car; and Cove 2003). We can distinguish between ordinary and extraordinary, consumer and imposition experiences, and also virtual and live brand experiences. Carbons and Hackle claim to have launched the

experience movement and written the seminal article in 1994, but this was predated by Holbrook and Horseman's 1982 iconic paper on the consumption experience (Tanya and McKenzie 2009).

So it was almost 30 years ago that marketing and consumer researchers discovered the importance of the experiential aspects of consumer behavior (Holbrook and Hiroshima 1982) and hedonistic consumption (Hiroshima and Holbrook 1982). Hiroshima (1984) later identified three consumption motives including cognition seeking (stimulates thought processes), sensation seeking (stimulates the senses) and the novelty seeking experience (desire to seek out novel stimuli). Holbrook and Harriman (1982) developed a useful model contrasting the differences between the information-processing (rational) and the experiential view (irrational) perspectives of consumer behavior. This experiential perspective regards consumption as a primarily subjective state of consciousness with a variety of symbolic meanings, hedonistic responses, and esthetics criteria. The authors described “ three ifs”: fantasies, feelings and fun (Ibid.). Enlarging on the essence of the three ifs new literary offerings have caught the spirit of a broadened view as the “ four Sees” – experience, entertainment, exhibitionism, and evangelize.

Each of these four Sees can also be summarized by words beginning with the same letter, e. G. Experience: escapism, emotions, enjoyment (Holbrook 2000). This paper's approach is experiences through the meaning of the Estonian word ‘ llamas’ (experience), which according to the Estonian Encyclopedia (1987), is defined as something lived through/perceived, all of which a person is conscious, but more specifically a meaningful, unique and rueful experience. The Cambridge Advanced Learner's Dictionary defines an <https://assignbuster.com/understanding-experience-marketing/>

experience as a noun, “ something that affects the way you feel” or “ knowledge or skill from doing, seeing or feeling things”.

As a verb ‘ experience’ means it happens to you, or you feel it. An adjective ‘ experiential’ means “ based on experience” (dictionary. Cambridge. Org).

That stresses the importance of experience as a basis of the area. As a philosophical term experience has been used since 1, sass in the content of within the meaning of life and living (Sardine 2002; VΓyearn, 2010).

According to Nilpotent (2002) an experience derives from the Greek word empiric (impresarios – experienced) and the Latin word experiential (verb expires – to experience).

Tourism researcher Vehicle (2002) describes two dimensions of experience: 1) experience (in German Referring, Finnish smokers), as “ already perceived and/or experienced – the past in the present moment” and 2) experience (in German Relearns, Finnish eΓms), “ not previously experienced – the future of the present moment”. German, Dutch, Estonian and Finnish languages make a distinction between two rods, but English has just one word for these two things – experience. This is the reason why many people confuse these two concepts and consider them as synonyms.

Bowwows, Thistles and Peeled (2005) say that “ they clearly are not”. These authors came to a conclusion that Relearns can be defined as a subset of Referring. But Leaping and Same (2011) emphasize that the German term Referring has a slightly different implication, signifying the coherency of life’s experiences. Leaping (2010) says that an experience is the existential and rational reality experienced by the consumer him/herself. The meaningful

experience in the sense of Referring involves an important learning component – an aspect of awareness.

Referring leads to change and transformation in Pine & Gilmore use.

Relearns is a particular experience and is often a complex of emotions (Bowwows, Thistles and Peeled 2005). According to Snell (2004), experience in the sense of Referring is a “ continuous interactive process of doing and undergoing, action and reflection, cause and effect that has a meaning for the individual in several contexts within his/her life”. A meaningful experience enables the individual to see the world or him/herself in a different way.

But an experience in the sense of Relearns is an “ immediate, relatively isolated occurrence with a complex of emotions that make an impression and represent a certain value for the individual within the context of a specific situation” (Bowwows et al 2005). Hans Shelter’s 2007 article adds also new perspectives to meaningful experiences. Paulson and Kale (2004) explain that an experience in its most general use is simply the mental state that occurs in any given individual, at any conscious moment.

By experience Carbons and Hackle (1994) mean the “ takeaway” impression formed by people’s encounters with products, services, and businesses – a perception produced when humans consolidate sensory information. They say that “ experience may be good or bad, lasting or fleeting, a random phenomenon or an engineered perception” (Ibid.). Car; and Cove (2003) confirm that the concept of experience is still ill-defined or defined in ideological terms and that in the field of marketing we must use a “ typology

of consumption experiences which goes beyond an ideological view that tends to consider every experience as extraordinary’.

Their analysis showed that in the social sciences and philosophy experience is defined as a “ subjective episode in the construction/transformation of the individual with, however, an emphasis on the emotions and senses lived during the immersion at the expense of the cognitive dimension”. Marketing gives experience a much more objective meaning, confirming the idea that the result may be something extremely significant and unforgettable for the consumer immersed into the experience (Ibid.).

Lapping Centre of Expertise for the Experience Industry (LICE) defines experience in the spirit of the experience yardarm model as “ a multinational, positive and comprehensive emotional experience that can lead to personal change” (Transparent and KyleΓen 2007). By influencing the elements of experience: “ individuality, authenticity, story, multi- sensory perception, contrast and interaction it is possible to offer [customer] something memorable and unique” (Ibid.). Pine and Gilmore (1999) define experiences as memorable events.

PityΓen and Tithing (2006) define experience as an affective event or events which of course have a strong impact on the perceiver. 6 Experience Marketing As the wording of the phrase itself suggests, the focus in experience marketing is on experiences. To be more specific, on marketing experiences and offering them. Experience marketing is customer-centric marketing based on the needs of customers. Therefore, the main focus should be on the customer and also on the experience co-creation. The

customer creates his/her own experiences with help of different tools provided by the company.

Today experience marketing is generally based on the concept of experience economy (Pine and Gilmore 1998), which encompasses the most developed and theoretical discourse about experience marketing (Gilmore and Pine 2007; Pine and Gilmore 1999, 2002). In the book “The Experience Economy” Pine and Gilmore (1999) claim that experiences are a fourth economic offering, but one that has until now gone largely unrecognized. They explain the progression of value from commodities to products, services, and experiences by showing how experience as a new distinguishing economic offering differs from goods and services.

Pine and Gilmore (1999) declare, that “while commodities are fungible, goods tangible, and services intangible, experiences are memorable”.

Forefeet and Penetrable (2011) emphasize that while most studies have focused on experiential marketing, the marketing of those who create the experience has remained relatively neglected. We may differentiate between many types of experiences, e. G. Physical, mental, emotional, spiritual, religious, social, virtual, employee. Seller (2007) says that the categorization of different kinds of experiences gives new insights to experience offerings.

Pine and Gilmore (1998, 1999) define the four realms or so called “four Sees” of a consumption experience: entertainment, educational, escapist, and (a)esthetics, y using two dimensions (active/passive participation, absorption/immersion). Experience marketing can create emotions to the consumer by making entertainment for customers, by allowing them to

escape from the reality, by educating them and giving them aesthetic objects or places to see (Pine and Gilmore 1999). Within the different management academic programs in the US and Europe, experience economy (or Exponent) is of increasing focus.

Although the concept of the experience economy was born in the business field in 1998, it has gone beyond its boundaries to tourism (Leighton 2007; Transparent and KyleΓen 2009), retailing Grew, Levy and Kumar 2009; Overshoe et al. 2009), architecture, nursing, sports, branding (Brakes, Schmitt and Gerontology 2009; Gentile, Spiller and Ionic 2007; Schemers 2009), entertainment and arts 7 (Gilmore and Pine 2002; Peters 2004; Pine and Gilmore 1999), urban planning, hospitality (Gilmore and Pine 2002; Leaping 2010) and many other fields.

Experience economy is also considered as a main underpinning for customer experience management (CHEM.). The customer experience is an interaction between an organization and a customer. Gentile, Spiller and Ionic (2007) define the concept of customer experience' as an evolution of the concept of relationship between the company and the customer. According to Schmitt (2003), the term ' customer experience management' represents the discipline, methodology and/or process used to comprehensively manage a customer's cross-channel exposure, interaction and transaction with a company, product, brand or service.

CHEM. is more like a program (Cantoned and Resistant 2011) or schedule, based on five steps. The CHEM. strategies impel the customer's involvement at different levels (Gentile, Spiller and Ionic 2007): rational, emotional,

ensorial, physical, and spiritual. Experience marketing offers engaging, interactive, and entertaining brand experiences. The idea is to communicate the essence of a brand through personal experience. Schmitt (2009) urges the researchers to develop the brand-experience construct conceptually.

Brakes, Schmitt and Gerontology (2009) define brand experience as “ subjective, internal consumer responses (sensations, feelings, and cognitions) and behavioral responses evoked by brand-related stimuli” that are part of a brand’s design and identity (e. G. Name, logo), packaging, communications (e. G. Advertisements, web sites), and environments in which the brand is marketed or sold (e. G. Stores, events). There is no consensus today on what the term ‘ experience marketing’ refers to, and the context in which it is used.

Lee, Hoist and Yang (2010) say that experience marketing aims to request marketing staff to emphasize the overall experience quality for consumers passed by brands, including rational decision-making and sentimental consumption experience. Baron, Harris and Hilton (2009) define experience marketing as “ the creation of a memorable episode based on a customer s direct personal participation or observation”. But at the same time they use exactly the same definition for experiential marketing.

Experiential Marketing Like Pine and Gilmore first, Schmitt (AAA) focuses on those aspects of marketing aimed at creating experiences for customers and promises to provide “ tools for this new approach”. Schmitt (Bibb) distinguishes five different types of experiences that marketers can create for 8 customers. These experiences, called strategic experiential modules

(Seems), are implemented through so-called experience providers (Express), such as miscommunication, visual and verbal identity, product presence, electronic media, etc.

According to Schmitt (AAA), the framework of experiential marketing has two aspects: Seems, which form the strategic underpinning of experiential marketing, and Express, which are the tactical tools of experiential marketing. Holbrook (2000) criticizes Schmitt saying that he arrays the Seems and Express against each other to form a conceptually useful experiential grid, though it presses credulity a bit when Schmitt positions this rather modest conceptual framework as “ a key strategic planning tool of experiential marketing”. The author of this paper stresses that marketing planning tool is tactical, not strategic.

The whole experience marketing methodology is based on experiences, not specific activities that are experiential in nature. Car; and Cove (2003) are also critical towards Schmitt and in general towards American romanticism (authors Holbrook, Schmitt, Pine, Gilmore etc). They (2003) confirm that this allowed Holbrook (1997) to propose the logical sequence: ‘ romanticism -?+ experiential consumption -?+ emotional responses -?+ leisure’, and to insist on the fact that in this experiential approach, sensations are more important than the consumers’ rational thoughts.

Schmitt (Bibb) extends the traditional features-and-benefits paradigm to build a conceptual model for designing, managing, and integrating consumption-based experiences (Holbrook 2000). The author of this paper emphasizes that Schmitt toolkit is not strategic marketing management, but

it focuses on tactical and operational level actions where the main question is how to do marketing campaigns experientially. Of course the operational level is a vital link between tactics and strategy. What is then experiential marketing?

When we ask ten different people to define experiential marketing, we will probably end up with ten different answers. Meier (2010) points out that Hauser commented in 2007 that the “ definition of experiential marketing is fluid – as is the methodology itself. It was once little talked about, and is now being embraced as a silver bullet”. Hauser once posed the simple question of experiential marketing definition to the Experiential Marketing Forum, and received more than 200 definitions from more than 150 countries (Ibid. When Schmitt (AAA) explains the idea of Pine and Gilmore experience economy he uses the phrase ‘ experiential economy. It shows how those terms and words are used interchangeably. 9 Similarly (2009) says that experiential marketing is the process of identifying and satisfying customer needs and aspirations profitably, engaging them through two- way communications that bring brand personalities to life and add value to the target audience.

International Experiential Marketing Association declares that experiential marketing allows customers to engage and interact with brands, reduces, and services in sensory ways that provide the “ icing on the cake of providing information”. Hauser (2011) says that the term ‘ experiential marketing refers to actual customer experiences with the brand/product/service that drive sales and increase brand image and awareness.

Sneakers and Goodman (2010) define experiential marketing as a new way by making the customers living an experience through the creation of emotions. Thus, experiential marketing has a goal to create emotions to the customers that lead to enjoying the experience. According to You-Mining (2010), experiential marketing is a kind of face-to-face communication method, which mainly raises customers' physical and emotional feelings so that customers expect to be relevant and interactive to some brands and to feel and experience wholehearted".

The author of this paper highlights that all these definitions indicate that experiential marketing is mainly and directly related to emotions, feelings, and senses; and has less to do with cognitions and human intentions.

Cantoned and Resistant (2011) confirm that in the last years, many firms are adopting CHEM. strategies, in which are emphasized the role of emotions, feelings, sentiments, assigns and experiences in the consumer-brand relationships".