

Bilge ÇAVUŞGİL KÖSE: Born in 1984 in Adana. Took her Bachelor degree from Çanakkale Onsekiz Mart University of Tourism and Hotel Management College. She got her master degree in 2007 at Çanakkale Onsekiz Mart University, Institute of Social Sciences. She continues Phd program at the Trakya University, Institute of Social Sciences (Business Administration). She currently works as a Research Assistant for Trakya University at the Department of Business Administration.

Bilge Çavuşgil Köse, Research Assistant,

Address: Faculty of Economics and Administrative Sciences, Department of Business, Tourism and Hotel Management, Balkan Campus, Trakya University (Zip Code: 22030)

Email: bilgecavusgil@trakya.edu.tr.

Phone: 0090-284-235 71 52

THE EFFECT OF EXPERIENTIAL MARKETING ON CUSTOMER SATISFACTION AND BEHAVIORAL INTENTIONS: A RESEARCH ON SENIOR TOURISTS

Together with the progression of economic offering, the process from products to services and from services to experiences has aroused the term “experiential marketing”. Experiential marketing which aims to make products and services unique for a consumer is an important tool in gaining of customer satisfaction and loyalty via creating the customer experience. For creating a holistic experience, experiential marketing, provide customers not only use the product or services, but also help them for their development of cognitive status and acquiring unforgettable memories. The tourism product starts the race in experience economy one step ahead in terms of being private and having the nature of offering experience. This will provide an important step in creating customer loyalty if it is managed and directed properly by tourism businesses.

Primarily inspired from Bernd H. Schmitt’s experiential marketing model, this study is focused on the relationship between experiential marketing, customer satisfaction and behavioral intentions. Also, there is a lack of research on experiential marketing and senior tourism, and this research is directed to fill in the gap. Research aims to analyze the effect of experiential marketing on customer satisfaction, the effect of experiential marketing on behavioral intention, and the effect of customer satisfaction on behavioral intention in the context of senior tourists.

Keywords: *Experiential Marketing, Experience Economy, Behavioral Intentions, Customer Satisfaction, Senior Tourists*

INTRODUCTION

The notion of experience has entered the field of consumption and marketing through Holbrook and Hirschman's 1982 pioneering article. Twenty years after, this notion has gained ground to be recognized as important for what it can contribute to marketing knowledge of the consumer. As a consequence, it is the pillar of the so called experience economy and experiential marketing (Grundey, 2008: 134). In the experience economy, marketing world's strategies was undergone a change from focusing on traditional benefit-focused product and service through providing emotional customer experience. Experience is a forth and new economic offer that is different from commodities, goods and services.

On the other hand, experiential marketing is a marketing approach that is arises with development of the experience economy. Experiential marketing, as a new paradigm in the field of marketing management, tries to connect the consumers with the brands in memorable, emotional and meaningful ways by creating a one to one interaction between the both sides. In other words, experiential marketing is a consumer-focused discipline. It is a methodology based on human interaction, even if that same interaction is repeated hundreds, thousands and millions of times (Lenderman, 2006: 27).

The bond between experience economy, experiential marketing and tourism industry is slightly high. The tourism product starts the race in experience economy one step ahead in terms of being private and having the nature of offering experience. Also, there are several examples of tourism and hospitality organizations using experiential marketing.

However, there is few researchers' links experiential marketing with tourism industry, especially in Turkey. Thus, my dissertation aims to analyze the effect of experiential marketing on customer satisfaction and behavioral intention from tourism perspective. For this purpose, a descriptive research will be conducted in Istanbul. The samples of this research will choose form senior tourists visiting and accommodating in İstanbul.

LITERATURE REVIEW

Experience Economy

The term *Experience Economy* was first described in an article published in 1998 by B. Joseph Pine II and James H. Gilmore, titled "Welcome to the Experience Economy" in Harvard Business Review. In this article, authors described the experience economy as the fourth economy following the agrarian economy, the industrial economy, and the most recent service economy. According to authors, the main difference between the four economic offerings can be summarized as —*commodities are fungible, goods tangible, services intangible, and experiences memorable* (Pine and Gilmore, 1998: 98).

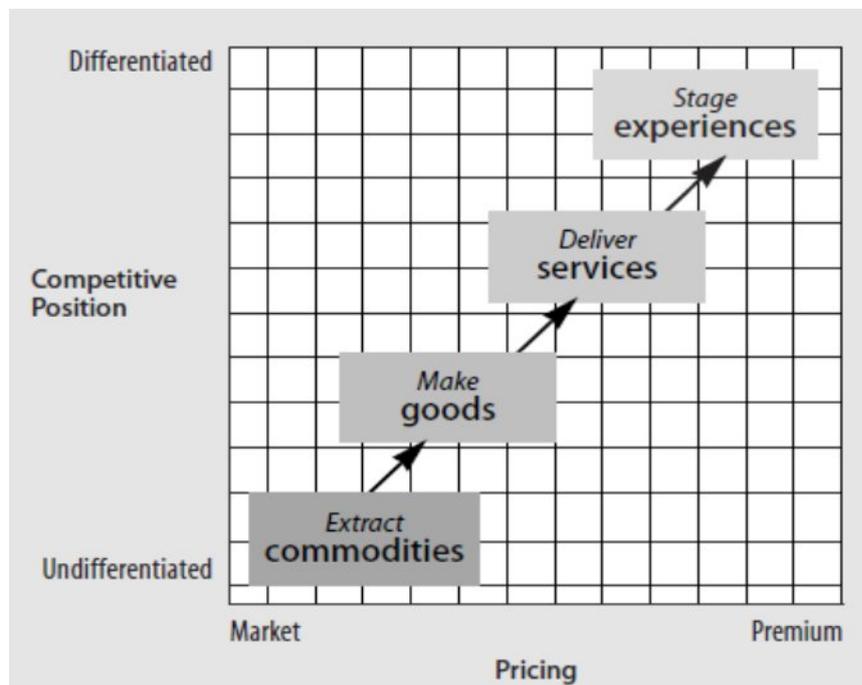


Figure 1. The Progression of Economic Value

Source: Pine II B.J. and Gilmore J.H. (1998). Welcome to the Experience Economy. Harvard Business Review. 76.4, 97-105, p. 98.

The commoditization of goods and services gives birth to experiences as the next step in the progression of economic value. Prior economic offerings which are commodities, goods and services are external to the buyer; however experiences are inherently personal, engaged

on an emotional, physical, intellectual and spiritual level. Hence, experiences differ from an individual to another (Pine and Gilmore, 1998: 99).

According to Gilmore and Pine (2002: 88), in the hospitality industry, almost any service can be leveraged to stage a more compelling experience but hospitality operators should examine ways to charge admission for experiences that they formerly created for free. In other saying experiential marketing offers tourism and hospitality marketer's the opportunity to consider a new approach to marketing; one with which to capitalize on the unique nature of tourism and hospitality products (Williams, 2006: 493).

In their outstanding article, Pine and Gilmore (1998) also suggest four realms of an experience based on customer participation and customer's connection with the event. According to authors the experience economy contains educational experiences, esthetic experiences, entertainment, and escapism experience.

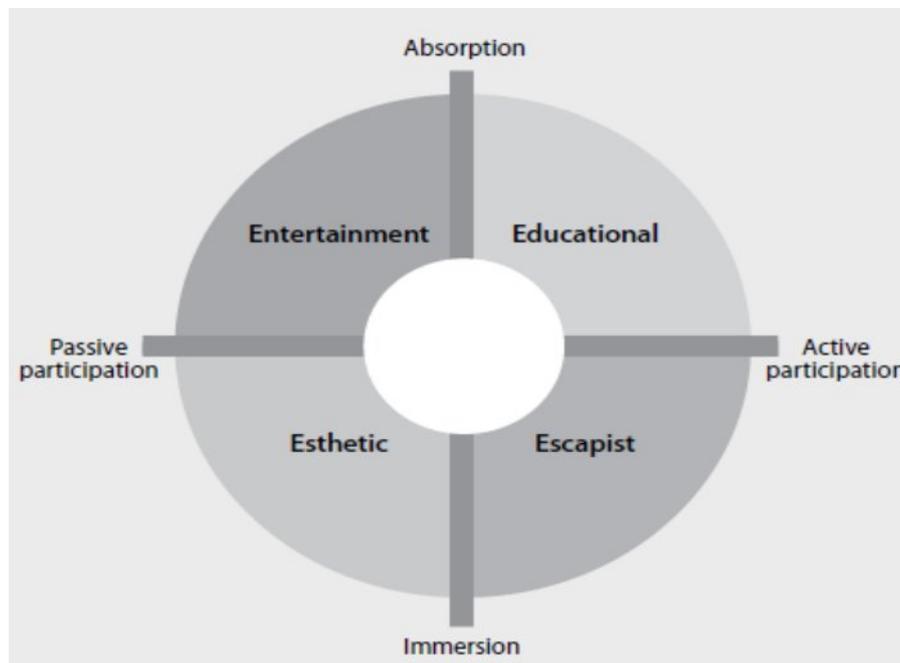


Figure 2. The Four Realms of an Experience

Source: Pine II B.J. and Gilmore J.H. (1998). Welcome to the Experience Economy. Harvard Business Review. 76.4, 97-105, p. 102.

Pine and Gilmore proposed the experience economy as an emerging paradigm for enhancing business performance across a wide range of industries, including tourism and hospitality (Oh, Fiore, & Jeong, 2007: 120). Pine and Gilmore's four realms of experience have been introduced to the tourism and hospitality literature (Gilmore and Pine, 2002). For example; the entertainment experience happens when visitors observe activities and performances of others. With educational experiences, visitors absorb the events and actively participate through the mind and/or body. In esthetic experiences, visitors enjoy being to the event without affecting or changing the nature of the environment presented to them. To gain escapism experience, visitors participate in an event to take a break from their everyday routine and escape for a while (Manthiou, Lee and Tang, 2011). In other words, the realms are not mutually exclusive and the richest experience for visitors would be one which encompasses several or even all of the realms (Leighton, 2008: 6).

Experiential Marketing

Marketing practices and research areas have been evolved in the past few decades; shifting from the focusing on product and brand management to building customer relationship marketing and finally to creating compelling customer experience through experiential marketing strategy (Maghnati, Ling and Nasermodeli, 2012: 169).

Experiential marketing concept is popularized by Bernd H. Schmitt who is a professor at Columbia Business School and manager of the "Global Brand Center". According to Schmitt while traditional marketing defines the consumers as rational decision makers concerning the functional features and benefits, the experiential marketing view consumers as rational and emotional human beings who are concerned with achieving pleasurable experiences (Schmitt, 1999: 53). Further studies corroborate with Schmitt's statement. David Wolfe (2005) said that experiential marketing reflects a right brain bias because it is about fulfilling consumers' aspirations to experience certain feelings – comfort and pleasure on one

hand, and avoidance of discomfort and displeasure on the other. In contrast, traditional product centric marketing reflects a left brain bias because it generally seeks to persuade consumers by invoking rational factors that position the advertised brand as better than competing brands. Consumers' decisions are much more influenced by emotionally generated feelings than by their rationally derived thoughts (www.agelessmarketing.typepad.com).

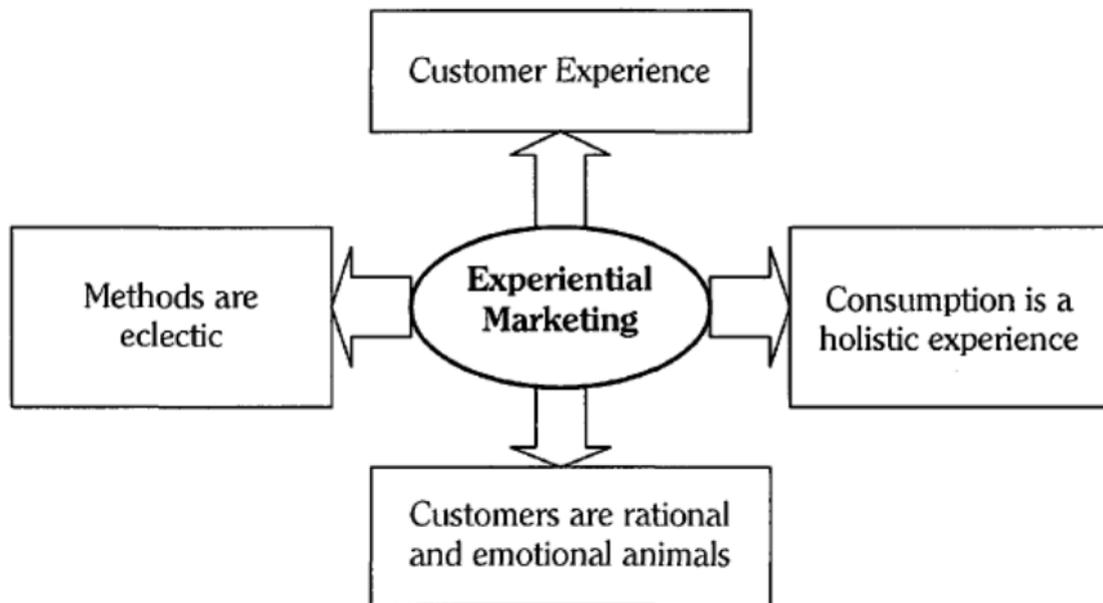


Figure 3. Characteristics of Experiential Marketing

Source: Bernd Schmitt, —Experiential Marketing, *Journal of Marketing Management*, 15, 1999, p. 58.

Experiential marketing differentiates from traditional marketing through four key characteristics. As the first characteristic, experiential marketing focuses on customer experiences. Experiences provide sensory, emotional, cognitive, behavioral, and relational values. Second characteristic of experiential marketing, stands for a movement from thinking about an isolated product along the socio-cultural consumption vector into the customer's broader space of meaning. Third characteristic of experiential marketing emphasizes on two aspects of customers; customers are emotionally as well as rationally driven and they can be thought as animals, because their physical and mental tools creating sensations, thoughts and

feelings evolved by natural selection to solve the problems of their ancestors. As experiential marketing's fourth characteristic, the methods of experiential marketing are mentioned as eclectic because some methods and tools of experiential marketing may be analytical and qualitative or they may be intuitive and qualitative and also they may be verbal or they may be visual (Schmitt, 1999).

With a strategic framework for managing experience, Schmitt (1999) proposed the concept of strategic experiential modules (SEMs) which can be used by managers to create different types of customer experiences. Based on the strategic experience model, Schmitt (1999) further divided the types of experiential marketing into five dimensions. These are:

- ***Sense***: Sense marketing, refers to the senses and tries to create sensory experiences through sight, sound, touch, taste and smell.
- ***Feel***: Feel marketing, appeals to customer's inner feelings and emotions and tries to create effective experiences that range from mildly positive moods linked to a brand to strong emotions of joy and pride.
- ***Think***: Think marketing, appeals to the intellect and tries to create cognitive, problem solving experiences that engage customers creatively.
- ***Act***: Act marketing, enriches customers' lives by targeting their physical experiences, showing them alternative ways of doing things (e.g., in business-to business and industrial markets), alternative lifestyles and interactions.
- ***Relate***: Relate marketing, covers the aspects of the other four types of experiences but additionally it relates individual experiences to consumer's ideal self.

Today, both academicians and pragmatists certify the importance of experiential marketing concept at developing marketing strategies for products and services. During last decade several books and academic researches published about experiential marketing. For example Smilansky (2009: 5) defines experiential marketing concept as, process of

identifying and satisfying customer needs and aspirations profitably, engaging them through two-way communications that bring brand personalities to life and add value to the target audience. Lee et al. (2011) defined experiential marketing as an unforgettable memory or experience that goes deeply into the customer's mind.

Customer Satisfaction

Cardozo (1965) was the first one applying the concept of customer satisfaction to marketing (Wang and Lin, 2010, 111). Customer satisfaction is defined as “an evaluative summary of (direct) consumption experience, based on the discrepancy between prior expectation and the actual performance perceived after consumption” (Suh & Yi, 2006, p. 146). According to (Grace & O’Cass, 2005), since satisfied customers realize through positive brand attitudes and redemptions, they have become an obligation for marketing.

Customer satisfaction is at the heart of all marketing activities. Measuring and managing customer satisfaction is crucial for the survival, development and success of service industries like tourism. Customer satisfaction has received considerable attention both in the marketing literature and practice in recent years (Tsaur, Chiu and Wang, 2007:51).

Behavioral Intention

Most existing models use customer evaluations of service quality or satisfaction to reveal their post-purchase behavior, which in turn reflects the consumer's behavioral intentions. These intentions should clearly indicate whether the consumer will continue with or leave the firm; they include actions such as making favorable comments about the firm recommending the firm paying a higher price, or remaining loyal to the company (González, Comesaña, and Brea, 2007: 156).

According to a model present by Zeithaml, Berry and Parasuraman (1996), behavioral intentions can be captured by such measures as repurchase intentions, word of mouth, loyalty, complaining behavior, and price sensitivity.

The relationship between satisfaction and behavioral intentions is well documented in both the tourism. Satisfied tourists are more likely to revisit and recommend the destination to others. Dissatisfied consumers are unlikely to repurchase and often engage in negative word of mouth. Therefore, revisit and recommendation intentions are indicators of positive behavioral outcome from a satisfactory tourist experience (Prayag, Hoseny and Odeh, 2013: 120).

Senior Tourism

One of the most common demographic trends identified across the globe is the ageing population of most nations. Substantial academic, government and media interest has been focused on this phenomenon, with many predictions made about the likely impact of this demographic trend on a number of sectors, including tourism (Moscardo, 2006: 30). Especially, demographic characteristics of industrialized countries are changing, as increasing proportions of their population will reach the older age bands (Gonzalez and Paliwoda, 2006: 331).



Figure 4. World population by age band (%)

Source: UNWTO, Demographic Change and Tourism, 2010, p. 64.

Senior tourism is a market that is becoming increasingly interesting for the tourism industry. This sector has seen strong development in recent years, and trends are predicting further growth (Pallaouf, Meiners and Seeberger, 2011: 230). With more money, time, and an active lifestyle, older consumers are one of the fastest-growing market segments in the travel and tourism industry (Jang and Ham, 2009: 373).

According to UNWTO (2010), increased life expectancy will mean there are larger numbers of older tourists from existing markets in developed countries. Also, there not only is an increase in older tourists expected (because they live longer and are richer) but they will be fitter and younger looking in outlook. Therefore, older tourists will have a 'younger' outlook than previous generations of older tourists and may well be more adventurous wanting to try new things. These facts clearly show the increasing importance of this market.

METHODOLOGY

The Model and the Hypotheses of Study

According to review of present literature, four research questions will address as follows

1. What are the information of demographic characteristics including gender, age, and level of education, occupation, marital status and monthly household income of visitors in this study?
2. Does the five-dimensional model (sense experience, feel experience, think experience, act experience, and relate experience) effectively measure perception of experiential marketing by visitors?
3. Do the attributes of overall satisfaction (physical facilities, staff services, products, and recreation experiences) truly reflect visitor satisfaction?

4. Do behavioral intentions (loyalty, propensity to switch, willingness to pay more, external response to problem, and internal response to problem) truly reflect visitor's behavioral intentions?
5. Does overall satisfaction affect behavioral intentions?

Proposed conceptual model in this study and the main hypotheses generated to investigate the relationships between variables are given in Figure 5.

Hypothesis 1 (H1): Visitors' perceptions of experiential marketing directly influenced visitors' satisfaction.

Hypothesis 2 (H2): Visitors' perceptions of experiential marketing directly influenced visitors' perceived behavioral intentions.

Hypothesis 3 (H3): Visitors' perceptions of experiential marketing directly influenced visitors' satisfaction and indirectly influenced behavioral intentions through visitors' perceived behavioral intentions.

Hypothesis 4 (H4): Visitors' perceptions of experiential marketing directly influenced visitors' satisfaction.

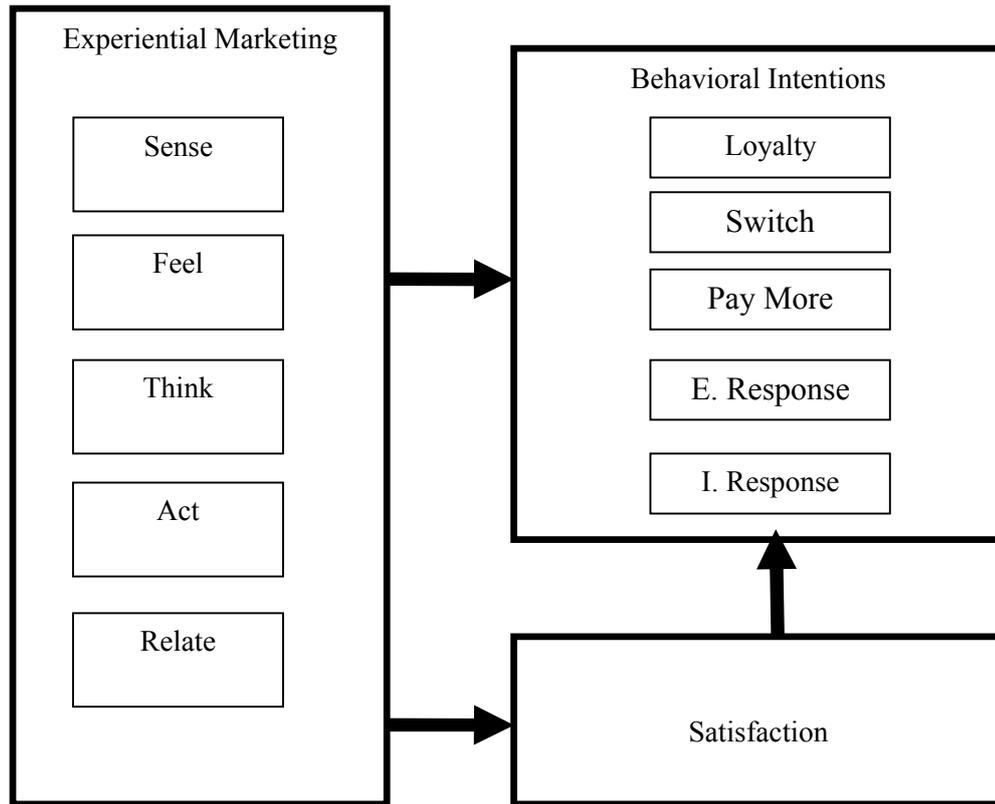


Figure 5. Conceptual Model

Data Collection Instruments

The survey develop is going to gather the necessary information for this study, which comprise two main parts. In the first part of the survey, visitors' demographic information such as gender, age, level of education, occupation, monthly household income and status of marriage are obtain to report the characteristics of the subjects.

In the second part of the survey three instruments is going to use to gather information on visitors' perceptions of experiential marketing, satisfaction and behavioral intentions. The research subjects are going to ask to indicate the level of agreement with these questions in survey on 5-point Likert scale for all questions, except the ones relates to visitors demographic information. For the three surveys, visitors will ask to rate their response to each

question from “1=strongly disagree”, “2=disagree”, “3=neither disagree nor agree”, “4=agree” and to “5 strongly agree”. According to Steiber and Krowinski (1990), the use of five level Likert scales with neutral midpoint (neither disagree nor agree) was recommended so that respondents were not forced to give an opinion if they did not have one (Lin, 2006: 62).

The measurements of experiential marketing items (sense experience, feel experience, think experience, act and relate experience) will develop from Schmitt (1999). To measure satisfaction 5 items proposed by Lin (2006) were modified. This study also will adapt an 11-item scale from Zeithaml, Berry and Parasuraman (1996) and González, Comesaña, and Brea (2007) which is composed of both favorable and unfavorable behavioral intentions. The favorable behavioral intentions include loyalty (5 items) and pay more (2 items), while unfavorable behavioral intentions consist of switch (1 items), internal response (1 items) and external response (2 items). The refinement of the questionnaire is made through hospitality academics’ review and pre-test.

RESULT

In Turkey, senior tourists’ arrivals start increasing from March to the end of the May. For this reason the data collection will start on March, 2014.

CONCLUSION

In growing world economies, it is difficult to satisfy personalized consumer needs by traditional marketing strategies. Thus, experience is becoming the best way to satisfy consumer demands. Primarily inspired from Bernd H. Schmitt’s experiential marketing model, proposal of my dissertation is focused on the relationship between experiential marketing, customer satisfaction and behavioral intentions. Also, there is a lack of research on

experiential marketing and senior tourism, and this research is directed to fill in the gap. My dissertation aims to analyze the effect of experiential marketing on customer satisfaction, the effect of experiential marketing on behavioral intention, and the effect of customer satisfaction on behavioral intention in the context of senior tourists.

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