“How experiential marketing can be used to build brands - a case study of two specialty stores”

AUTHORS	Rajesh Kumar Srivastava
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Rajesh Kumar Srivastava (India)

How experiential marketing can be used to build brands – a case study of two specialty stores

Abstract

Study was conducted basically on how experiential marketing (EM) can be useful in building a brand. The study also covered the impact of EM on repeat visit by customers; its acceptance based on gender & the reasons for repeat visits when compared to stores not using EM.

Research was carried out at four specialty stores dealing in music and books in Mumbai, a financial capital of India. Of these, two were using EM. Questionnaire using one to one interview technique was used. Of 850 interviewed, 400 (EM) and 313 (NEM) were selected for study on two sets specialty stores, one set had experiential marketing in practice & other two were not using EM (NEM). Experiential marketing impact was studied on parameters like feel good, friendly people and ambience.

The study confirms the hypothesis that experiential marketing can be used to build brand better. Word of mouth is equally important for EM and NEM stores. PR role is more important for EM than NEM stores. EM stores have 31% repeat customers compared to 1% with NEM stores. This is significant comparative study on EM and NEM usage. Customers are spending more time at these stores due to EM approach. Ambience of both stores played important role. Females visited less compared to male but repeat visit of females was on the higher side as they were more influenced by EM.

Keywords: experiential marketing, brand building, customer experience.

Introduction

Bernd H. Schmitt (1999, 2003) has coined the new term instead of traditional marketing called Experiential Marketing and provided a strategic framework for Experiential Marketing. Traditional marketing views consumers as rational decision makers who care about functional features and benefits. In contrast, experiential marketers view consumers as rational and emotional human beings who are concerned with achieving pleasurable experiences. In a variety of industries, companies have moved away from traditional "features-and-benefits" marketing toward creating experiences for their customers. This shift toward experiential marketing has occurred as a result of three simultaneous developments in the broader business environment. Businesses worldwide are realizing that consumer decisions are much more influenced by emotionally generated feeling rather than by rationally derived thought (Shukla, 2007).

An experience occurs when a company uses services as the stage – and goods as props – for engaging individuals in a way that creates a memorable event (Pine and Gilmore, 2003). Thus, experiential marketing attempts to evoke a strong emotional (cognitive) response by the use of sensory technique (Shukla, 2007).

Experiential marketing is said to be practiced when marketers go beyond meeting basic needs to excite the consumer, to build consumer enthusiasm by becoming part of the every day life experiences of the shopper. The experiential approach seeks to identify behaviors (or attitudes or value sets) held in common across an audience whose demographic characteristics – the traditional basis of segmentation – might be quite diverse (Gautier, 2003). Experiential marketing is about finding insights about people's passions and the connections which are created – naturally and uniquely – between them and the equity in the brands.

Bernd Schmitt (1999) has given four stages of experiential marketing process (see Figure 1).

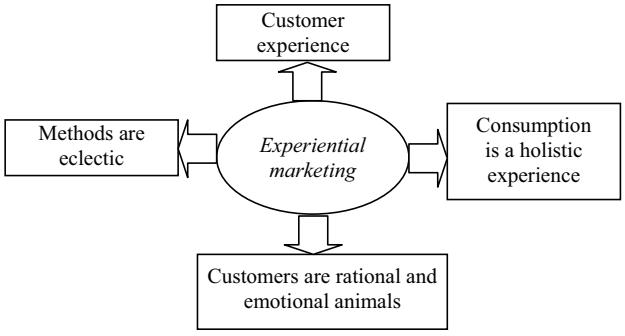

Fig 1. Four factors for experiential marketing process (Bernd Schmitt, 1999).

Experiential marketing according to Schmitt focuses on customer experiences which occur as a result of encounters. This experience replaces functional values due to change in perception caused by emotional, sensory, cognitive a relationship values. Customers get more emotional driven due to experiential marketing methods for involving senses can vary to give a total experience

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The ultimate goal of experientially marketing is to create holistic experiences that integrate individual experiences by engaging all human senses in all dimensions.

The reason behind the continuing growth in demand for experiential marketing is that it works for both brands and customers. It can achieve measurable results by offering new brands innovative ways of communicating with customers in their own environment, leading to a better return on investment (Witthaus, 2004). Experiential marketing allows customers to have a personal touch according to Bashford (2004).

1. Problems and issues

Experiential marketing is often seen as working only on external factors – improving the value that customers get. But there has to be similar in consideration for the employee experience (Shukla, 2007). There is very limited work done in India due to lack of creation of rational experiential approach meant for consumer in absence of understanding of emotions. Very few organizations are practicing the concept. Therefore, it will be interesting to find out the effect of the same in marketing by studying the practices of the marketers. Some of the major problems faced by today's organizations in practicing experiential marketing include the following factors:

1.1. Implementation process. Nowadays each organization has its own methods and policies of implementing a strategy or tools. Experiential marketing process may (Sense, Feel, Think, Act & Relate) involve "strategic planning" which includes 5 strategic experiential modules. Taking one or more combination of this may differ on company's own perception and product/service category. Hence, implementation process may differ which may lead to discrepancies.

1.2. Cost involved. Experiential Marketing requires high cost involvement. Cost involved is too high for an organization to recover in short time. So, a firm with high resource backing may be able to sustain better in competition. A newly entered firm in the market may not be able to compete well with existing firm with this type of marketing. All the cost put in and expenses incurred may not always provide positive or better results. Results may be negative and lead to losses.

1.3. Time factor. No fixed period is decided for which experiential marketing can be carried out. It requires to be followed for a long period. If not continued, it may not have the desired impact and results will vary on negative side from expected results. Experiential marketing has problems but right selection of process and proper planning may lead to effective execution which will in turn lead to positive impact on minds of the customers.

Other elements of marketing still matter like pricing, service quality, promotional activities and personnel etc. How experiential marketing is placed in context of other 'P' of marketing? Can experiential marketing overcome the inhibition factor of purchase of a value conscious customers? How can it help in generating extra pull to generate sales compared to those who are not doing the experiential marketing?

Therefore, our hypotheses are given below:

H0: Experiential marketing (EM) doesn't help in building brands.
H1: Experiential marketing (EM) helps in building brands & generating extra pull compared to those music/book stores who have not adapted to such tool.

Experience marketing can be useful in building brands. In pharmaceutical industry it is common practice to demonstrate, make the doctor taste & feel the product in order to generate prescriptions from doctors. Therefore a study was conducted by keeping the following objectives:

Primary objective: To understand the role of experiential marketing (EM) in building brand.

Secondary objective:

- How can EM help in repeat visits?
- Understanding the causative factor for repeat visit by consumers.
- Impact of EM on gender acceptance.

2. Research methodology

2.1. Research design. This research was carried out in Mumbai. Two stores implementing experiential marketing (EM) & another two stores who were not using experiential marketing (NEM) were selected for comparative study. Book store & music store were selected from each segment for this study. Cross Word is a book store positioned it self as a life style book store with large spacious layout with bright cheerful interior that encourages people to stay & browse. Soft music with facility of tea/coffee added ambience to reading. Simple innovations such as methodical classifications, clear signage, electronic enquiry desk, attractive display makes looking at the book more pleasant. Sofa, chairs & toilet within store help to ensure that customers are able to sit and read in comfort for several hours without having to leave. It was ranked 5th most admired retail store in India by Business World – a business magazine.

This was the main reason for selecting this book sore. Cross Word is using experiential marketing by appealing to five senses of customer. They are doing

this through providing ambience (feel) allowing them to go through the book leisurely (touch, see, read). Similarly, Planet-M – a music store– was selected. It offers "Shoppertainment" by providing free Kiosks for listening & playing music. It also provides tea/coffee & table to relax. Experiential marketing tool again was ambience, appealing to five senses through many Kiosks in the store. This increases the touch point of customer. They have well trained people.

The other two stores were also book store (Parle Book Store) and Music store (Andheri Music Mart). Both of them are centrally placed near the station and are in existence before Cross Word and Planet-M started their operation in Mumbai. They are typical stores where customer simply transact not experience the effect of experiential marketing. They are the leading stores in their respective areas.

2.2. Survey methods. Personal interview involving face to face basis was utilized. Questionnaire technique was used as a tool to gather information. The questionnaire focused on reasons for visiting stores, how much time is spent in these stores, what can be contributory factors for repeat visits & is there any difference between the stores who are using experiential marketing & those who are not using experiential marketing. Eight personnel were employed. The survey took about two months. Permission for conducting the research was given by managers of these stores. Care was taken to note down the telephone numbers of respondents. This was verified & in complete questionnaire forms were rejected. Out of 460 forms (from the first case) of stores using experimental marketing 400 forms were selected. Similarly, 313 out of 390 forms of stores not using experiential marketing were selected.

2.3. Sampling. It was a comparative study where in two groups of people were selected. One group belonged to two stores using experiential marketing & other was NEM stores that used purely transactional marketing. 400 people were in Group I (stores using experiential marketing) & 313 were in Group II (stores not using experiential marketing). 61% of the participants were males though males were more in experiential marketing stores (70%) compared to non experiential marketing stores (49%). 51% were graduates compared to 49% who were undergraduates. However, in experiential marketing stores the percentage of male graduates was on the higher side (56%). This is given in Table 1.

Table 1. Customer profile visiting the stores

	Using experiential marketing			Non application of experiential marketing		Total	Grand total
	Music store (Planet-M)	Book store (Cross Word)	Total	Music store (Andheri)	Book store (Parle Book)		
Male	196	84	280 (70%)	122	31	153 (149%)	433 (61%)
Female	39	81	120 (30%)	90	70	160 (51%)	280 (39%)
Total	235 (59%)	165 (41%)	400 (100%)	212 (68%)	101 (32%)	313 (100%)	713 (100%)
Graduate & above	89	135	224 (56%)	77	61	138 (44%)	362 (51%)
Under graduate	146	30	176 (44%)	135	42	177 (56%)	353 (49%)
Total	235 (59%)	165 (41%)	400 (100%)	212 (68%)	101 (32%)	313 (100%)	713 (100%)

3. Results and discussion

3.1. Study 1. The study was a comparative one and involved two segments. Segment 1 studied store using experiential marketing (EM).

Planet-M, a music store, and Cross Word are the leading stores using experiential marketing (EM). Both the stores got the best retail stores award for their innovative approach. Customers were asked about the reasons for visiting these stores, hence word of mouth (32%) was named the main reason.

Other reasons which compelled the customers to visit the stores were the marketing efforts to generate pull through advertising in press (25%), new arrival information (26%) & PR write up in press (12%). Press advertising predominantly generated the pull. The location of these stores generated only 5% of customers pull on an overall basis. This is presented in Table 2.

Table 2. Reasons for visiting stores

Customers visited stores due to	experiential marketing (EM) stores			Non experiential marketing stores		Total	Grand Total
	Music store	Book store	Total	Music store	Book store		
Advertising in press	66 (28%)	35 (21%)	101 (25%)	-	-	-	101 (14%)
PR write up in press	19 (8%)	27 (17%)	46 (12%)	-	-	-	46 (6%)

Table 2 (cont.). Reasons for visiting stores

New arrival information in press	70 (30%)	35 (21%)	105 (26%)	-	-	-	105 (15%)
Word of mouth (friends, relatives)	73 (31%)	56 (34%)	129 (32%)	108 (51%)	31 (31%)	139 (44%)	268 (38%)
Location (proximity to residence, school, college)	7 (3%)	12 (7%)	19 (5%)	62 (29%)	55 (54%)	117 (37%)	136 (91%)
Hand bills promotion	-	-	-	42 (20%)	15 (15%)	57 (19%)	57 (8%)
Total	235 (100%)	165 (100%)	400 (100%)	212	101	313	713

68% of the persons who visited these stores were first-times. However, 32% were the repeat visitors. This is significant (x2 = 21.3068) at 95% level. Experiential marketing brings back the customers. Book store has higher percentage of visitors (45%) compared to music store which was 23%. This is reflected in Table 3.

Table 3a. Reasons for visiting again. Repeat visit frequency

	Stores using experiential marketing			Stores not using Experiential Marketing		Total
	Music store	Book store	Total	Music store	Book store	
First visit	181 (77%)	91 (55%)	272 (68%)	210	101	311
Repeat visit on month basis	54 (23%)	74 (45%)	128 (32%)	2 (1%)	-	2
Total	235 (100%)	165 (100%)	400 (100%)	212	101	313

x2 = 21.306. Experiential marketing does bring back customers.

Using experiential marketing

	MS	BS	Total
FV	181	91	272
RV	54	74	128
Total	235	165	400

159.8	112.2
75.2	52.8

$$X2 = z - \frac{(f_o - f_e)^2}{f_e} = \frac{(181-159.8)^2}{159.8} + \frac{(91-112.2)^2}{112.2} +$$

$$+ \frac{(54-75.2)^2}{75.2} + \frac{(74-52.8)^2}{52.8} = 2.8125 + 4.0057 +$$

$$+ 5.9765 + 8.5121;$$

X2 = 21.3068, d.f = 1, at 5%

Calculation x2 > calculated x2. x2 = 3.841.

The attributes are not independent but associated with respect to repeat visit. EM brings back repeat visit

Not using experiential marketing

	MS	BS	Total
FV	210	101	311
RV	2	0	2
Total	212	101	313

210.64	100.35
1.3546	0.6453

$$X2 = 0.0091 + 0.0042 + 0.3075 + 0.6453$$

$$X2 = 0.9589$$

Calculated value < table calculate value.

At 5% the attributes are independent.

Repeat visits could be due to formation of an impression in experiential marketing as it creates memorable sensory stimuli (Petkus, 2002). This is more important as these stores improve touch points and connect to consumer through experiential marketing. This was also reported by Meyer (2006) who mentioned that experiential retailing means making connection with consumer who comes to interactive stores for more than merchandizing. This in fact many times may overcome the inhibition factor of purchase of valuable conscious customers. The repeat visit by customer is mainly created due to the stimuli & emotions generated. This again was reported by Meyer (2006) who mentioned that benefits of experiential retailing include an enormous impact on brand equity a great psychological lift. The entire process could be explained in Figures 2a, 2b.

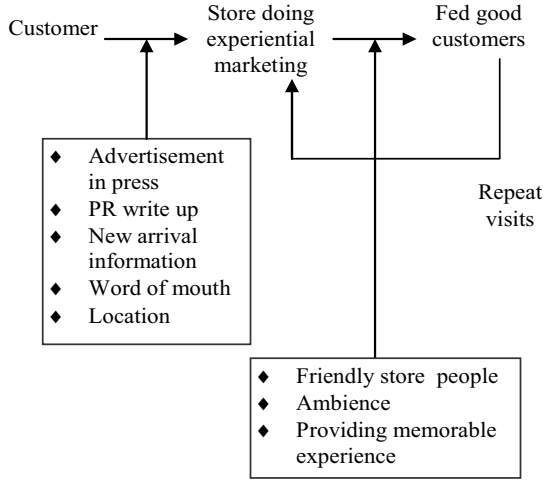

Fig. 2a. Enhancing sales through RKS approach using experiential marketing

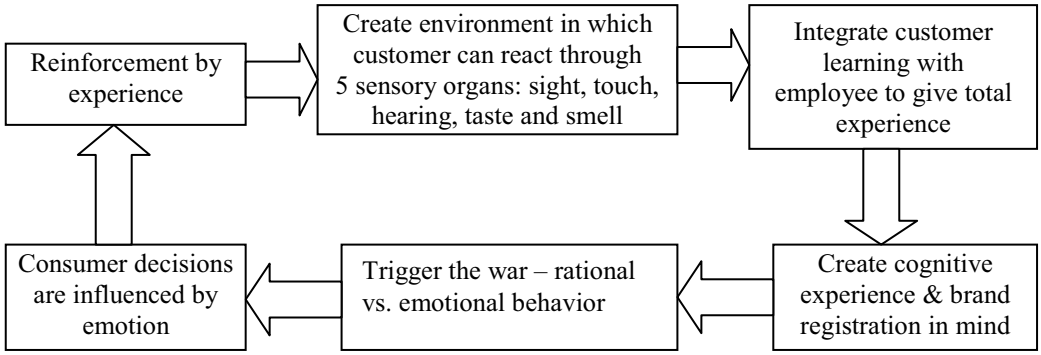

Fig. 2b. Experiential marketing – new dimension

According to Pine & Gilmore (1999) experiential frame work can be developed in six steps which include developing a cohesive team, forming impression, eliminating distraction, providing memorable experience, ensuring all senses engaged and soliciting feedback. However, many factors were not considered in this framework which are taken care in RKS approach using experiential marketing.

Research on reasons for repeat visit indicated that ambience (34%), feel good (37%), friendly people (29%) were the important factors which motivated them to come again as given in Table 3b.

Table 3b. Reasons for repeat visits

	Stores using experiential marketing			Stores not using experiential marketing		Total
	Music store	Book store	Total	Music store	Book store	
Ambience	15 (28%)	28 (38%)	43	-	-	-
Feel good	17 (39%)	30 (41%)	47	-	-	-
Friendly people	21 (59%)	16 (22%)	37	-	-	-
Cannot say	1 (2%)	-	1			
Total	54 (100%)	74 (100%)	128			

These factors created better interaction between consumer and stores. In fact Meyer Ann (2006) reported that experiential retailing means making connection with consumer more than merchandizing. Therefore, designing experiential curve can attract the customer's attention and imagination. Research carried out by Tsaur & Wang (2006) mentioned that experiential environment is an essential source of competitive advantage which is difficult to be imitated and substituted. Repeat visitors gender analysis revealed that 38% were females on an overall basis but more females made repeat visit to book stores (45%) compared to music stores (30%). T test on gender analysis on repeat visit due to EM showed that female realized repeat visits more often than male with t-value: 0.143. This is given in Table 3c.

Table 3c. Gender analysis of repeat visit customers

Store using experiential marketing (repeat visit)			
	Music store	Book store	Total
Male	38 (70%)	41 (55%)	79 (62%)
Female	16 (30%)	33 (45%)	49 (38%)
Total	54 (100%)	74 (100%)	128 (100%)
	Variable 1		*Variable 2*
Mean	27		37
Variance	242		32
Observed	2		2
F – df	1		1
F	7.5625		
P (F < = f) one tail			0.222034517
F critical one tail 161.4476387			

Table 3c1. Gender analysis

Repeat visit			Total visited
Male	79	(28%)	280
Female	49	(41%)	120
Total	128	32%	400 (100%)

t = 0.143

Thus the study confirms that experiential marketing helps in building brand, helps in repeat visit. It also gives explicit reasons for repeat visit. RKS factors can influence the implementation of EM better as per this study.

3.2. Study 2. The second segment was the undertaking the research on consumer behavior profile of those customers who visited stores which were not implementing EM and how they were different. It also gave an insight on gender segment analysis of stores not implementing experiential marketing (NEM).

This study was a comparative one and its object was to investigate where the stores not implementing EM have any impact on customers in terms of repeat visits.

These stores basically have transactional marketing and are frequented due to word of mouth (44%), location (37%), and hand bills (18%) as given in Table 2.

Satisfaction or dissatisfaction with a product or service is probably the single most widely studied and confirmed antecedent of word of mouth in marketing literature (Yu and Dean, 2001, Marquis and Filatrault, 2002).Word of mouth promotion (WOM) is in more practice for stores not using EM compared to EM using stores. At the same time, for music store experiential marketing using is more dependent on WOM (51%) compared to book store (31%). If we compare the same with music store using EM it is 31%. T test between EM Music store and NEM Music store values is 0.52.

WOM creates new customer for non-EM stores but does not create repeat customers when compared to EM-stores. This is significant as NEM store customers were new and only 1% were repeat customers as given in Table 3a.

Locations play an important role in non-EM stores. Hand bill promotion (19%) is an important medium for promotion of non-EM stores as given in Table 2. Most of the respondents (99%) were first-timers and had not come earlier. This is in contrast to stores using EM where repeat visit was 32%. T-test between EM music store and NEM music store values is 0.244.

This is significant finding of EM on customers revisiting the place. This comparison is statistically significant.

Conclusion

The present study was conducted in Mumbai. Four stores dealing in music and books were selected. The selection of these stores was based on the practices and value addition given by these stores. The study explored the impact of experiential marketing (EM) and tried to evaluate the same on repeat visit of customer and whether gender has any role. This was compared with stores who do not use Experiential Marketing.

The study covered 400 (Experiential Marketing stores) and 313 (not using EM stores) respondents. Both groups of stores were strongly placed as specialty stores. Study indicated that specialty stores have more opportunities to try experiential marketing (EM). The word of mouth (WOM) was equally important for EM stores and NEM stores. This was 32% and 38% respectively. Print media do bring people to these stores. PR is more important to EM stores compared to NEM stores. Conventional method like hand bill and location are other two important factors for NEM stores to pull the customers. In order of importance location for EM store was 5% compared to 37% for NEM stores. Repeat visit for customers for EM stores was 32% when compared to 1% of NEM stores. This proves our hypothesis that EM stores due to EM pratices generated more repeat visits. Repeat visits reasons were ambience, feel good, friendly people. Ambience could be due to facilities provided at these stores like table & chair to read, music headphone, cool environment. This was further enhanced by friendly people at these stores. EM implementation can be enhanced through the probable explanation given in RKS approach (exhibit II a&b). Female visiting again compared to male is less in store using EM. However, visit for females was 41% compared to 28%. This is significant. This could be due to right brain of female that is more active compared to left brain of male. EM touched the emotional cord of female more than male.

Limitation and scope for further study

The study was conducted only in Mumbai city. No doubt, Mumbai is the financial capital of India but it may not represent totally the entire population. Purchase value of the customers could not be ascertained due to confidentiality of data as per the store manager. Even experiential marketing practices differ from product to product, as we can see in case of Planet M and Cross Word stores. The experiential marketing practiced in Planet M cannot be used in Cross Word as the product in Planet M is music whereas Cross Word markets books. These are very different products. A further research will be useful if these data can be correlated with respect to culture and religion. It will be also interesting to study the impact of word of mouth on bringing in new customers to stores. Total customer experience using different parameters could throw still better insight.

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