

## **Experience Marketing: A Critical Review of Emerging Concept**

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### **Abstract**

Creating superior experience is seem to be one of the core objectives of the today's business managers. Companies, such as Google and Accenture established the customer experience departments and appointed customer experience officers. Marketing science institute has declared customer experience as the core research agenda for US markets for the year 2016-18. In this paper, we provide an overview of existing literature on customer experience. The study followed a systematic literature review methodology. The study identified most cited papers on customer experience. The period of the articles ranges from 1985 to 2015. The databases used to identify the paper are, ProQuest, Sciencedirects and google scholar. The study also provided future directions.

Keywords: Customer experience, Retail, Co-creation, Cognitive and Emotional

### **1. Introduction**

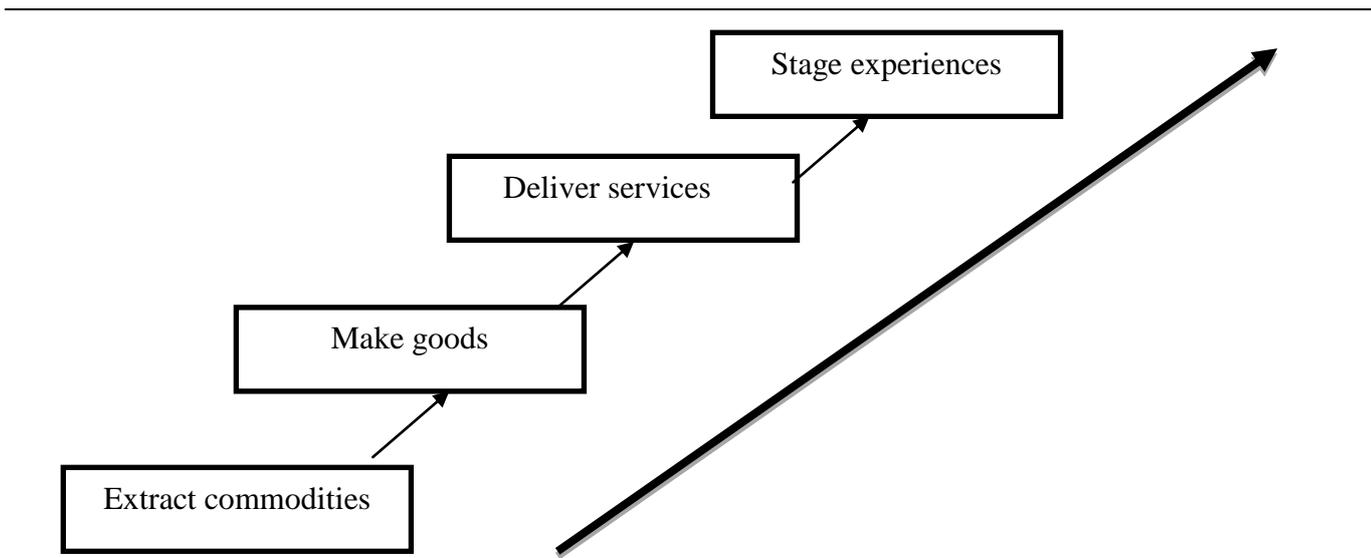
Customer economic value has advanced through three stages, and now we are entering a fourth stage that is the experience economy. The first stage, the commodity economy, was concerned with the extraction of different substances from our general surroundings. Next, beginning with the Industrial Revolution in the nineteenth century, came the manufacturing economy, where the essential monetary offering was the making of items. In the twentieth century followed the service economy, which offered the intangible services. Presently, in the twenty-first century, many developed societies are entering the experience economy, where the highest economic value lies in experience(Pine & Gilmore, 1998, p. 96).Despite the fact that the customer experience idea appears to be advanced from last three decades, it has the roots even before in the marketing literature. Abbot(1955), cited in Palmer (2010, p. 197) noted that; "What people desire are not products, but satisfying experiences. Experiences are attained through activities. So that activity may be carried out, physical objects for the services of human beings are usually needed. Here lies the connecting link between men's inner world and the outer world of economic activity. People want products because they want the experience which they hope the products will render".

However, still, the literature says that one of the first scholarly articles that explored about the customer experience was(Holbrook & Hirschman, 1982). This article differentiated the predominance of the information processing model. Holbrook and Hirschman felt that the information processing model had overlooked the critical experiential parts of consumption. According to them, customer experience includes various play full leisure activities, sensory pleasures, esthetic enjoyment and emotional responses. Palmer (2010, p. 196) argued that the current academic research has taken a particular attention to the concept of experience management. They argue that customer relationship management did not satisfy the customers up to the mark. Customer experience management may be an integrating framework that overcomes the theoretical and practical limitations of customer relationship management.

### **2. State of the art**

The term experience has multiple meanings. Some of them refer past (refer to gained knowledge in the past) and some relate to present on-going perceptions, feelings and direct observations(Schmitt, 2011, p. 59).One of the prominent definitions given byMeyer and Schwager (2007) is "Customer experience is the internal and subjective response customers have to any direct or indirect contact with a company. Direct contact generally occurs in the course of purchase, use, and service and is usually initiated by the customer. Indirect contact most often involves unplanned encounters with representations of a company's products, services, or brands and takes the form of word-of-mouth recommendations or criticisms, advertising, news reports, reviews, and so forth" (p.2). Based on a review of the "state-of-the-art literature on experience marketing (Gentile, Spiller, and Noci (2007))defined customer experience as, "The Customer Experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provokea reaction. This experience is strictly personal and implies theirinvolvement of the customerat different levels (rational, emotional, sensorial physical and spiritual). Its evaluation depends on the comparison between a customer's expectations and the stimuli coming from the interaction with the company and its offering in correspondence of the different moments of contact or touch-points"(p. 397)

**Figure 1. Experience Economy (Source based on Pine & Gilmore, 1998, p. 96)**



A study by Brakus, Schmitt, and Zarantonello (2009) defined experience in the branding context; “Brand experience is conceptualized as sensations, feelings, cognitions, and behavioral responses evoked by brand-related stimuli that are part of a brand’s design and identity, packaging, communications, and environments.”(p. 52).

### **2.1 Customer Experience Dimensions**

Customer experience is a multi-dimensional construct because of its nature. Every individual customer will have a unique experience(Gentile et al., 2007). Consumption experience includes fantasies, feelings, and fun(Holbrook & Hirschman, 1982);in a study by Dube and Lebell (2003) argued emotional, intellectual, physical and social dimensions have been identified as an integral part of customer experience. Cited in(Schmitt, 2011);Dialogue, access, risk benefits and transparency are emerging as basis for interaction between consumer and firm (Prahalad & Ramaswamy, 2004); Mood explains the shopping experience of the customers(Berry, Wall, & Carbone, 2006);Gentile et al. (2007)summarized that the customer’s experience could be described in five dimensions: sensorial, cognitive emotional, lifestyle, pragmatic, rational; social environment.Brakus et al. (2009) noted that the customer experience is multidimensional structure consists of retail atmosphere, price, retail brand; sensory, affective, intellectual, and behavioral.

### **2.2 Findings from Previous Literature**

According to Holbrook and Hirschman (1982), the past literature in the marketing ignored the experiential aspects of consumption. There is a need to explore in the consumption experience area. He brought this concept in the consumer behavior context. Later (Prahalad & Ramaswamy, 2004) felt the importance of customer experience in the co-creation context. According to them, co-creation experience is the next practice to create value to the customers. The next article on customer experience was in the service sector. (Berry et al., 2006) Said that the good customer experience is excellent customer service. Experience is the service. They proposed three experience clues that form total customer experience.

The term customer experience was also realized in the retail sector. Retailers understood the greater understanding of the customer’s experience would improve the customer satisfaction and loyalty (Bäckström & Johansson, 2006). Creating highest customer experience has been gaining increasing attention from retailers (Verhoef et al., 2009). One more area that highlighted

**Table 1. Summary of Customer Experience Literature, Findings, and Implications**

<b>Researchers</b>	<b>Focus of the study</b>	<b>Findings &amp; Implications</b>
(Holbrook & Hirschman, 1982)	Consumer behavior	Previous literature has ignored the experiential consumption aspects which include hedonic response, daydreams, emotions, play, esthetics, symbolic meanings. This study has contrasted the existing information processing model and gave light on experiential consumption view.
(Prahalad & Ramaswamy, 2004)	Co-creation experience	Co-creation experiences as the basis for value creation. The interaction between company and customer is becoming the locus of value creation. These high-quality interactions enable the customer to co-create unique experience. They proposed interaction building blocks model called (DART) dialogue, access, transparency and risk benefits.
(Berry et al., 2006)	Service experience	Clues create the service experience by influencing customer's thoughts, feelings, and behavior. Clues Classified to functional, mechanic and human clues.
(Bäckström & Johansson, 2006)	Retail experience	This study explored retail customer experience from retailers as well as consumers perspective. They found the there are differences between retailers and consumers opinions regarding determinants of experiences. Retailers say new ways, but consumers say traditional values constitute positive experience. They opted case study and critical incident techniques
(Gentile et al., 2007)	Customer Experience	Conducted an empirical study and found that a positive Customer Experience can promote the creation of an emotional tie between a firm's brand and its customers which in turn enhance customer loyalty. A firm has to maintain the balance between delivery of utilitarian (functional) and hedonic (experiential) value.
(Brakus et al., 2009)	Brand experience	Brand experience affects consumer satisfaction and loyalty directly and indirectly through brand personality associations
(Verhoef et al., 2009)	Customer Experience determinants	They proposed a model of Creation of customer experience from a holistic perspective. It includes the Social environment, the service interface, the retail atmosphere, the assortment, the price, and promotions determine customer experience and situation and consumer demographics play as moderators. They argued that the prior customer experiences will influence future customer experiences.
(Tiziana Russo, Caridà, Colurcio, & Melia, 2012)	Co-creation experience	The study is conducted to analyze the modern communication and distribution innovation used by firms to improve interaction which leads to co-creation experience. Temporary shops give a locus of value co-

creation in which the interactive and experiential relationship between the company and the customer was looked, and value co-creation rises.

(Rose, Clark, Samouel, & Hair, 2012)	Internet experience	They empirically tested the model of the relationship between antecedents and outcomes of online customer experience (OCE) within internet shopping websites using and international sample. They collected the data from 220 samples through web-based questioners. Moreover, they found that the ease-of-use and customization work together in enhancing the experience. Challenge and tele presence both positively influence OCE
(Bagdare & Jain, 2013)	Shopping experience	This study developed a valid and reliable scale for retail customer experience. They conducted a study in Indore with the sample size of 700. Moreover, the scale consisted of 12 items. This scale measures the customer's overall perception, attitude and feeling towards the retail stores. They concluded that "retail customer experience is a response to moments lived by customers in a retail store, regarding joy, mood, leisure and distinctive."
(Skarzauskaite, 2013)	Co-creations experience	The study provided an overview of existing theoretical models on co-creation. Value co-creation includes involvement, integration of resources and coordination. After viewing the past literature, they concluded that there is a high need for empirical testing models for managing co-creation.

the experience of the customer was branding; Understanding how purchasers experience brands is basic for creating promoting goods and services (Brakus et al., 2009). A Recent study by Rose et al. (2012) insisted the online retail customer experience and its impact. A more detailed review of past literature is provided in Table 1 "Summary of customer experience literature, findings, and implications."

However, the focus on experiences is widely spread, in practice as well as in theory, knowledge about what causes the experiences is rare (Bäckström & Johansson, 2006). The literature that emphasizes the importance for retailers to focus on determinants of experiences often lacks both definitions of central concepts and empirical support (Verhoef et al., 2009). The theoretical understanding of online shopping behavior has received much attention, but the less focus has been given to the formation of the customer experience at online retailing (Rose et al., 2012). Existing models are based on a small number of case studies and qualitative data which is not always appropriate when building measuring tools (Skarzauskaite, 2013).

### 3. Findings and future directions

The objective of the study is to review the customer experience literature and provide future directions. Firstly, the study identified that there are ample of papers which established the conceptual understanding of customer experience. However, empirical evidence is few. Thus, the future studies should be able to provide empirical works. Specifically, very few studies have attempted to develop and validate customer experience scale. There is a need to operationalize the customer experience construct that can be used in all service settings.

Secondly, most of the studies are developed service consumption in an offline context. As the today's markets enter into an online platform, there is a need to examine the customer experience in

online context. Thirdly, there are adequate studies in tourism context on tourist experiences, but very few studies are there in non-experience settings, such as passengers travel experience by bus or train.

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