CUSTOMER EXPERIENCE MODEL AND ITS IMPACT ON PURCHASE INTENTION: A STUDY OF INDIAN RETAIL SECTOR

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Abstract - The Indian retail business has observed multiple players in multiple sectors and subsectors of business offering only tangibles ot combination of tangibles and intangibles or only intangibles. The retail business managers are continuously looking for unique business model revolving around customer experiential model so as to acquire customers, encourage them to make repeat purchase, become loyal customer and in long run turn out to be brand advocates According to Pine and Gilmore (1999) the use of experiential marketing as a communication tool is growing with companies as they believe that it provides a competitive advantage in comparison to traditional communication. This was also supported by Kotler (2003) .Experiential marketing has been the focus of several studies in the area of consumer buying behaviour with respect to fast moving consumer goods, consumer durables, luxury goods and services; but in the absence of research on relationship between experiential marketing and customer purchase intention for various players in services in Indian context; there is a gap of knowledge. Through this paper, the author attempted to fill this knowledge gap as it studied the impact of experiential marketing on customer purchase intention for various services. The data of 1224 respondents were analyzed in this research. The results from the study concluded that entertaining , escapist and esthetics experience have significant positive impacts on the customer purchase intention while the educational experience were not found to have significant positive impacts on the purchase intention of the customer.

Keywords - Experiential Marketing, Educational Experience, Entertainment Experience, Escapist Experience, Esthetics Experience, Purchase Intention

I. INTRODUCTION

In the year 1982 , Holbrook and Hirschman were the first to introduce experiential marketing concept under the domain of consumer buying behaviour. Pine and Gilmore (1999) carried forward the study on experiential marketing and stated that this form will emerge as a new strategic tool to stay ahead of the competitors. Kotler (2003) also pointed out the importance of modern marketing over traditional marketing. In all these studies, experiential marketing emerged as a revolutionary marketing strategy and a strategy for future.

Various researchers have defined customer experience as an experience that excites, ignites and dazzles customers. Schmitt (1999), one of the pioneers in the area of experiential marketing stated that experience created using sense, feel, think, act and relate enhances customer experience. This finding was further studied and tested by various researchers in different part of world for different products and services. These studies have also brought out relationship between various components of experiential marketing and purchase intention.

On the basis of available literature, it has been observed that there is a lack of research in establishing relationships between various components of experiential marketing as given by Pine & Gilmore and purchase intention in Indian context for retail Industry. The Indian retailers have acknowledged the importance of experiential marketing and thus would like to understand impact of various components of experiential marketing on customer purchase intention in Indian context. Thus, a need was felt to undertake a study with the objective mentioned below.

Research Objectives

To study impact of various forms of experience as defined by Pine & Gilmore on Customer Purchase Intention

II. LITERATURE REVIEW

The literature review in the paper brings out two aspects: a. Concept of Experiential marketing b. Purchase Intention & relationship between experiential marketing and purchase intention.

III. CONCEPT OF EXPERIENTIAL MARKETING

The concept of Experiential Marketing revolves around competitive advantages. Competitive advantage is:

- What makes your business more attractive than your competition.
- A combination of features and experiences that customers want and only your firm can provide

Traditionally businesses develop competitive advantages:

- Product
- Price
- Place
- Promotion
- Physical evidence

- People
- Process

Customers want shopping experiences which are meaningful, personal, consistent, emotional , Excites/Ignites/ Dazzles and are memorable and pleasurable .

The stringent global competition has forced companies to develop new business strategies with customer focus so as to develop competitive advantage. Marketers have realized that differentiating their business through traditional marketing elements such as product, price, promotion and place will not give them competitive advantage. The future of business lies in creating experience.

The work of Holbrook and Hirschman (1982:17-21) on experiential marketing was carried forward by Taranto (1998:6-8) through his research on brand experience where he pointed that events are increasingly being used to change perceptions and build relationships. Through these live brand experiences the consumers foster an emotional attachment and create a relationship with the brand. Pine and Gilmore (1999:97-105) in his book on "Welcome to the experience economy" explained experiential marketing as a strategic concept and emphasized that mere experience will not give brands competitive edge ; the experience should be special which gives customers unforgettable memories. These types of experiences and memories will not only attract customers but will also influence customer purchase intention.

Wood (2009:247 – 268) attempted to find out reason for growth of experiential marketing and stated the reasons as: firstly, the over use of traditional media and therefore the need to do something unique from competitors; secondly, the consumer's desire for novelty, individualism; and thirdly, the need to build an emotional attachment to brands which cannot be differentiated on the basis of their functionality.

An in-depth work in the area of experiential marketing was done by Schmitt (1999:13-68) and brought out different components of experiences: sensory experiences (sense), emotional or affectionate experiences (feel), creative cognitive experiences (think), physical experiences (act) and social-identity experiences (relate). The sensory experience is created through sight, sound, touch, taste, and smell. If companies wanted customers to easily differentiate their products from competitors and emphasize product function and benefits to create product value, they would use sense. The affectionate experience is created through emotion. The emotions are devoted to the creation of moods and emotions that adhere to the company and brand. Think has been stated as third type of experience in which marketers engages customers on a deeper level. Schmitt explained that the objective to think marketing is to create cognitive, problem-solving experiences that engage customers creatively. The fourth type of experience as brought out by Schmitt is act marketing. The purpose of act marketing is to enrich customer's lives by targeting their physical experiences, showing them alternate ways of doing things, as well as alternate lifestyles and interactions. The goal for companies in using act marketing is to change long-term behavior and habits in favor of a particular product or service. The fifth and final type of experience is relate marketing. The relate marketing expands beyond the individual's private sensations, feelings, cognitions and actions by relating the individual self to the broader social and cultural context reflected in a brand. These five components of experiences are connected and companies must employ experiential hybrids that combine two or more experiences in order to broaden experiential appeal. The big challenge for the companies is to develop a right combination of these five components of experience for a particular demography and a particular product category.

The work done by Schmitt was further diagnosed by various researchers in different demographics and derived some interesting conclusions. McCole (2004:531-539) in his study studied one of the dimension of Schmitt i.e emotional experience and observed that through emotional experience a relationship is built which leads to purchase intention, purchase and repurchase. Andreani (2007:1-8) also supported the findings of Schmitt(1999) and pointed out that in experiential marketing, customers are able to differentiate one product or service from another since they experience themselves emotional aspects of product or service in the process of selecting and consuming the product or service .

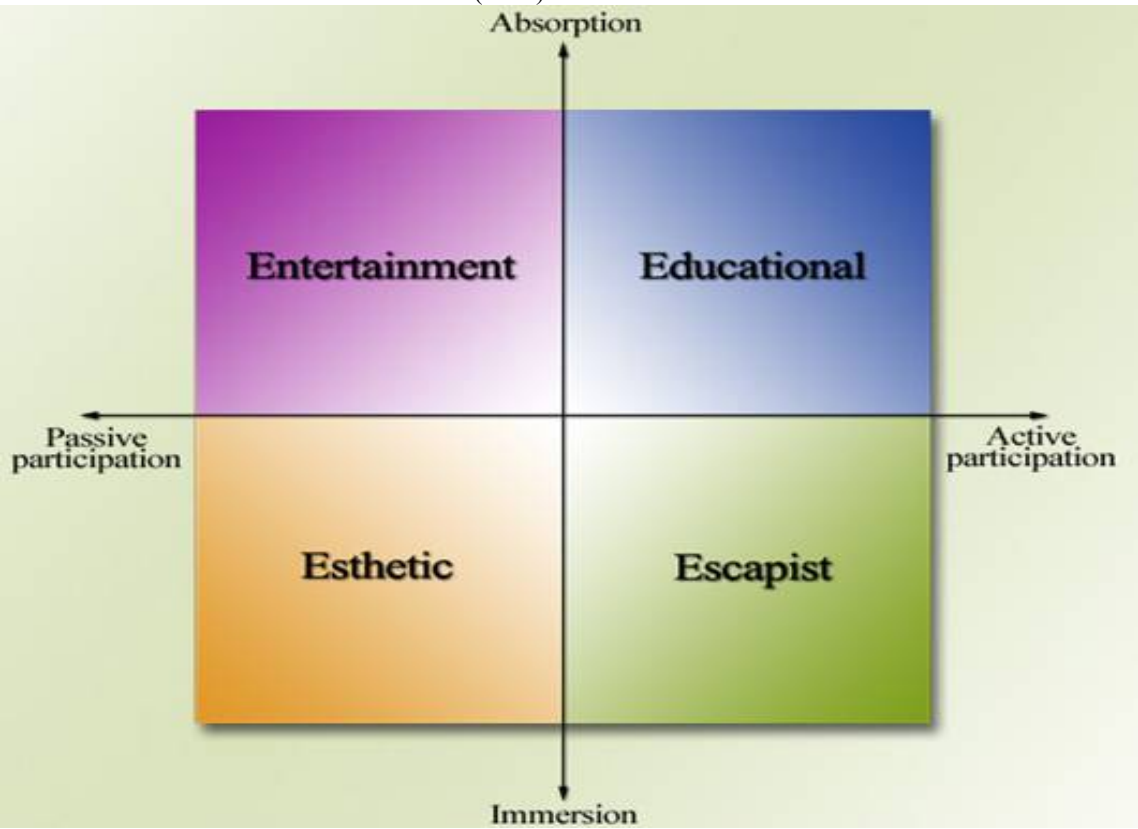
Gentile et al. (2007:71-93) took forward the work of Schmitt and suggested that the customer experience has six components that can be explored by marketers:

1. Sensorial Component
2. Emotional Components
3. Cognitive Component
4. Pragmatic Component: stimulates acting, use of something.
5. Lifestyle Component: stimulates people's values and beliefs through the adoption of lifestyle and behaviours
6. Relational Components: stimulates relationships, social life, communities, social identity, related to the previous component.

The marketers have realized that just stimulating these components are not enough. To be significant, the experiences need to be extraordinary; something which helps people re-define their selves.

Gupta and Vajic (2000: 33-41) brought a new dimension to experiential marketing by introducing the word interaction and stated that "an experience occurs when a customer has any sensation or knowledge acquisition resulting from some level of interaction with different elements of a product or service created by a brand. Their work was supported by Lasalle and Britton (2002:30-33) stating that experiential marketing is "an interaction, or series of interactions, between a customer and a product; customer and company or its representative that lead to a reaction". This reaction emerging from interaction results in building relationship between customer and product. Smilansky (2009:1-297) took forward the work of Lasalle and Britton (2002) related to interaction and stated that experiential approach is focused on a two-way interaction in real-time, a live brand experience and thereby a significantly deeper consumer bonding process. In order for brands to facilitate that two-way interaction, the consumer and the brand must be able to engage with each other

Pine and Gilmore (1999:13-44) looked at experience from a different perspective and identified that retail experiences consist of holistic realms (esthetic, entertainment, education, escapist), which allow flow between the static and dynamic elements within the experiential environment.



Entertainment: watching the activities and/or performances of others
Educational: customer enhancement of skills and knowledge through active participation in the experience
Esthetics: customer enjoyment of an enriched, unique physical design. Enjoy passively or appreciate "just being in a setting"
Escapism: customer shapes or contributes to the experience, which offers the customer a way of taking on a new character

These elements provide benefits such as sensory pleasures, feelings of status, privacy and security. In addition, static design elements are represented by the atmospheric/ambient conditions of the store (visual, aural, olfactory and tactile attributes), which are used to increase consumer's consumption rate and influence customer product evaluations and purchase buying behaviour. The dynamic elements are related to exchange of dynamic information, which is an outcome of human interaction through the customer–staff–store interface. This element helps to create a sense of belonging.

A study by Pandey and Darji (2011: 27-32) for Indian malls revealed that both the static as well as the dynamic parameters hold more or less equal importance in defining a satisfactory experience for the customer. These parameters would help many new entrants in the designing of their store as well as enhancing customer shopping experience. As brought out by the study , it even helps the existing players to make the necessary improvements.

Wu, M. Y., & Tseng, L. H. (2015:104) looked at experiential marketing from the perspective of gaining customer satisfaction and loyalty. The experience created by marketers leads to customer satisfaction , repurchase and brand loyalty in long run. Cuellar, et al (2015:534-553) described that repurchase and loyalty created through experiential marketing leads to increasing sales and profit. These studies covered the entire spectrum of business through the use of experiential marketing i.e customer acquisition to loyalty and sales to profit generation.

Purchase Intention and relationship between experiential marketing & purchase intention.

Having discussed literature available on different components of experiential marketing , the next stage is Purchase intention and relationship between experiential marketing & purchase intention.

Dodds, Monroe et al. (1991:29) defined purchase intention as an inclination or showing interest to buy something. Purchase intention means the likelihood that a consumer will buy a particular product; the higher the purchase intention, the greater the purchase probability. Assael (1998: 21-23) explained that purchase intention is a behavior that emerges in response to an object. Purchase intention is also a repeat purchase indicating the desire of customers to make purchases again. Consumers tend to make purchases of an item if the customer has obtained the expected level of satisfaction. Bellman, Loshe and Johnson(1999:11:17) supported the previous studies and concluded that purchase intention is influenced by the levels of consumer experience. Schiffman and Kanuk(2000:77-86) in their consumer buying behaviour study concluded that the greater the purchase intention , the greater is consumer desire to buy a product. Turney and Littman (2003:45:47) supported the findings of Schiffman and Kanuk and asserted that intention to buy is the buyer's prediction of which company he will select to buy. The study also emphasized that intention to buy is a reflection of real purchase behaviour.

An experiment conducted by Igbaria, Guimaraes and Davis (1995:73-81) examined the result of customer experience within the structure of the customized Technological Acceptance Model and discovered that the customer experience creates immediate and oblique effect on purchase intention. In different research works, several scholars, including Hsieh and Li (2008:17-24), Blackwell, R. D. and Holbrook (2000:67-72) also indicated that there is a positive correlation between experiential marketing and purchase intention. A study of 2100 online customer by Boyer and Hult (2006:33-37) on customer behavioural intentions for online purchasing pointed out that behavioural intention will be at variance based on customer experience level. If the customers increase their positive shopping experience, then their chances of intention to purchase the products and services would be higher.

Researchers have also contributed in developing relationship between various components of experiential marketing and their impact on customer purchase intention. The research work done by Krishna(2012:23-27); Grębosz & Wronska, (2013:49-51) have contributed to the topic of using sensory marketing as a strategy which has positive impact on purchase intention. Sensory marketing engages human's five senses and subsequently exert an impact on their emotion, judgment and buying behaviour. But the research work is limited to purchase intention; whether this has actually resulted in actual purchase was not analyzed.

Nasermoadeli, Choon, Maghnati(2013:17-23) found out that only emotional experience and social experience are positively related to the purchase intention. In addition, the research findings also established the relationships between various components of the customer experience as : the sensory experience is positively related to the emotional experience; the emotional experience is positively related to the social experience; the sensory experience is positively related to the social experience . The findings of the study were on the basis of survey of students of private university in Malaysia.

The review of literature brought out through various research work done by researchers have clearly pointed out importance of experiential marketing in modern era and some researchers have also established relationship between various components of experiential marketing as given by Schmitt with customer purchase intention . But no research work has been found in context to Indian retail which establishes relationship between components of experiential marketing as given by Pine & Gilmore and customer purchase intention. The section below indicates hypothesis formulated between various components of experience using Pine & Gilmore model and customer purchase intention. These hypotheses are based on the components of experiential marketing as brought out in review of literature by Pine & Gilmore .

Hypothesis

On the basis of research objectives and literature review hypotheses were formulated which are as:

H1: There is a significant positive influence of educational experience on customer purchase intention

H2: There is a significant positive influence of entertainment experience on customer purchase intention

H3: There is a significant positive influence of escapist experience on customer purchase intention
H4: There is a significant positive influence of esthetics experience on customer purchase intention

IV. METHODOLOGY

The study was conceptualized in 2018. The data collection was done during May-Oct 2018. Primary Data was gathered using survey as a mode of data collection. To conduct customer surveys structured questionnaire was prepared. The Methods used for Primary Data Collection were:

1. Personal interview
2. Electronic mailing questionnaires

The major source of secondary data in the review of literature was research papers published in National and International Journals. The sampling type for the customer survey was Non Probability Sampling method. Within Non Probability sampling method, judgmental sampling method was used. The sample size for customer survey was 1351, of which after editing 1224 responses were processed for analysis. The consumers were asked to give their opinion on their experience with resorts , Restaurants , Mall , Hotels , Multiplexes .The sampling frame comprise of individual male and female in the age group of 18-50 years. The researcher has used structured questionnaire with close ended questions, Likert scale questionnaire and respondents profile. After developing questionnaire and before starting the survey, a pilot test was conducted to find out whether respondents are comfortable to answer the questions. It was also tested to see if they understand the questions in terms of language and technicalities. The questionnaire was also tested for typographical and grammatical errors. The pilot testing was done by sending the questionnaire to 25 respondents whose profile matches with the profile of the respondents who are in the sampling frame of the research study. On the basis of problems found out while filling the questionnaire, changes were made and a final questionnaire was prepared for the consumer survey. The Primary data from consumers were collected from Delhi, Mumbai, Chennai, Bangalore and Hyderabad. Before performing the analysis of data, the data collected was processed comprising data editing, data coding and data entry. This was followed by data analysis using frequency table and t test using SPSS 18.0 Version.

V. ANALYSIS

The customer's perceptions were studied to determine influence of different components of Experiential Marketing on Customer Purchase Intention. The opinion of customers was sought using five point Likert scale. The analysis of the opinions of the respondents on these five attributes of Experiential Marketing is presented in Table 1 to Table 7.The frequency data is presented in Table 1 to Table 4.

The table 1 clearly indicates that only 34% of the respondents are in agreement to the opinion that experience created by education influences customer purchase intention.

	Frequency	Percent
Strongly Disagree	380	31
Disagree	232	19
Neutral	189	15
Agree	125	10
Strongly Agree	298	24
Total	1224	100

Table: 1 Influence of educational experience on customer purchase intention

The table 2 below shows that more than to 73% of the respondents indicate that Experience created by entertainment influences customer purchase intention.

	Frequency	Percent
Strongly Disagree	68	6
Disagree	171	14
Neutral	91	7
Agree	316	26
Strongly Agree	578	47
Total	1224	100

Table: 2 Influence of entertainment experience on customer purchase intention

The table 3 shows that more than 75% of the respondents indicate that Experience created by escapist influences customer purchase intention.

	Frequency	Percent
Strongly Disagree	97	8
Disagree	119	10
Neutral	60	5
Agree	317	26
Strongly Agree	631	51
Total	1224	100

Table: 3 Influence of escapist experiences on customer purchase intention

The table 4 shows that more than 60% of the respondents indicate that Experience created by esthetics influences customer purchase intention.

	Frequency	Percent
Strongly Disagree	231	20
Disagree	112	11
Neutral	97	8
Agree	189	15
Strongly Agree	571	46
Total	1224	100

Table: 4 Influence of esthetic experience on customer purchase intention

The discussion of frequency tables above clearly indicated that in 3 components of experiential marketing (entertainment , escapist and esthetics) more than 60 % of the respondents agree or strongly agree to the opinions that their purchase intention is influenced with experience created by these types of experiences.

The above result was also tested using Mean values of the opinions. The scales used were 1 to 5 (where 1 is strongly disagree, 2 is Disagree, 3 is Neutral, 4 is Agree and 5 is Strongly Agree). A mean value above 3 indicates that the opinion is averaged towards the agreement on the opinion. In 3 cases the mean value is above 3 which indicate agreement of the respondents for these three attributes of Experiential marketing in influencing customer purchase intention. While in two cases the mean value is below 3 which indicate disagreement of the respondents for these two attributes of Experiential marketing in influencing customer purchase intention.

Statements related to components of Experiential Marketing influencing customer purchase Intention	N	Mean	Std. Deviation
Educational experience influences customer purchase intention	1224	1.511	1.54
Entertainment experience influences customer purchase intention	1224	3.717	1.61
Escapist experience influences customer purchase intention	1224	3.818	1.22
Esthetics experience influences customer purchase intention	1224	3.529	1.27

Table 5: Customer perception –mean value

The opinions were finally tested for significance. To test the opinions for the significance, the following hypothesis were used.

H1: There is a significant positive influence of educational experience on customer purchase intention
H2: There is a significant positive influence of entertaining experience on customer purchase intention
H3: There is a significant positive influence of escapist experience on customer purchase intention
H4: There is a significant positive influence of esthetics experience on customer purchase intention

Test Value =3			
	T	df	Sig. (2-tailed)
Educational experience influences customer purchase intention	-11.271	1223	.000
Entertainment experience influences customer purchase intention	16.430	1223	.013
Escapist experience influences customer purchase intention	12.407	1223	.000
Esthetics experience influences customer purchase intention	17.511	1223	.013

Table: 6 T test for customer perception on influence of attributes of experiential marketing on customer purchase intention

In three out of four cases, the t value is found to be significant, hence the null hypothesis is rejected and alternate hypothesis is accepted, thus , H2, H3 , H4 are accepted . It is proved that:

- There is a significant positive influence of entertainment experience on customer purchase intention
- There is a significant positive influence of escapist experience on customer purchase intention
- There is a significant positive influence of esthetics experience on customer purchase intention

However in remaining one out of four cases, the t value is found to be insignificant, hence the null hypothesis is accepted, and the alternate hypothesis i.e. H1is rejected . It is proved that:

- There is no significant influence of educational experience on customer purchase intention

VI. CONCLUSIONS AND IMPLICATIONS

Conclusion

In this study, the relationship between various components of experiential marketing and customer purchase intentions for Indian retail Industry has been examined. The lack of research about the impact of various components of experiential marketing on purchase intention in context of Indian retail Industry and the interest for the topic led the author to undertake this study and develop research paper.

The author reviewed the research work done by various researchers in this area and compiled in the form of review of literature. On the basis of review of literature, the hypotheses were formulated. This was followed by primary data collection where customers were interviewed through structured questionnaire to capture their perception about experiential marketing and purchase intention. The four major independent variables as brought out through secondary research (Pine & Gilmore, 1999) were educational, entertainment, esthetics and escapist. The study has one dependent variable i.e. purchase intention.

The findings brought out that there is a positive significant relationship between entertainment, escapist and esthetics experience created in these types of retail businesses with purchase intention. But experiences created using education were found to have no impact on customer purchase intention.

An appropriate use of these three components would contribute to create a favourable retail environment for apparel retail industry and subsequently trigger consumer purchase intention. The retailers should also look at creating hybrid experience in the store This hybrid experiential strategy will enhance customer purchase intention.

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