

Impact of Experiential Marketing on Customer Satisfaction and Customer Commitment in Select Malls

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Abstract

Until 1980's people used to do purchases of their clothing needs and consumer durables in small shops and private outlets. Later, these were replaced with super markets and showrooms in 1990's. With liberalization, globalization and privatization in place Indian economy took a flying start. In around year 2000 much bigger shopping outlets in the form of 'Malls' came into existence. Now, shopping is done in huge shopping malls and hyper-markets. Over the period of time consumer buying habits and buying behavior changed dramatically. Today, consumers' make purchase not only for the intrinsic value of the product but to get exposed to a variety of memorable experience termed as Experiential Marketing.

The current study aims at studying the various components of experiential marketing as given by Experiential Marketing Framework by Schmitt, 1999 namely; SENSE, FEEL, THINK, ACT, AND RELATE, involving the senses and impressions of the user when coming into contact with a company and a brand. This was in fact the constructs of the scale of experiential marketing. These constructs were further classified into items on whose basis questionnaire was prepared and administered. Hypotheses were framed on these constructs to see if they are positive predictor of customer satisfaction and also to study customer satisfaction and customer commitment. The primary data was compiled and Path analysis- A basic version of Structural Equation Modeling-SEM; was applied using SPSS-AMOS.

The results of the SEM not only ratified our assumptions but also discovered two new paths, SENSE and ACT bypassing customer satisfaction was a positive predictor for customer commitment.

Keywords: *Experiential marketing, Sense, Feel, Think, Act, Relate, Customer Commitment*

1. Introduction

The cut throat competition prevailing in today's business environment is compelling the marketers to re-structure their marketing strategies and gain a competitive edge over their business rivals. In this effort marketers' are focusing all their resources towards what is known as Experiential Marketing.

Experience has been studied as an important element in marketing for a long time. "What people really desire are not products, but satisfying experiences". Experiences were gained through activities that required physical objects for the services. Experiences involved a progression over time and the involvement of this uniqueness made all the difference.

A diversity of dictionary definitions of experience gave rise to some confusion. Collins English Dictionary defined experience as "The accumulation of knowledge or skill that results from direct participation in events or activities" The Oxford English Dictionary stated that "Active participation in events or activities, leading to the accumulation of knowledge or skill". A more affective and process based definitions was given by the American Heritage Dictionary of the English Language, which defined experience as "The feeling of emotions and sensations as opposed to thinking".

1.1 Evolution of Experiential Marketing

Some people conceive the subject of marketing as a branch of applied economics while others who have worked a number of years in specialized field of marketing such as advertising, brand management or marketing research regard their particular specialty as the most important facet of marketing. Some people take a myopic view of the subject and see

marketing as a management technique, which when combined, constitute a functional area of the organization's management operations. More learned people see the subject as an overriding business philosophy which guides the organization in its day to day affairs.

Experiences were private intangible events that occurred in response to some stimulation. They often resulted from direct observation and/or participation in events. The five types of customer experiences that form the basis of the Experiential Marketing Framework. They are SENCE, FEEL, THINK, ACT, AND RELATE, involving the senses and impressions of the user when coming into contact with a company and a brand.

1.2 Forum Sujana Mall – A Brief Profile

The Forum Sujana Mall was opened in September 2014, this is one of the most desirable malls in Hyderabad. The Prestige Group, in association with CapitalLand and Sujana Group, has gifted the city of Hyderabad 8,50,000sq.ft. of exquisite retail space, with presence of over 100 outlets. Anchors comprise brands like Zara, Central, M&S, Forever21, Westside and more. Forum Sujana brings to Hyderabad brands like adidas Originals, Zara, GANT, Nautica, Sephora, Avirate, Forever21, Starbucks and TGIF. For entertainment, there is PVR Cinemas with 9 screens and SVM with both a bowling alley and a gaming arcade.

Forum Malls incorporate several innovative features to minimize environmental impact and conserve energy and natural resources. All the malls are designed in a way to allow maximum ventilation. They have intelligent Building Management System (BMS) in place, which increases efficiency and thus the productivity of resources. They also provide high creativity, higher aesthetics and highest technologies to all their customers.

The group believes that the success of malls largely depends on the area they are located in and to this intent, they have positioned each mall relevant to their catchment. Their attempt is to make the mall more interesting for the consumers. At the same time, as the younger segment of the Indian population keeps increasing with more than 60 per cent of the shopper Walk-ins being below the age of 27 years, they try to engage this segment with events, activities, and promotions. In addition, looking at the increasing consumption pattern of Indians, they believe that malls and shopping centers will form the next big social infrastructure. After home and office, it will be the mall that people will head to.

1.3 Inorbit Mall - A Brief Profile

Inorbit Malls, a group company of the K. Raheja Corp, was initiated with an objective to not just

create physical structures but also to influence lifestyles. Inorbit Malls, committed to setting benchmarks in retailing in India, provides an excellent shopping experience for customers. Inorbit Malls combine the knowledge of the Indian consumer and a changing Indian market scenario in locating, designing, planning and managing retail environments.

Inorbit Malls began their journey by opening its first mall at Malad to the public in early 2004, in Mumbai. Since then, Inorbit has repeated its success with world class malls in Vashi - Navi Mumbai, Hyderabad - Telangana, Whitefield – Bangalore & Vadodara - Gujarat. The malls have universal class and appeal and seek to provide a one-stop destination for fashion, lifestyle, food, and entertainment leading to an international experience. Inorbit Malls have won more than 65+ awards since inception including India's Most Trusted Mall by Brand Trust Report 2014 and have been recognized in various national & international forums like IMAGES, Asia Pacific Shopping Centre Awards, ICSC, Asia Consumer Engagement Forum, EFFIEs and ABBYs for their commitment in establishing community connect.

2. Literature Review

Duncker (1941) proposed in his works titled "On Pleasure, Emotion, and Striving" three distinct types of pleasure; 1) aesthetic pleasures, which is either manmade or offered by nature (such as for example music or sunsets), 2) accomplishment pleasures, which encompasses the mastery of a skill by creating a pleasant emotional response and 3) sensory pleasures, such as the feeling of silk against the skin or the taste of good wine.

According to **Holbrook and Hirschman (1982)** in their paper titled "The Experiential Aspects of Consumption: Consumer Fantasies, Feelings, and Fun", experiences pursue fantasies, feelings and fun. Further, they emphasized that the information processing approach need not be abandoned, but it should be supplemented and enriched with the experiential perspective of consumption. Further, they opined that, consumers do not use products simply for their functionality, but instead seek to benefit from the sensational - emotional aspect of their consumption(s). Accordingly, memorable consumption must create differentiated feelings inscribed in the customers' minds. Memorable consumption must also shape a good attitude toward the experience process.

Bellizzi, Joseph A., Crowley, Ayn E. and Hasty, Ronald W.(1983) in their study titled "The effects of color in store design" found that that color can physically attract shoppers toward a retail display

and that colors have perceptual qualities that affect the shopper's perception of store and merchandise.

In a study by **Elaine Sherman et al (1997)** on "Store Environment and Consumer Purchase Behavior: Mediating Role of Consumer Emotions" published in Psychology and Marketing opined that a consumer's emotions can be a mediating factor in the purchase process. In this study, we identify and explore how store environment and emotional states may influence various dimensions of purchase behavior. This research confirms that although cognitive factors may largely account for store selection and for most planned purchases within the store, the environment in the store and the emotional state of consumers may be important determinants of purchase behavior. This research has many pragmatic applications, because pleasure was associated with the amount of money spent and affinity for the store, whereas arousal was associated with money spent in the store, time spent in the store, and the number of items purchased in the store.

Pasi Falk and Colin Campbell (1998) in their work "The Shopping Experience" assume that the enjoyment derived from shopping does not come from buying, wanting or desiring products, but that shopping is a socio-economic means to socialise, to enjoy oneself and the company of another person while making given purchases.

3. Objectives of the Study

- a) To study the dimensions of experiential marketing i.e. Sense, Feel, Think, Act and Relate.
- b) To study the customer satisfaction and customer commitment of the mall shopper.

4. Research Methodology

4.1 Hypotheses of the Study

This research seeks to expand the influence of experiential marketing (i.e., sense, feel, think, act and relate) towards the customer satisfaction as well as the impact of customer satisfaction on customer commitment. The conceptual framework for this research was developed based on the combination of models and constructs derived from the extant literature. Figure 1 illustrates the proposed conceptual framework which is developed for this research.

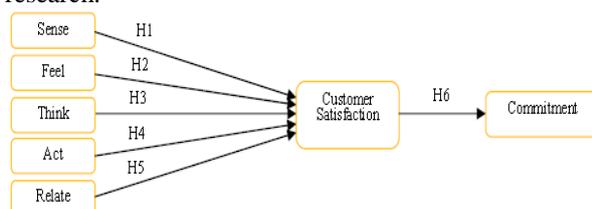


Figure 1. Proposed conceptual framework

Extensive literature review has led to the development of the following hypotheses.

- H1: Sense is a positive predictor of customer satisfaction
- H2: Feel is a positive predictor of customer satisfaction
- H3: Think is a positive predictor of customer satisfaction
- H4: Act is a positive predictor of customer satisfaction
- H5: Relate is a positive predictor of customer satisfaction
- H6: Customer satisfaction is a positive predictor of customer commitment

4.2 Sample Size

A self-administered questionnaire, developed on the basis of the literature review, was used to measure each of the constructs of the study. Self-administered questionnaire was distributed among 400 Mall shoppers (200 each in 'The Forum Sujana Mall' and 'In-orbit Mall') and received 385 valid filled in questionnaires.

4.3 Scoring

The questionnaire was designed using Likert scale measurement to measure the seven constructs discussed above i.e. Sense, Feel, Think, Act, Relate, Customer Satisfaction and Customer Commitment. Items are being rated based on a scale which is a 5-point and ranges from strongly disagree to strongly agree. Two statements were reverse coded. Likert scaling is the most prevalently used scales among the market researchers to evaluate psychographic variables.

4.4 Pilot Study

The number of questionnaires distributed for the pilot study was 100 and received 80 valid responses. The questionnaire which was used for the pilot study contained 30 items.

The pilot study responses (n=80) were analyzed using SPSS (v.20) software using Cronbach Alpha, Intra Class Correlation and Confirmatory factor analysis. Reliability test assesses the internal consistency score of a measurement scale.

Cronbach Alpha	Std. Alpha	Items
0.905	0.908	30

The reliability is tested using Cronbach alpha and its ideal value lies between 0 and 1. To be said reliable, this value has to be equal or greater than 0.70. The Cronbach alpha reliability for the individual constructs in this test results are being listed in table below. A value of 0.905 (a value which is adequately above 0.7) is showing that there is high reliability.

Table : 1 Cronbach Alpha of the constructs

Individual Construct	Cronbach Alpha	Std. Alpha	Items
SENSE	0.7645	0.7629	5
FEEL	0.7996	0.7577	4
THINK	0.8204	0.7288	6
ACT	0.8781	0.7804	4
RELATE	0.7486	0.7563	3
SATISFACTION	0.7827	0.7653	5
COMMITMENT	0.8145	0.7833	3

The individual construct scale reliability was further tested and the following is the result of the reliability test.

All the above individual constructs are well above 0.70, hence all are reliable. In this pilot study it can be concluded that the hypothesized constructs considered are significant for the study of Experiential Marketing. It can be concluded that from the pilot study; feasibility of the proposed study is established. It can be replicated for full-fledged study in reaching further conclusions of the efficacy of constructs under study on Experiential Marketing.

4.5 Sampling Method

A non-probability convenience sampling method has been employed while administering the questionnaire. Though this type of sampling poses a risk of bias, keeping in mind a large sample size and the subjects i.e. mall shoppers' behavior and characteristics, a convenience sampling method has been preferred.

4.6 Data Sources

The study primarily relied on Primary data. Primary data is gathered by administering a structured questionnaire. The questionnaire was designed using a five-point Likert's scale to measure the constructs. The respondents was asked to rate their agreement with each item of the construct, ranging from (1) strongly disagree to (5) strongly agree.

Secondary data was used as and when required. Secondary data include past sales records, customer data, data from the newspaper, magazines, journals, already published papers and works.

4.7 Research Tools for Analysis

The information gathered from the survey was entered in an MS-excel file. The excel data was used by the SPSS for data analysis.

4.7.1 Inferential Statistics

Inferential statistics is used to see whether there is a relationship likely to be due to chance or whether the considered sample is likely to hold representation from the population of which it is drawn. Path Analysis was carried out for the inferential statistics.

Path analysis which is a straightforward extension of multiple regression was used to test and predict the relationships of all the variables in the framework.

In the present study, path analysis was used to examine the significant relationship between the independent variables of experiential marketing such as SENSE, FEEL, THINK, ACT & RELATE and the dependent variable Customer Satisfaction.

Customer Satisfaction as independent variable and Consumer Commitment as dependent variable were also studied as part of the conceptual model.

In order to analyze descriptive statistics for this thesis, SPSS version 18.02 was employed.

All of the statistical analyses were done using the software's SPSS (v.20) and AMOS (20.0).

4.8 Limitations of the Study

- The scope of the study is limited to Hyderabad city only.
- Convenience sampling technique was used to select the sample respondents, as random sampling could not be used due to non-availability of population details.
- The study is carried out on a specific framework and as such the results will not hold good for a different framework.
- The study is carried out on a select retail outlets and shopping malls and the results of which cannot be generalized.

5. Data Analysis & Interpretation

The current research was carried out keeping the below conceptual framework in mind.

Variable		Variable	Standardized regression weight	P value
Cust. Satisfaction	←	sense	0.15	***
Cust. Satisfaction	←	feel	0.138	0.001
Cust. Satisfaction	←	Think	0.349	***
Cust. Satisfaction	←	Act	0.1	0.051
Cust. Satisfaction	←	Relate	0.182	***
Cust. commitment	←	Cust. Satisfaction	0.268	***
Cust. commitment	←	sense	0.234	***
Cust. commitment	←	Act	0.407	***

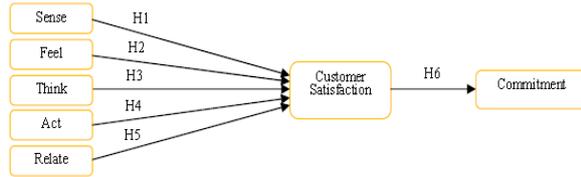
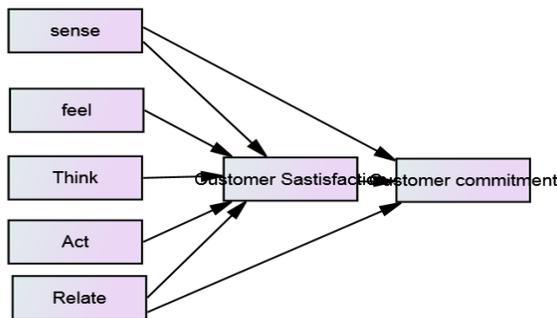


Figure 2. Proposed conceptual framework

The application of path analysis paved way towards SEM (Structural Equation Modeling) the analysis of which is as follows.

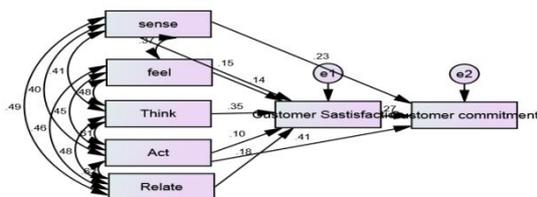
Path Analysis:

Path analysis is a minor version of SEM (Structural Equation Modeling). It is an advanced statistical technique used to study relationship between multiple independent variables and dependent variables simultaneously. It is a structure of equation. AMOS (Analysis of Moment Structures) was employed to perform Path analysis. In the current study Path analysis was performed to validate the following hypothetical model



Hypotheses:

1. Sense is a positive predictor of customer satisfaction
2. Feel is a positive predictor of customer satisfaction
3. Think is a positive predictor of customer satisfaction
4. Act is a positive predictor of customer satisfaction
5. Relate is a positive predictor of customer satisfaction
6. Customer satisfaction is a positive predictor of customer commitment



5.3 Assessing the Model Fit:

Five fit indices were used to check how well the theoretical models fits the actual sample data.

- a. CMIN/Df
- b. GFI
- c. CFI
- d. AGFI
- e. RMSEA

CMIN/DF measures how well the hypothetical model fits the actual data. A value less than 2 suggest a good fit and a value between 2 and 5 is considered as an acceptable fit. GFI is a goodness-of-fit index. It is the amount of variance of the covariance accounted for by the predicted model. The GFI value range between 0 and 1, value 0.9 and above is acceptable and suggest a good fit. RMSEA is Root Means Square Error of Approximation. It is a measure of badness of fit. It assess the approximation of error in population. Values close to zero indicate good fit. CFI stands for comparative fit index and is a measure of relative fit. It assess how well the actual model fit the null model (one that artificially assumes no fit). A CFI value of 0.9 and above indicates a good fitting model. AGFI is a measure of Parsimonious fit index. AGFI corrects for inflated fit. A value 0.9 and above is acceptable for a good fit.

Fit indices

All the above fit indices suggest a good fit between the hypothetical model and sample data.

Assessing the significance of paths

*** = significant at 0.1% level of significance

6. Findings

- Sense is a positive predictor of customer satisfaction (Beta = 0.15, $p < 0.05$)
- Feel is a positive predictor of customer satisfaction (Beta = 0.138, $p < 0.05$)
- Think is a positive predictor of customer satisfaction (Beta = 0.349, $p < 0.05$)
- Act is a positive predictor of customer satisfaction (Beta = 0.1, $p < 0.05$)
- Relate is a positive predictor of customer satisfaction (Beta = 0.182, $p < 0.05$)
- Customer satisfaction is a positive predictor of customer commitment (Beta = 0.268, $p < 0.05$)

Additional paths suggested by AMOS

- Sense is a positive predictor of customer satisfaction (Beta = 0.234, $p < 0.05$)
- Act is a positive predictor of customer commitment (Beta = 0.407, $p < 0.05$)

Suggestions

1. As it is proven by the present study that all the constructs of Experiential Marketing i.e. Sense, Feel, Think, Act and Relate are positive predictors of customer satisfaction; Marketers should focus their strategies around these five

components of experiential marketing to give mall shoppers an extra ordinary, long lasting experience which would eventually lead to customer satisfaction and customer commitment.

2. The two new paths that have emerged out of this study are
 - Sense is a positive predictor of customer commitment
 - Act is a positive predictor of customer commitmentMarketers should focus more on these two constructs as they directly influence the customer commitment.
3. The experiential marketing should be such that the customers should feel an emotional loss if they are not able to shop at a particular mall. Marketers should strive to this effect with their marketing and promotional plans.
4. The marketers should also work so as to, the shoppers should feel that they have enriched their lives by shopping in a particular mall.

5. The marketer should always be at providing something new to its customers in terms of value for money, time and experience.

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