Indian Consumers and Experiential Marketing – The Retail Way

Sukirti Pandey
MICA, Ahmedabad

Priyanka Darji
MICA, Ahmedabad

ABSTRACT

Experiential Marketing is the art and science of engaging customers with in depth experiences of the product. It can also be termed as live marketing engagement where there is a face to face interaction between the consumer and a product or a brand. It is a concept applied so as to appeal to the emotional senses of the customers and to influence their purchase decision.

This paper aims at investigating consumer's response to retail experiential marketing. It would involve analytical study of the connection between consumer lifestyle and behaviour in modern retailing. The paper would also suggest various characteristics and specifications that a retail format should have in order to appear most appealing to the consumer in a shopping experience.

The data will be collected through primary study which would be qualitative in nature and a structured guideline will be followed while interviewing consumers to examine individual responses.

1) INTRODUCTION

As pointed by Pine & Gilmore (1999), economic development is entering into a new stage of experience, which leaves behind the traditional sales methods focusing on product sales and service offering. In order to enhance consumers' emotional connections to the brand and provide a point of differentiation in a competitive oligopoly, retailers have turned their attention to creating memorable retail experiences, which appeal to consumers at both physical as well as psychological level. Experiential retail strategies facilitate the creation of emotional attachments, which help customers obtain a higher degree of possessive control over in-store activities (Schmitt 2003). In a sense these strategies allow consumers to become immersed within the holistic experience design, often creating flow-type experiences (Csikszentmihalyi 1997). Connecting the audience with the authentic nature of the brand is one of the prime goals of experiential marketing. This is achieved through participation in personally relevant, credible and memorable encounters. It also allows customers to engage and interact with the brand's products and services. Finally, it emphasises on the value of the product to the customers and aids them in taking the right decision (of buying). Hence it can be inferred that:

$$\text{Experiential} + \text{customers} = \text{ROI}$$

The term "Experiential Marketing" refers to actual customer experiences with the brand/product/service that drive sales and increase brand image and awareness. When done right, it's the most powerful tool to win brand loyalty.

Shopping has been considered a search process where shoppers would like to ensure that they make the right decision. In addition, they also intend to derive emotional satisfaction (Tauber, 1972). It has been found that a high level of brand awareness need not always translate into sales. Shoppers do take into consideration the information they acquire in stores, rather than just relying on out of store communication (Underhill, 1999). In a study conducted by POPAI (2001), it was found that the sales of some product categories increased by almost 60% due to effective communication at the store. Also, every visit of the shopper is a distinct encounter and a moment of truth. Unless the interaction is satisfactory, the next visit is not guaranteed. If the store does not provide a compelling reason to visit, the amount of purchase per visit is likely to go down (Zeithaml, 1988).

The BMI India Retail Report for the third-quarter of 2010, forecasts that the total retail sales in India will grow from US$ 353 billion in 2010 to US$ 543.2 billion by 2014. With the expanding middle

and upper class consumer base, there will also be opportunities in India's tier II and III cities. The greater availability of personal credit and a growing vehicle population to improve mobility also contribute to a trend towards annual retail sales growth of 11.4 per cent. This is a consequence of India's dramatic, rapid shift from small independent retailers to large, modern outlets.

According to a market research report published in June 2008 by RNCOS titled, 'Booming Retail Sector in India', number of shopping malls is expected to increase at a CAGR of more than 18.9 per cent from 2007 to 2015 .Rural market is projected to dominate the retail industry landscape in India by 2012 with total market share of above 50 per cent. Apparel, along with food and grocery, will lead organised retailing in India.

2) LITERATURE REVIEW

Traditional marketing strategies focusing on price or quality are not anymore a long-term source of differentiation and competitive advantage. Researchers advocate that one of the main routes to reach it is by a much stronger focus on the customer (Craig & Douglas, 2000; Peppers & Rogers, 2000; Farinet & Ploncher, 2002; Kotler & Keller, 2006). Shopping involves a "see–touch–feel–select" sequence. The degree to which a shopper follows the whole or part of this process varies with brand, product category, and other elements of the marketing mix (Connolly and Firth, 1999).

Schmitt (1999) points that the experiential marketing architecture consists of strategic experiential modules (SEMs). The five strategic experiential models proposed by Schmitt create different experiential forms for customers. As the basis of the marketing, the details are as follow:

(1) Sensory experience: the sensory experience of customers towards experiential media includes visual, auditory, olfactory and tactile response results.

(2) Emotional experience: the inner emotion and sense of customers raised by experience media.

(3) Thinking experience: customers' thoughts on the surprise and enlightenment provoked by experience media.

(4) Action experience: by experience media, customers are linked so that they can acquire social identity and belonging sense.

(5) Related experience for customers through the experience of media production links, and to social recognition or a social belongs.

Experiential marketing is consisted of five strategic models which are sensory, emotion, thinking, action and relevance.

Relationship quality makes reference on Smith's method (1998), which is consisted of satisfaction, trust and commitment dimensions. Good relationship quality may reduce the uncertainty and have influence on the expectation of future lasting interaction (Crosby, Evans and cowls, 1990). Customers' satisfaction is customers' overall evaluation towards the whole buying experience on products and service (Fornell, 1992).

While researchers have studied the retail experience at the level of individual components, the practitioners and academics that developed the concept designed it to function as a holistic mechanism. For example, Pine and Gilmore (1999) identified that retail experiences consist of holistic realms (aesthetic, entertainment, education, escapist), which allow flow between the various static and dynamic elements within the experiential environment. It is the flow between static and dynamic elements that helps the consumer to become immersed and engaged within the retail event (Csikszentmihalyi 1997). For this reason experiential elements do not work in isolation; they function as a holistic mechanism driving the customer's retail experience.

Static design elements are the cold, hard, tangible features of the store that facilitate the functional characteristics of the product(s), and the sensual and psychological benefits that emanate from the store's hard design features. These benefits include sensory pleasures such as sights and sounds, and feelings of status, privacy and security (Pullman & Gross 2004). Schmitt (2003) describes static elements as aesthetic qualities that include: (1) the physical goods (its functional attributes); (2) the look and feel of the store, which includes the logos and signage, packaging, brochures and advertising that help to establish the store's identity and brand experience; and (3) the experiential theme/message. In addition, static design elements are represented by the atmospheric/ambient conditions of the store (visual, aural, olfactory and tactile cues), which can be used to increase a consumer's rate of consumption, and influence customer product evaluations and purchase behaviour.

In contrast, dynamic elements relate to the exchange of dynamic information, which emphasises human interaction through the customer–staff–store interface (Schmitt 2003). Pullman and Gross (2004) define the store's dynamic element as the relational context between the customer, the store, the staff and

other customers. The relational context allows the customer to identify with the retailer via their interaction with the human/warm/soft/dynamic elements of the store, which helps to create a sense of belonging.

Customer behaviour in a retail experience has been studied using a combination of three methods. The first method is based on the manipulation of store variables such as display or promotions and measuring the change in sales pattern through inventory and purchase audit (Cox, 1964). The second method involves entry and exit interviews to understand planned and unplanned purchases and the causes of deviation from plan (Kollat and Willet, 1967). The third approach has been to directly observe shoppers while they perform their shopping activity (Wells and LoSciuto, 1966). Atkin (1978), Rust (1993) and Darian (1998) have used this method to understand customers' behaviour while shopping. Some researchers caution that observational research relies heavily on deduction (and hence speculation) and hence should only be used in limited situations (Granbois, 1968).

It can be seen that the retail experience is not only a physical store layout but also a labyrinth of emotions. The combinations of static and dynamic elements provide customers with rich emotional benefits. While the customer explores their environment they receive an exciting, entertaining and playful form of retail consumption (Holbrook 1999). Their shopping trip becomes an adventurous journey, not defined by the act of consumption but rather by experiencing holistic immersion (i.e. sensory, enjoyment, fun, pleasure, gratification, social encounter, inspiration) (Arnould & Reynolds 2003).

However, with a few exceptions, the existing experiential retail literature has focused mainly on the isolated testing of static design elements (i.e. atmospherics, ambient conditions, services cape architecture) of retail stores (Turley & Milliman 2000). However, qualitative research reveals that consumers process in-store music in a rich context of brand knowledge and perception, in-store cues such as other atmospheric and design features, and the look, age and dress of staff. In comparison, quantitative research that focuses on how to increase quality perceptions through leveraging one 'sense' could lead to perceptions of misfit between this variable and the brand, resulting in consumer confusion (Beverland et al. 2006).

There are lots of parameters which a retailer in today's market has implemented to lure and maintain the customer; however there always exists a gap in the manner in which it is done and the way the customer perceives it should be provided. This research will throw light on the expectations and understanding which has been derived through a primary consumer research.

3) OBJECTIVE

1) The objective of this research is to gauge consumers' response to Experiential Marketing in modern retail outlets through qualitative primary research.

2) The purpose of this study is to understand the key factors that drive customers to choose a particular retail outlet and their unmet requirements.

4) METHODOLOGY

This paper involves primary and secondary research.

As part of primary research, this paper uses qualitative research to determine the relevance of both static and dynamic elements in a retail store and the customers' response to the same.

Qualitative research is being used as it investigates not only the what, where and when but also the why and how of decision making through the analysis of unstructured information. It doesn't just rely on statistics or numbers, which are the domain of quantitative researchers.

Qualitative research is used to gain insight into people's attitudes, behaviours, value systems, concerns, motivations, aspirations, culture or lifestyles. (Interviews: an introduction to qualitative research interviewing, Steinar Kvale)

In order to collect primary data the instruments used were observation of shoppers and in-depth Interviews with a structured guideline. Interviews provide rich description and explanation of a topic under study (Kent, 2007).They find out feelings, memories and interpretations that we cannot observe or discover in other ways (Patton, 1990). Observations provide a whole range of more authentic and spontaneous experiences which interviews alone cannot provide.

The research was undertaken in four hyper markets located in Ahmedabad, namely-

• Iskon Mall

• Himalaya Mall

• Star India Bazaar

• Big Bazaar

The sample size for this research paper was 40 and the sample studied was across all age groups (18–24; 25–34; 35–49; 50–65).

The process was carried out by visiting each of the

four malls and observing the consumers and their interaction with the retail space. In order to begin communication with potential respondents, qualifier questions were asked to understand their shopping frequency. Respondents with a shopping frequency of at least twice a month were further explained the focus, objectives and potential value of the research. Appointments were fixed with the respondents willing to give interviews over telephone which was followed by structured in-depth interviews via telephone or e-mails. The data was recorded in the form of written notes.

The parameters chosen for analysis during the depth interviews were as follows:

Static:

- Location Of The Mall
- Parking Facility
- Easy Movement Within The Mall
- Product/store Display At The Mall
- Ambience Of The Mall
- Cleanliness Of The Mall
- Store Range
- Availability Of The Products
- Good Eating Places
- Clarity Of Signages

Dynamic:

- Product Knowledge And Courtesy Of The Staff
- Response To Complaints
- Feedback System
- Time Taken For Billing
- Accuracy Of Billing
- Frequency And Attractiveness Of Offers
- Price / Value For Money

Secondary Research has been undertaken through the following sources:

- Periodicals
- Newspapers
- Journals
- KEIC (MICA's online library)
- Newspaper Databases
- EBSCO

5) FINDINGS

In terms of customers' shopping experience, following static parameters emerged as customers' key preferences while choosing a particular mall or retail outlet for shopping:

Location of the mall is a pre-requisite for most shoppers. An MBA student said, "I generally prefer going to Iskon Mall as it is the closest mall from my college, also because it is located in a less crowded area."

A working professional laid huge importance to the parking area and said, "Time is the most important factor for me so I would any day prefer a mall with convenient parking as it saves time. I generally go to malls with valet parking facility."

The ambience of the mall plays a major role in providing the customer an enjoyable shopping experience and ensures re-visit. According to a young college-going respondent, "In today's high-tech age the attention span is very small so bright high-energy colours and a lively theme makes me feel refreshed and leads me into making a better buying decision." For a female respondent a factor like fragrance, considered as very minor for most retailers, plays an important role. According to her, "Good fragrance is an attraction, no fragrance is acceptable but a foul smell is a big turn-off." Another respondent said, "For me it's very important that the shopping area should have proper seating arrangement to sit down and relax. The place should have comfortable furniture, soft colours, mild lighting and soft music to rejuvenate me for further shopping."

Cleanliness is also an important issue for shoppers. Most of the respondents, especially those who are accompanied by their kids, were concerned about the cleanliness, hygiene and safety of the places where they go for shopping. A respondent with a two year old kid said, "It's very important for me that the mall where I go for shopping should be clean and safe for my child."

It was observed that ease of movement and enough open space are also important criteria leading to customer loyalty for a particular mall over the other. Another important parameter is the availability and appearance of food courts. Both observation and interviews revealed that consumers tend to indulge in eating while shopping and a good eating experience at a mall builds a positive image about the mall in their minds. This also enhances their entire shopping experience.

The product display and availability of the products are the factors because of which Himalaya Mall has become a crowd puller in Ahmedabad. It contains a variety of stores having a diverse range of products. A respondent who was shopping in Himalaya Mall said, "I like coming

to this place because I can find a variety of products under one roof. I also find their style of product display very attractive."

Observations and Interviews on the dynamic parameters involved in a customers' shopping experience revealed the following aspects:

Most of the shoppers preferred Big Bazaar as it provides value for money. The promotional offers and discounts are an important part of the final buying decision made by the customer. A college going girl responded, "I wait for the festive season as the discounts offered during that time help me in convincing my mom to buy me new clothes. I tend to shop a lot during that time and end up shelling out more money."

Handling complaints efficiently emerged as an important parameter while none of the malls are doing it well. Also, time taken for billing is a concern as today's customers are always in a hurry. A respondent clearly pointed out, "If I have selected only a few items to purchase and I find a long queue at the billing counter then I tend to avoid the wait and generally end up not buying anything."

The staff at the mall play crucial role in creating a good shopping experience. Well informed, smartly dressed and courteous staff members invoke a positive feeling in the customer. The customer feels at ease and shops more. However, rude and pestering staff generates repulsion in the mind of the customer. A respondent said, "I feel annoyed when a sales staff tries to push me to buy a particular product."

In terms of customer shopping experience, Himalaya Mall is the top player followed by Iskon Mall, Big Bazaar and Star Bazaar.

6) RECOMMENDATIONS

Today when so many shopping malls, supermarkets and hypermarkets are opening up, each one is competing hard for the customers' money. There are more choices available for consumers than ever before. In such situation retailers must develop business strategies that focus on creating as well as maintaining customers, by offering customers a differentiated shopping experience. Big retailers spend lot of money in getting high traffic location but if customers don't find anything systematic, unique and attractive, they may just pass away from the door or if visited will try some other place to shop next time.

Following are the tips to make customer shopping an amazing experience for them:

There is a need to focus a lot more on merchandise and range of products.

Visibility of all the stores is an important parameter. Stores in dark corners or dead spaces do not get noticed and hence their presence is not felt in the mall at all.

Facilities like washroom, drinking water and overall cleanliness should be maintained properly to avoid warding off many shoppers to visit the second time.

Customer service aspects like courtesy of staff, response to complaints and billing are crucial parameters for customers to visit and revisit a mall.

Value for money is a very important factor for the population in Ahmedabad and Big Bazaar is doing well in this respect because of activities like frequent discounts and offers and the "cheapest day of the week". The other malls also need to make the customers feel they are getting value for money.

The long time taken for billing is also another aspect that needs to be taken care of for the time pressed customers. There should be more counters for people buying lesser items.

7) CONCLUSION

The research reveals that experiential marketing techniques used by retailers play a major role in attracting customers to the stores and also inducing them to indulge in a shopping experience. The observations done on shoppers in the four major shopping malls of Ahmedabad and the subsequent interviews project that both the static as well as the dynamic parameters considered for this research 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. It will even help the existing players to make the necessary improvements. It is hoped that this study will stimulate further investigation in this field and thus prove to be more helpful for the industry.

8) LIMITATIONS AND SCOPE FOR FURTHER STUDY

1) The response given by some of the respondents might be driven by personal bias. Hence, the data could not perhaps display the true picture.

2) The sample taken is from Ahmedabad so the

analysis and interpretation holds true for this city only. It may vary for different cities. Thus, further research can be conducted in other cities with a larger sample size.

3) This research uses only qualitative techniques – observation and depth interviews. Quantitative methods like surveys can further confirm the results and give them a wider acceptance.

REFERENCES

- Bigné, J.E., Anna S Mattila, A.S. & Andreu, L. 2008. The impact of experiential consumption cognitions and emotions on behavioral intentions. The Journal of Services Marketing. Vol. 22, Iss. 4; p. 303

- Bhat, R. 2007. Indian Retail- On the Fast track.

- Chadha, R. & Husband, P. 2006. The Cult of the Luxury Brand- Inside Asia's Love Affair with Luxury

  Retrieved from pdf-ebook.org/the-cult-of-the-luxury-brand-inside-asias-love-affair-with-luxury-summary-pdf.html

- Consumer and Designer brands. 2008. Nielson Report

- Danziger, P. 1992. Let them eat Cake: Marketing Luxury to the masses- as well as the classes

- Essential Report on the Opportunities of the Indian Retail Industry.

  Retreived from www.thefreelibrary.com / Research+and+Markets%3A

  + This + Essential + Report + Analyzing + the + Indian...-a0209802188

- From 3%, organised retail has a long way to go. 2007. The Economic Times.

- Global Powers of Retailing 2006, Deloitte and Stores Magazine, Annual Report

- Graham, P., & Mathews, M. 2004. The changing Face of Luxury. Know Magazine Spring/Summer 2004.

- Have it, flaunt it: India's luxury boom. 2005. India Management Association.

- INDIAN MANAGEMENT. 2007. Vol. 46, Iss. 1

- Jeanne, H., & Miller. 2003. Effects of culture, consumer trends and marketing on the interior design of retails. The University of Manitoba (Canada). 147 pages.

- Kapoor, P.T. 2006. Inside the Affluent Space; American Express Study.IIMA Working Papers from Indian Institute of Management of shoppers. Journal of Retailing and Consumer Services 12.

- Kaul, S. 2007. Hedonism and Culture: Impact on Shopping Behaviour, A Research Agenda. Vol. 32, p. 1-9

- Kamath, R. 2008. Plunging sales, soaring rentals see retailers quit malls.

- Kim, H., Fiore, A.M., Niehm, L.S., & Jeong, M. 2010. Psychographic characteristics affecting behavioral intentions towards pop-up retail. International Journal of Retail & Distribution Management. Vol. 38, Iss. 2; p. 133

- Let's reinvent retail advertising. 1997. Business Standard.

- Levy, M., & Weitz, B.A. 2008. Retailing Management.

- Lewinson, D.M. 1990. Essentials of Retailing.

- Malls getting less lucrative for restaurateurs now. 2008. The Economics Time.

- Pai, U.L. 2006. Retail Boom- India is a hot Bet.

- Ranade, G. 2008. Retail Sector in India: Issues and Prospects

- Schmitt, B.H. 2003. Customer Experience Management: A Revolutionary Approach to Connecting with your customers.

- Sinha, P.K., & Uniyal, D.P. 2007. Managing Retailing.

- Srinivasan,S.R., & Srivastava R.K. 2010. Creating the futuristic retail experience through experiential marketing: Is it possible? An exploratory study. Journal of Retail & Leisure Property Vol. 9, Iss. 3; p. 193 (7 pages)

- The Unmistakeable sign language of Luxury. 2006. Hindu Business Line.

- Understanding the Indian Luxury consumer. 2006. The Moodie Report.

- Wagner,T. 2007. Shopping motivation revised: a means-end chain analytical perspective. International Journal of Retail & Distribution Management. Vol. 35, Iss. 7; p. 569

- What becomes a Luxury Brand Most?. 2005. Chief Marketer.com

- You-Ming, C. 2010. Study on the impacts of experiential marketing and customers' satisfaction based on relationship quality. International Journal of Organizational Innovation (Online). Vol. 3, Iss. 1; p. 189 (21 pages)