

# Chapter 8

## Experiential Marketing as a Tool for Emotional Brand Building

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### ABSTRACT

*Experiential marketing offers an excellent vehicle for building relationships with customers. While emotional branding has been employed since a long time by marketers, evolving technologies and a growing appetite shown by customers for experiential connect has led to brands renewing their focus on experiential marketing. The authors discuss the experiential marketing ecosystem, detailing the various types of agencies and activities. The authors then present the Advertising Expenditure pie. In absence of an experiential component, the authors conducted their research to add the experiential component and present a revised Advertising Expenditure figure. The chapter then identifies Return on Investment (ROI) as the key challenge for assessing the success of an experiential activity. The authors develop a model for marketers to identify and connect with their customers through experiential initiatives. The authors conclude and present certain key developments in the area.*

### INTRODUCTION

As marketers, the end goal is to make your products and services stand out. The marketplace has changed over the years. Marketers across sectors face the dual challenge of an increasingly competitive landscape and a more educated customer. Marketplace competition has led to commoditization as there is very little difference in terms of attributes for products and services from different brands. This has led to brands competing primarily on price competition. The shift from a product-focused era to a consumer-focused era began around the mid-20<sup>th</sup> century when advertising revolutionized the way brands communicated with consumers (Smilansky 2009). This was when innovators such as Ogilvy revolutionized advertising. Brands evolved and used marketing communications that was customer-focused. This encouraged customers to aspire to a lifestyle that the brand was representing.

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The purpose of marketing communication is to communicate with different consumers or business sectors. The experiential revolution is occurring now. There is a discernible shift in a brand's marketing communications from a one-way to a two-way model. The two-way communication of experiential marketing creates memorable experiences for customers and changes them to brand loyalists and advocates.

The key challenge of experiential marketing is twofold – gaining acceptance as an established marketing medium, and establishing ROI metrics to allow marketers to gauge the success of their activities.

The chapter describes the definition of experiential marketing from both an academic and an industry perspective. The chapter then discusses the relation of experiential marketing with other similar marketing activities. The authors develop their own model to gauge the experiential marketing industry size and present a revised AdEx (Advertising Expenditure) spend in India. The authors also compare growth in experiential marketing against digital marketing. In the final section, the authors posit their checklist for experiential initiatives and devise a model aimed at gauging the success of experiential marketing.

## **WHAT IS EXPERIENTIAL MARKETING?**

The term “experiential” was coined by Alvin Tofler in his 1971 book, “Future Shock”. Joseph Pine II and James H. Gilmore expanded on this in 1998 in their book, “The Experience Economy”, coining the word “experience economy”. Experience marketing today is generally based on the concept of experience economy (Pine & Gilmore, 1998), which encompasses the most developed and theoretical discourse about experience marketing (Gilmore & Pine 2007; Pine & Gilmore, 1999; 2002). They established experiences as an important but largely unrecognized offering. Experience economy is also considered as a main underpinning for Customer Experience Management (CEM).

Emotional significance created by a personal interaction of the consumer with the product or brand is defined as the experience (Holbrook & Hirschman, 1982). According to Schmitt (1999), experiential marketing is how to get customers to sense, feel, think, act, and relate with the company and brands. Experiential marketing creates an emotional attachment for customers, which is unlike traditional marketing efforts (McCole, 2004). The shift towards experiential marketing is because of developments in technology, which provide a two-way communication model (Schmitt, 1999).

With experiential marketing growing in size and importance, it has ceased to be a mere buzzword, and is now an important part of the marketer's overall planning. While experiential marketing can be seen and experienced easily, it is tougher to define. “The Experience Economy” came out and captured the attention of branding and marketing circles around the world. Interestingly, while the term is only a few decades old, the practice is not. Marketers have been using experiential marketing in one way or another for a long time. Fairs and shows conducted in the late 19<sup>th</sup> century were also in essence, experiential marketing.

Experience marketing offers engaging, interactive, and entertaining brand experiences. The idea is to communicate the essence of a brand through personal experience. Schmitt (2009) urges the researchers to develop the brand-experience construct conceptually. While marketers have been successful in implementing experiential marketing strategies, there has been no shared and accepted definition. Fou (2003) defines experiential marketing as marketing that gives consumers in-depth experiences with products in order to give them enough information to make the purchase decision. Experiential marketing is a mutually beneficial interaction between consumers and a brand in an authentically branded engagement (Roxas-Murray, 2015). Hauser (2011) says that the term ‘experiential marketing’ refers to

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