

# Experiential Marketing-Exploring New Horizons

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## INTRODUCTION

Jan Walters wants Atlantans to get down and dirty with her appliances. Visitors to her new showroom in upscale Buckhead are welcome to fry eggs on a high-BTU Whirlpool range or see for themselves if a Kitchen Aid convection oven can make fast food of a raw chicken. They can even run their clothes through what Walters says is the best washers on the market, though so far people seem reluctant to air their dirty laundry quite that publicly.

Visitors to Walters' Insuperience Studio, owned by Whirlpool Corp., can do just about anything they want there- except buy the appliances they test. For that, they are referred to an appliance store, which Insuperience Studio decidedly is not. Cookware manufacturer Calphalon is also going the experiential route with its Calphalon Culinary Center in Chicago. There, consumers can listen to chefs lecture on their craft or try their own hand at creating dishes- all in a setting that reinforces the value of the Calphalon brand.

Experiential marketing is more than an opportunity to show off all the bells and whistles of a product. "It's all about emotions and feelings, achieving some sort of feeling." A person today is bombarded with different kinds of advertising at every turn. May it be the grocery store, the side of the buildings, email boxes and every place in between. People in today's society are too busy with their weekly calendars loaded with more things that they can do in a month. An average person receives about a few hundreds of marketing messages per day. These messages are greatly reducing the effectiveness of traditional advertising. Managers feel it is no longer enough to have functional features, benefits and quality- but you also need to provide great experience to your customers. What is needed is a way to reach potential customers that grab them emotionally and personally- connecting them to a brand for life. Experience is on the hottest topics today in Marketing Management.

After economic reforms, marketing has changed the entire consumer behavior; it has intensified more competition in brands. Marketing world is changing and with it is changing the way business is conducted. Experiential marketing has become an accepted alternative marketing methodology. It has become a more widely accepted methodology by mainstream marketers (Marketers spent more than \$ 150 billion on experiential marketing in 2005. According to HPI Research Group, 68% of surveyed marketing executives spent more on experiential marketing in 2005 than in 2004 and half of those executives expected to increase spending in 2006).

***Experiential Marketing*** means creating a live, interactive experience between the consumer and the product or brand instead of just telling them about it. It's a new way of thinking about marketing.

Experiential marketing benefits the company in a way that, the customer connects in a much deeper way; the company builds a unique connection with customers, gains valuable information about them, and provides more personalized communications. As an added value, the customer shares the experience with friends, providing viral marketing for the company. Experiential marketing is also termed as Customer Experience Marketing because the idea is to communicate the essence of the brand through a personalized experience. It uses brand relevant experiences to appeal to both- the rational and emotional buying triggers of the intended audience. The idea of experiential marketing reflects a right brain bias because it is about fulfilling consumers' aspirations to experience certain feelings- comfort and pleasure on one hand, and avoidance of discomfort and displeasure on the other. Whereas, the traditional product centric marketing reflects the left brain bias because it generally seeks to persuade consumers by invoking rational factors that position the advertised brand as better than competing brands. Product centric marketing presumes a degree of rationality in consumers' decision-making that contemporary brain science refutes. Consumers' decisions are much more influenced by emotionally generated feelings than by their rationally derived thought. For example, Coca- Cola, a person might think it is sugar and water, but it is much more than that. It provides a great experience, it's about refreshment. In the case of Dove Soap; it may be said it's a bar of soap, but maybe not anymore. In this

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advertising campaign real women are seen, not just supermodels, and this is an attractive experience for women who don't want to be someone else, they just want to be themselves. In case of flat televisions, they are not just there so that the television programs can be watched. But they have to fit in with the furniture in the house and the programs that are there on TV and are more and more experiential, programs are about experiences and all the entertaining shows, reality shows etc. Imagine this. You're at a car show and walk by the Lexus display. There it is, the car you've been wanting. You can get your picture taken with the car and be seen on the cover of a magazine. You wait in line, get your picture taken, go home, fill out an online survey and, there it is, your first magazine cover! You forward the cover with your picture to your friends. And all around your picture is messaging from the car company. A few days later, you receive a direct mail piece with your cover, with directions to you're nearest Lexus dealer and information on the car that caught your attention. What's the benefit for the car company? You've connected in a much more personal way with the product via a memorable experience. Lexus had you around that car for several minutes as you waited and finally got your picture taken. The experience continued for days as you got your picture and forwarded it to friends. You felt a much stronger connection to the brand and the car. And Lexus got valuable information through the survey--a lead. This let's them market to you with personalized communications that relate to your interests. Ultimately, they generate a much greater return on investment. Everyone wins! Research supports the success of these efforts. According to a survey by Jack Morton Worldwide, 53 percent of consumers said Experiential Marketing enhances their brand perception; 90 percent said it makes them more receptive to other advertising; and a high percentage say it drives a quicker purchase.

## **LET US UNDERSTAND THE PURCHASE PROCESS FIRST**

### **✿PROBLEM**

Consumers who don't have an opportunity to see a product in action don't appreciate why one brand is better than another.

### **✿SOLUTION**

Manufacturers such as Whirlpool, Viking and Calphalon are opening cooking schools and other facilities where shoppers can experience the product.

### **✿OUTCOME**

As brand awareness becomes even more critical, manufacturers and retailers will emphasize feelings and emotions in connection with their products. That's likely to result in more "showroom" facilities stressing the lifestyle benefits of products. Therefore, experiential brands are everywhere, but a marketer does not naturally get an experiential brand. It needs to be managed with the right concepts and tools.

## **KEY CONCEPTS**

There are two key concepts in experiential marketing. **a)** Strategic Experiential Modules or SEM's **b)** Experience Providers or Ex PRO's.

Strategic Experiential Modules or SEM's is about the five senses (i.e. sense, feel, think, act and relate), and how stimulation to the five senses can provide an experience of beauty or of excitement. For example, beautiful flowers and other natural things. A corporate example of SEMs is Godiva chocolates - of course the chocolate taste good, the wrapping is very delicately done, there is a lot of gold imagery in the stores. So it is a great **Sense** of experience.

### **✿FEEL**

Feel is about emotions- emotions of joy, emotions of anger, emotions of fun, and emotions of love. Hallmark is a very good example. Hallmark cards are a very emotional products, it is about caring and about creating an emotional experience when you send someone a Hallmark card.

### **✿THINK**

Think experience appeal to the intellect, they are about converging and diverging thinking. A lot of customers appreciate thinker experiences. About ten years ago in the mid 90s, when Apple wasn't doing well, most customers thought poorly about the company. Apple ran a campaign called 'Think differently' - when they wanted customers to

think again that Apple can be a creative company.

### ✿ACT

Act is about behaviour and actions. A good example is a fitness club and a good corporate example of ACT is what Nike has been doing for the last 10 or 15 years. It starts with a slogan "Just do it". All the Nike campaigns are always about behaviours and actions.

### ✿RELATE

Relate is about relationships and a sense of belonging. A classic of experiential marketing in terms of relate experience is Harley Davidson. Harley Davidson drivers are very attached to the brand for the relationship the company has built with them. The second key concept of experiential marketing is experience providers. Those are the type of communications - product design, the internet presence, and the retail presence that the marketer creates for the customers. The ultimate challenge of experiential marketing is to bring it all together. So managers need to make sure that they are creating the right experience for the right experience providers and are doing this in a unified and integrated way.

## THE FRAMEWORK FOR MANAGING CUSTOMER EXPERIENCE

The framework for managing customer experience consists of 5 steps:

### STEP 1: UNDERSTANDING THE EXPERIENTIAL WORLD OF THE CUSTOMER

Understanding the experiential world of the customer means being customer focused. This is done by using research and methodologies to understand what the customer feels, thinks, acts and relates. That means knowing what really makes them tick.

Apple, the Ipod Company has done a good job on this. They have basically asked the questions as;

- ✿ Why do people want to buy and MP3 player?

- ✿ What kind of product should an MP3 player be?

- ✿ How should we market a MP3 player?

Apple observed how people are living nowadays when they are taking music on the road. They were not the first MP3 player on the market by far but they turned it into a lifestyle product.

Research made them understand, when people are taking music with them, it has to look good. It's not just a functional product - it also has to provide the right experience.

### STEP 2: BUILDING AN EXPERIENTIAL PLATFORM

Ipod is all about lifestyle and creativity. This is the experiential platform that subsequently needs to be implemented in everything that Apple is doing with this product. The same rule applies to any other brand or product. A marketer really needs to figure out what needs to be communicated, what is the overall positioning of the brand.

### STEP 3: BUILDING THE BRAND EXPERIENCE

The experiential platform that is built needs to be implemented in the next three steps. Apple has done a great job in implementing the brand experience that means the design - which means the visual identity, i.e. the communications. They had the global advertising campaign which they have created which is called 'The Silhouette Campaign' which is the user, people are having fun when they are using their Ipod.

### STEP 4: STRUCTURING THE CUSTOMER INTERFACE

The next step is structuring the customer interface, it means in the case of Apple, you have to get the music into this device and use a friendly interface, which they have it in Itunes. An interface is generally about an interface that you have with your customer, it can be a service interface, an online interface, whatever you have to make it easier for the customer to consume your products and your brands.

### STEP 5: ENGAGING IN CONTINUING INNOVATION

Consumers always want new things, they want new experiences and again, the Ipod is a really good example. They have launched the video Ipod, and before that, they launched the nano ipods, the smaller ones. So, they have been really innovative in terms of line extensions and new products that are linked to the Ipod brand. So that is the five step framework, it starts with customer understanding, then comes the experiential platform, and then comes the

implementation in terms of the brand and in terms of the customer interface and finally in the terms of continuous innovation.

## **THE CONSUMER EXPERIENCE**

Consumers possess varied information- or advertisement-processing capacities. As any contrast created has to be comprehended by the consumer, any research on the cognitive processing capabilities of consumers would be useful. Advertisements, apart from conveying the positioning of the brand, will have to create a contrast that consumers will be able to accept and internalize over a period of time. The contrast would have to be relevant to the positioning of the brand. There is also a need to study the clutter of advertisements in the environment to formulate a contrast that would adequately and effectively appeal to the consumer. When almost all airline companies are advertising themselves on the luxury, comfort or service planks, SriLankan Airlines simply created a contrast that is memorable and brand-specific. It captured the very essence of service personnel's traits (warmth and compassion) in an airline. The story line revolved around an episode involving a young girl full of compassion and warmth who later in life becomes the air hostess of the airline. The example is amenable to subjective interpretation. However, a relevant and unique contrast (relevant to the target segment and unique from the viewpoint of the clutter being perceived by the segment) results in the desired effect: Brand awareness. Marketing is a process by which interest in a brand is triggered by marketing communication. The right contrast helps a brand get into the "consideration set" of the consumer when his/her decision-making process gets activated. If marketers seek to capture the contrast of emotions, the 'affective' component of the mind (that which deals with emotional aspects) could be made use of. Emotional contrast has to be supported by cultural aspects, and at the same time, should be product-relevant.

With emotional expectations of the consumer built up on the curiosity plane, the firm launched an advertisement involving the character that found the resemblance. This was carried as a Super Bowl commercial. The excited consumers saw the advertising spot and were also surprised to find McDonald's launching a Web-based auction involving a French fry. McDonald's used emotional contrast (as compared to other mundane products) based on experiential involvement. Several years ago, Marlboro used emotional contrast, provided by the cowboy image drawn from the American culture, to stand out from the communication clutter created by other cigarette brands. Even when the brand is well established for its functional utility, emotional contrast could underline it. Raymond's relationship campaign dealing with the finer emotions of one's life, and Eveready's "Give me Red," signifying the emotional energy of the youth, are examples of some of the established brands exploiting emotional contrast to make an impact on the consumer's psyche. Experiential marketing attempts to connect consumers with brands in personally relevant and memorable ways. The alternative term customer-experience marketing emphasizes the idea of communicating the essence of a brand through a personalized experience (Wikipedia).

## **WHY EXPERIENTIAL MARKETING IS EFFECTIVE**

- ✿ Understanding the best environment to reach the audience (the audience's everyday events).
- ✿ Main ideas - direct interaction with the client.
- ✿ Efficient to get close to the right customers.
- ✿ Experiential marketing is understandably partnering with PR.

## **GLOBAL TRENDS**

An experiential approach to launch a brand may be more effective and relevant than anything that television advertisements can offer. One of the best examples is Absolut vodka. In Australia, Absolut Vodka launched a brand called "Cut" through a strictly experiential marketing point of view. Using public relations, point-of-sale, online and event marketing, Absolut was able to eschew traditional advertising altogether, something unheard of when launching a spirits brand. In a rather astounding bow to experiential marketing over mass marketing, Absolut leased two bars in Sydney and Melbourne, put on DJ sets, band concerts and photo exhibitions in these spaces. Visitors to the Absolut Cut bars got a free bottle of Cut, and consumers were given a chance to contribute their photos to the exhibits, generating what Absolut hoped would be a viral element to the campaign. The campaign flew in the face of traditional ways to launch a brand. Instead of using mass marketing to blanket the millions in order to reach the few, Absolut chose to target the few to eventually reach the masses. In the USA, Niketown is the classic of experiential marketing spaces. They started this 10 years ago, it's a fabulous space and they have also expanded into other locations. This one was

certainly one of their flagship stores, and it is still a great experience.

So what are actually the experiential elements of the store?

First of all, there is the swoosh (symbol of the athletic shoe and clothing manufacturer Nike), which is found all over. When the person enters the store, it is a big big space. From a traditional point of view, one might think they are wasting space, but its all part of the experience, it almost looks like a gym. There are lots of things to do, not just to check out the products but lots of things to experiment and have fun with. In the case of the Abercrombie & Fitch store, in the USA - there is a very different retail concept. One can't see anything in the windows, there are no window displays. It is the shadows concept, everything is about what is going on inside. You hear loud music, when you go inside there is actually very dark lighting and on the door you have guys standing with six packs and represent the brand. It's interestingly a new retail concept.

## GLOBAL SURVEY

The recent study on experiential marketing conducted by Jack Morton Worldwide in 2006 across USA, UK, and China provided the following insights.

### KEY FINDINGS OF THE SURVEY

- 1. Experiential Marketing Drives Purchase:** Respondents rank it the 1<sup>st</sup> medium most likely to result in purchase.
- 2. Experiential Marketing Is Most Engaging:** 82% agree that participating in experiential marketing is more engaging than other forms of communication.
- 3. Experiential Marketing Inspires Action:** Over 50% tried a sample, told others via Word of Mouth went online or contacted the company after participating in the brand experience.
- 4. Experiences Lead To Understanding:** 80% agree that experiential marketing is more likely to give them information than other forms of communication.
- 5. Experiences Generate Word Of Mouth:** 85% agree that they would tell others about participating in a live event.
- 6. Experiences Enhance Marketing ROI:** 81% agree that experiential marketing would make them more receptive to other marketing from the product/brand.
- 7. Employees Want To Be Engaged:** Only 33% of employees are satisfied with how their companies communicate. 92% want insights to put to use on the job.

## PREFERENCE V/S INFLUENCE

Consumers do not prefer experiential marketing to other media. (It ranks third after TV and the internet). But they do report that it is more influential. And for marketers, influence- because it conveys action generated by marketing- is clearly a very meaningful indicator of the value of experiential marketing. Across demographics and geographies, experiential marketing is cited as the "most engaging" means of interacting with a brand, with 82% of respondents agreeing that participating in a live event is more engaging than other forms of communication. Influence was rated according to three core goals of all marketing, experiential or otherwise: creating understanding, generating action and inspiring advocacy.

## THE INDIAN SCENARIO

With Indian markets too getting more complex and demanding, marketers have to adopt more innovative methods. By engaging in experiential marketing campaigns, brand marketers are able to gain valuable insight into this realm by interacting directly with consumers. Perhaps this is why some leading companies are choosing to forgo brand extensions for something more experiential. As empowered customers are increasingly demanding better products and services, and thereby disproving the notion of brand loyalty, brands are beginning to team up with each other to offer customers a new type of brand that answers this demand.

It is now no longer surprising to see two, three, or four separate brands combine their core competencies to launch a so-called "branded brand." Like Rin and Surf Excel, the leading clothes washing bar, coming together with the dual



branded bar. Experiential marketing provides experience of the brand and not just the product. The innovations, designs and concepts cut through the clutter of thousands of impressions that people are bombarded with each day. The innovative and multi-dimensional experiences create emotional resonance; strengthen the bond between Brand Identity and Brand Loyalty. An experiential approach to launch a brand may be more effective and relevant than anything that television/print advertisements will offer. For example, Mahindra Tractors wanted to launch their Hy-Tec brand which was a strong hydraulic tractor aiming to help farmers sow the field.

To show this technology to the farmers, they engaged them through a technique in which sensors were fixed to the hydraulic and a large LCD monitor was placed for the farmers, which captured the movement of the cultivator on an ECG graph. This activity was easily understood and remembered by the farmers and the sales graph was tremendously increased. Indian culture is a paradox, especially in these days of liberalization and consumerism. There is a strong cultural belief even in urban markets that the Indian woman is a homemaker. At the same time, there is a strong growing awareness about the aspiration levels of women reflected in several walks of life (academics and professional). To this extent, there is already a prevailing contrast in the cultural beliefs. Fair & Lovely in the fairness cream market has effectively used this in cultural beliefs by creating an interesting contrast of a young lady succeeding as a cricket commentator - a field being a traditionally exclusive forte of men. The contrast provided by the visual (TV spot) is topical, in tune with the changing cultural beliefs, thus establishing linkages between brand benefit (confidence from using the brand) and success in life. An advertisement should take into consideration several consumer-centric factors along with contrast to leave a lasting impression in the minds of consumers.

If marketers seek to capture the contrast of emotions, the 'affective' component of the mind (that which deals with emotional aspects) could be made use of. Emotional contrast has to be supported by cultural aspects, and at the same time, should be product-relevant. The present TV advertisement for HDFC Insurance captures the need for independence among elderly people in an environment of uncertainty. The traditional habit of saving (prevalent in the Indian culture) has been well captured with the changing environment in which elders may have to depend less on their wards. Titan captured the emotion associated with the "gifting ritual" and built a brand property around it by using one of Mozart's musical offerings. Gifting has been a cultural aspect for decades. The brand did well by involving sentimentally appealing emotional visuals along with a universally well-known musical piece by Mozart that also has a sentimental appeal.

Titan is probably the only brand watch in the world to amplify and dramatise explicit gifting to the hilt. This generates a sharp contrast not only with other brands in the "watch" industry, but also with regard to other categories having gifting options. Rasna's recent TV spot (child missing the pet elephant) reflects the emotional bonding ever present between children and animals. In most of these cases, it is not the novelty of theme, but the emotional contrast provided by the advertising storyline that is new and refreshing. Tyre manufacturer Michelin associated a child with its safety attribute, thus contrasting itself from others in a category that was drab and uninteresting from the consumer's viewpoint.

## CONCLUSION

Thus in today's hyper competitive scenario, more than three quarters of the money and time spent by companies go towards acquiring and retaining customers. Customer-centricity is the buzzword. Positioning companies, services or products is a technique which helps in easy brand recall due to its approach of occupying a separate place in customer's mind. Experiential marketing helps the customer in retaining and recalling the service or product offered by companies. In other words, "Experiential marketing helps brand marketers gain valuable insights by interacting directly with consumers outside mass-media landscape".

Experiential marketing is the next marketing methodology that can bridge the disconnect between customers' increasing demand to engage marketers and brands on their own terms.

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