

# *EXPERIENTIAL* Marketing

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**White Paper**

# Experiential Marketing

*Real interactions between brands and consumers through live experiences.*

As the competitive environment increases, marketers are looking for new and effective ways to engage consumers. Experiential marketing is a non-traditional marketing strategy that does just this! Experiential marketing is a direct and creative engagement tool that facilitates the interaction between brands and consumers. Experiential marketing connects with consumers through the participation and tangible nature of a personally relevant and memorable experience. Examples of experiential marketing that marketers engage in include special events, concerts, free samples, and touring exhibitions to promote a product or brand. Through experiences such as these, experiential marketing provides an alternative form of marketing that allows consumers to directly sample what companies are offering by minimizing the detachment between consumers and companies.

Experiential marketing is a valuable marketing strategy companies can use to target specific consumers, including multicultural consumers. This marketing technique delivers a compelling brand experience that is appealing to the wants and needs of its consumers. Marketers need to deliver a valuable experience to consumers who have given up their time to participate in the experience. A consumer's time is valuable and marketers need to take this into consideration when they develop these types of programs. Developing a creative and engaging experiential marketing plan can have a significant short-term and long-term emotional impact on its consumers.

## **Emotional Connection Between Product & Consumer:**

Marketers should not only be concerned with customer satisfaction, they also need to be concerned (if not more concerned) with developing and maintaining an emotional attachment with consumers - the core and ultimate goal of experiential marketing. Companies that choose to engage in experiential marketing take a brand's essence and bring it to life in the form of a physical interaction in order to create a long-lasting relationship.

Brand essence has two dimensions:

1. *Functional Essence* – Asks the question “What is it that we do?”
2. *Emotional Essence* – Asks the question “How do you feel about it?”

- More concerned with customer perceptions

## Benefits of Experiential Marketing

- Increase and build customer loyalty, brand awareness, brand recall, and purchase intent
- Retain current consumers
- Recapture past consumers
- Only marketing methodology that repeatedly drives purchases
- Positive impact on consumers
- Enhances the perception and value of product or brand
- Increase word-of-mouth sales
- Edge over competitors
- Low cost way to introduce new products

## Experiential Marketing Budgets

Many companies only allocate a small percentage of their marketing budgets to be used toward experiential marketing programs. However, with a recent shift in popularity in the use of experiential marketing strategies, companies have been allocating more funds to be used for these influential experiences to engage consumers.

According to a study conducted in 2009:

- **40%** of respondents stated that they would allocate more funds to experiential marketing in the next year
- **61%** stated that experiential marketing was extremely important to organizational success
- **7 out of 10** stated the importance of experiential marketing has increased over the past year
- **65%** stated experiential marketing will become even more important in the future

## Making Experiential Marketing a Success

When developing a marketing plan, especially an experiential marketing plan, it is important to keep several important factors in mind.

- Choose an appropriate location and venue
- Target the appropriate audience

- Consumers emotional attitudes vary depending on age, gender, culture, socioeconomic status, etc.
- Create a fun and memorable experience
  - Use multiple media platforms (visual and print ads, audio, etc.)
  - **Color** evokes an emotional response and aids in brand recognition
- Provide consumers with what they want

## Virtual Experiential Marketing (VEM)

Virtual Experiential Marketing (VEM) uses the Internet and its many outlets, such as blogs, interactive chat rooms and communities, and multi-play game playing, to produce an enriched environmental experience through visual and audio cues. Unlike traditional forms of experiential marketing, VEM creates a challenge to marketers because they need to create an interactive electronic environment that elicits the emotions of consumers in order to produce the same results as traditional experiential marketing.

According to the results of a study that examined what factors are supportive to the success of VEM:

- **Interaction** (features of a website that enhance positive attitudes towards the online retailer, and enhances the consumers desire to browse the website, return to the website, and/or willingness to make an online purchase), **Pleasure** (produces favorable attitudes towards more stimulating arousal during future interactions), and **Community Relationship** (impacts attitude development by socially identifying with a group) have a positive impact on a consumer's online browsing intentions.
  - Browsing intentions should appeal to consumers' emotions in order to elicit a desired response, such as strengthening a consumer's purchase intentions.
- **Pleasure, Flow** (examining the Internet in detail such that the consumer becomes immersed in its navigation and the interactivity of the site creating intrinsic enjoyment), and **Community Relationship** have a positive impact on a consumer's online purchasing intentions.
  - By creating positive browsing intentions, consumers are more likely to develop attitudinal preference for a product/brand because of the ability for the site to satisfy consumers' desires through a pleasurable experience.
- Online **browsing** and **purchasing** intentions have a positive impact on customer loyalty.
  - A consumer's positive attitude toward a product motivates their intention to make a purchase. Through the VEM experience, the consumer fulfills a need and satisfies a preference leading to an underlying emotional attachment to the product and increasing their intent to buy. This emotional attachment develops into a commitment that indicates customer loyalty.

- Both an economic and convenience shopping orientation will enhance the motivation of consumer's online browsing and purchasing intentions. This motivation is driven by the consumer's need to gain an advantage, such as purchasing a product at the lowest price using the least amount of effort.

Source: Adweek (2009); Entrepreneur magazine; Emerald Insight; Proceedings of the 41<sup>st</sup> Hawaii International Conference on System Sciences (2008)