

Exploring the Relationships between Experiential Marketing, Customer Satisfaction and Customer Loyalty: An Empirical Examination in Konya

R. Öztürk

Abstract—Experiential marketing is one of the marketing approaches that offer an exceptional framework to integrate elements of experience and entertainment in a product or service. Experiential marketing is defined as a memorable experience that goes deeply into the customer's mind. Besides that, customer satisfaction is defined as an emotional response to the experiences provided by and associated with particular products or services purchased. Thus, experiential marketing activities can affect the level of customer satisfaction and loyalty. In this context, the research aims to explore the relationship among experiential marketing, customer satisfaction and customer loyalty among the cosmetic products customers in Konya. The partial least squares (PLS) method is used to analyze the survey data. Findings of the present study revealed that experiential marketing has been a significant predictor of customer satisfaction and customer loyalty, and also experiential marketing has a significantly positive effect on customer satisfaction and customer loyalty.

Keywords—Customer satisfaction, customer loyalty, experiential marketing.

I. INTRODUCTION

MARKETING practices and research areas have been evolved in the past few decades and shifting from the focusing on product and brand management to building customer relationship marketing and to creating compelling customer experience through experiential marketing strategy [1]. This marketing strategy is not only about how to sell our product to our customers but also about how to give experiential sensation to them. By doing experiential marketing, the producer or the owner can maintain their relationship with the existing customers, attract potential customers, and finally have loyal and satisfied customers. Therefore, this research would like to investigate the relationships among experiential marketing, customer satisfaction and customer loyalty.

II. LITERATURE REVIEW

A. Experiential Marketing

Schmitt [2] defined that experiential marketing as the customers' recognition and purchasing of goods or services from a company or brand after they experience activities and perceive stimulations. Lee et al. [3] defined experiential marketing as a memorable memory or experience that goes

deeply into the customer's mind. Experiential marketing focuses not only on a product or a service but also on an entire experience that account for the customers' experience creation processes, including pre-purchase, moment-of-truth, and post-purchase [4], [2]. Experiential marketing intends to supply the factors that help to develop the experiential side of the company's offerings helping the consumer to access it [2]. Experiential marketing gives an exceptional framework to integrate elements of experience and entertainment into the product/service [5].

Schmitt [2] proposed a framework for strategic experiential modules, including sense, feel, think, act and relate. Sense experience refers to the appeals to the sense with the objective of creating sensory experiences, through sight, sound, touch, taste, and smell. Feel experience appeals to consumers' psychological elements such as feelings and emotions. During the consumption, how to let consumers trigger certain positive emotions is difficult and it may be different from culture to culture [6]. And also think experience refers to intellect with the objective of creating cognitive, problem-solving experiences in which stimulate customers creatively. It is related with new technology, innovativeness that can let consumer associate with something different. Act experience engage consumer in approaching the target life goals by showing them the ways to achieve. Relate experience results from relating to a reference group or culture, composing of sense, feel, think, and act marketing. It is related with personal desire for self-improvement or entering an ideal social identity [7].

B. Customer Satisfaction

Oliver [8] stated that customer satisfaction is the degree to which customer expectations of a product or service are fulfilled and is a reflection of the congruence between expectations and performances. Petrick et al. [9] stated that customer satisfaction is an accumulated and experience-based attitude. Pine and Gilmore [10] mentioned that customer satisfaction is evaluated based on customers' experience with the product and depends largely on customer's evaluation of individual experiences with the product relative to expectations of its quality.

Assaf et al. [11] mentioned that understanding how to satisfy customers is critical to transformation of available information into effective marketing strategies and future development of the organization. Higher customer satisfaction can result in higher organizational revenue.

Resul Ozturk is with the Institute of Social Sciences, Department of Operating Management and Marketing, Nevsehir Hacı Bektasi Veli University, Nevsehir, Turkey (e-mail: resulozturk@yahoo.com).

C. Customer Loyalty

Customer loyalty is all about attracting the right customer, getting them to buy, buy often, buy in higher quantities and bring you even more customers. Chen [12] mentioned that loyalty exists when customers feel satisfied with a product and have intentions to repurchase and spread positive word-of-mouth about the product. Lin [13] viewed customer loyalty as a commitment to use, repurchase, cross-purchase or recommend products or services of a particular brand. Piotr [14] indicated loyal customer's shows three characteristics as they spend more money in purchasing products or service of a company; encourage others to purchase products or service of a company and also believe it is valuable to purchase products or service of a company.

D. Proposed Conceptual Framework

Based on the study from [6], their findings conclude that the relationship between the experiential marketing (sense, feel, think, act, and relate) and customer satisfaction could be formed as an indirect relationship. Oppositely, the research from [3] has pointed that experiential marketing generally has a direct relationship with customer satisfaction. Dubé and Morgan [15] explained that companies can change the experience when consumers are using products or service to make them reach the highest satisfaction. Thus, Hypothesis 1 states:

H1. Experiential marketing is positively related to customer satisfaction.

Schmitt [2] mentioned that creating a pleasant experience for customers is key to customer loyalty, and customers who agree on the experiential marketing that they have experienced are more likely to exhibit higher loyalty. Chen and Lee [12] showed increased effort in sense, feel, and think marketing could lead to higher loyalty. Chou et al. [16] explored the effect of experiential marketing on customer loyalty in the direct selling industry. Lai [17] reported a similar finding in a study of experiential marketing and loyalty among family members of pediatric patients. Based on the literature above, Hypothesis 2 posits that experiential marketing is positively related to customer loyalty:

H2. Experiential marketing is positively related to customer loyalty.

Kim et al. [18] proposed that satisfied customers exhibit loyalty and provide positive word-of-mouth. Thus, customer satisfaction is the antecedent of customer loyalty and cause positive influence on loyalty [19], [20]. It is known from aforesaid scientific lectures customer satisfaction causes significantly positive relationship with customer loyalty. The research Hypothesis 3 is proposed as below:

H3. Customer satisfaction is positively related to customer loyalty.

III. PARTICIPANTS AND SAMPLING

The aim of the study is to determine the relationship among experiential marketing, customer satisfaction and customer loyalty among the cosmetic products customers in Konya. Four shopping malls in Konya were selected for this survey.

Total of 170 questionnaires distributed, 151 usable questionnaires were retrieved for the final data analysis, representing a response rate of 89 percent.

The survey included several demographic questions (e.g. gender, age, marital status). The respondents were predominantly females (57.6%). The median age group of the respondent was less than the age of 30 (54.3%) and 57% of the respondents were single. About 71% of the respondents had either high school (43.7%) or university level of education (27.2%) and the remainder had primary school (19.9) or postgraduate level of education (0.09%).

IV. DATA ANALYSIS

Structural Equation Modeling (SEM) was used to test the measurement and structural models. To evaluate the psychometric properties of measurement scales and test the research hypotheses presented in Fig. 1, the component based partial least squares (PLS) approach was used. The PLS approach was selected because it is well suited for predicting data and for exploratory research models. This approach is also suitable when the distribution of the data is non-normal [21]. The SmartPLS software package (Version 2.0.M3) was used to estimate the parameters of the research model [22].

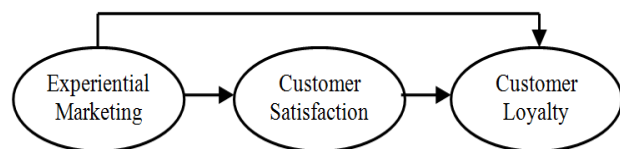


Fig. 1 Research model

Reliability test results are reported in Table I, which demonstrate measures to be robust in terms of internal consistency reliabilities as indexed by their composite reliabilities. Composite reliabilities of different measures in the research model ranged from .90 to .78, exceeding the recommended threshold level of .70 [23]. Moreover, in accordance with the recommendations of [24], the average variance extracted (AVE) for each measure exceeds the value of .50. Cronbach's alpha values are also acceptable, being greater than .70 [23]-[25], indicating that our constructs have adequate reliability assessment.

TABLE I
AVE, COMPOSITE RELIABILITY AND CONSTRUCT CORRELATIONS

	AVE	COMPOSITE RELIABILITY	EM	CS	CL
EM	0,79	0,92	0,89		
CS	0,59	0,85	0,68	0,77	
CL	0,76	0,93	0,83	0,59	0,87

EM: Experiential marketing, CS: customer satisfaction, CL: customer loyalty.

Table I also reports results of testing the discriminant validity of measurement scales. Discriminant validity of the scales is supported because the bolded elements (square roots of AVEs) in the matrix diagonals are greater in all cases than

the off-diagonal elements in their corresponding row and column.

TABLE II
PATH COEFFICIENTS AND HYPOTHESIS TESTING

Hypothesis	Relationship	Coefficient	t-value
H1	EM→CS	0,613	14.216**
H2	EM→CL	0,795	9.047**
H3	CS→CL	0.485	8.944**

EM: Experiential marketing, CS: customer satisfaction, CL: customer loyalty; *p<0.05; **p<0.01.

Results from the structural model reported in Fig. 2 show that experiential marketing was positively related to customer satisfaction ($\beta=0.613$, $p<0.05$) and experiential marketing was positively related to customer loyalty ($\beta=0.795$, $p<0.05$). Results also show that customer satisfaction was positively related to customer loyalty ($\beta=0.485$, $p<0.05$). Finally, this study also provided empirical evidence that experiential marketing has a positive effect on customer satisfaction and loyalty, customer satisfaction has a positive effect on customer loyalty. R^2 values are also at an acceptable level (see Fig. 2). These results showed that all hypotheses were fully supported.

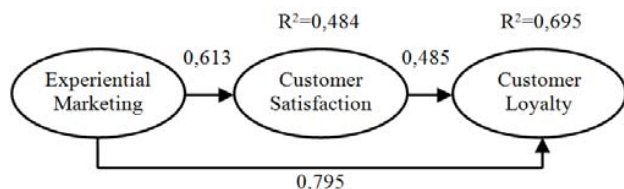


Fig. 2 Results from the structural model

V.CONCLUSION

In this study, the relationships among experiential marketing, customer satisfaction and customer loyalty among the cosmetic products customers in Konya has been examined. Considering the results of the study, a positive and significant relationship has been determined between experiential marketing and customer satisfaction. Furthermore, a positive and significant relationship has been determined between experiential marketing and customer loyalty. It has been concluded that, experiential marketing practice have importance in explaining customer satisfaction and loyalty. As with all studies, the present study has several limitations. One of them is the sample of this study which composed of a specific sector in Konya; generalizability of the findings is weak. In this respect, larger samples can be re-worked in the future research. Secondly, it should be taken into account that the data of the study have been evaluated only for a certain period of time. Because of these limitations future research should investigate the issue in other countries, settings and contexts. The research model can also be revised to include other antecedents of customer satisfaction and loyalty and investigation of mediating or moderating effects of experiential marketing and customer satisfaction on customer loyalty. Additionally, owing to the certain time constraint, when the questions to answer and hypotheses put forward are

considered, it can be suggested that realizing a periodic study can be a more suitable approach as data collection.

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