
THE IMPORTANCE OF ESTABLISHING CUSTOMER EXPERIENCES

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Abstract:

Recently, companies have apprehended the fact that customers want more than merely products or services and have proceeded in providing value creation through customer experiences. Experience marketing has emphasized the need to stimulate, entertain and affect consumers at an emotional level in order to create the premises for an experience in consumption. The repercussions for the experience marketing approach can range from brand advocacy, word-of-mouth, to loyalty and motivation to buy such an experience. Therefore, companies need to manage these experiences and pay attention to the moments of truth the customer has with the organization in question.

Keywords: *experience marketing, customer experience, consumer behavior, customer empowerment, value co-creation.*

1. Introduction

Experience marketing has been a topic for thirty years, when Holbrook and Hirschman introduced the idea that consumer behavior also has an experiential dimension (1. Holbrook and Hirschman, 1982, pp. 92-101). From that point forward, marketers paid attention to how customer experiences could have a positive influence particularly in service marketing.

Companies have long tried to establish the premises of the ultimate customer experience because it can lead to the highest level of customer loyalty. A customer experience can influence consumer behavior much more than an excellent product or

a service does. Therefore, a customer experience orientation and a marketing strategy in this perspective can be visible brand differentiators in today's cluttered marketplace.

Recent definitions of customer experience include that "The customer experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction. This experience is strictly personal and implies the customer's involvement at different levels (rational, emotional, sensorial, physical, and spiritual)" (2. Gentile, Spiller, and Noci 2007, p. 397).

A second and related definition is that "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 representatives of a company's products, service or brands and takes the form of word-of-mouth recommendations or criticisms, advertising, news reports, reviews and so forth." (3. Meyer and Schwager 2007, p. 118).

In *The Experience Economy* (Harvard Business School, 1999), authors Pine and Gilmore wrote: "Experiences are events that engage individuals in a personal way and the value of the experience lingers in the memory of any individual who was engaged by the event." The authors discuss the idea of plotting, charting and expanding on the economic value of customer experiences. Also, Pine and Gilmore refer to customers not as just buyers of goods and services, but as buyers of experiences. Using a long-term perspective, the authors have distinguished four stages in the progression of economic value: commodities, goods, services and experiences (4. Pine and Gilmore, 1999).

Bernd H. Schmitt coined the term experiential marketing (in his book of the same name) and forecasted: "The degree to which a company is able to deliver a desirable customer experience and to use information technology, brands, and integrated communications and entertainment to do so will largely determine its success in the global marketplace of the new millennium." (5. Schmitt, 1999).

2. Managing the Customer Experience

Companies compete best when they combine functional and emotional benefits in their offering. Emotional bonds between companies and customers are difficult for competitors to sever. To compete successfully in this territory, a growing number of organizations are systematically applying the principles and tools of customer-experience management to strengthen customer loyalty. Unlike many product or service enhancements, the holistic nature of these experiential designs makes them very difficult for competitors to copy (6. Berry, Carbone, Haeck, 2002).

Many companies are trying to incorporate the customer experience in their marketing practice. For example, Valero Energy Corporation is committed to ensuring a positive retail experience for customers by focusing on convenience, value and quality. Dell computers focuses on delivering the best customer experience in the

markets the firm serves, while Toyota's mission statement is to sustain profitable growth by providing the best customer experience and dealer support (7. Verhoef, Lemonb, Parasuraman, Roggeveen, Tsiros, Schlesinger, 2009, p. 31). Similarly, it has been argued that the success of Starbucks is based on creating a distinctive customer experience for their customers (8. Michelli 2007).

To master customer experience and create an appropriate framework which could lead to higher customer loyalty, companies should:

- **Emphasize the customers' need** – This may seem obvious, however companies seem to focus too much on how to improve the product in terms of adding new features, not so much on trying to figure out what customers actually want, which may be fewer features, a simpler product or just a different product. Stressing on the needs of customers should involve everything from product development to social media strategies.
- **Make sure every interaction is memorable** – Nowadays, consumers are subject to influences from far more sources than five or ten years ago, also there are more touchpoints offline and online, especially considering how many new social networks exist today and how many people get involved and want to share what they consume with their peers. Also, companies should pay attention to customer feedback and act rapidly and proactively.
- **Embed the customer experience in the culture of the company** – This aspect is related to customer orientation and the need for the company to go beyond just promoting a consumer focus in its internal environment. Everyone in the organization should be invested and committed in providing an engaging consumer experience. Employees should also be taken into consideration, involved and engaged in this transformation. Therefore, employees feel empowered in the process of delivering great and memorable customer experiences.

Guidance for creating marketing experiences from Pine and Gilmore (1998) includes the steps of developing a coherent theme around which to stage the experience, building positive and consistent impressions in the customer's mind (while eliminating any negative and inconsistent impressions), tangibilizing the experience with memorabilia, and engaging all five senses in creating a memorable event. Thus the experience is planned, communicated, staged and delivered to the customer (9. Tynan and McKechnie, 2009, p. 504).

3. A Holistic Customer Experience

Verhoef and Parasuraman (7. Verhoef, Lemonb, Parasuraman, Roggeveen, Tsiros, Schlesinger, 2009, p. 32) stated that the customer experience is "holistic in nature and involves the customer's cognitive, affective, emotional, social and physical responses to the retailer." Furthermore, the experience is based on more than just the factors a company can control (e.g., price, atmosphere, product); it also depends on the elements that can not be adjusted and constrained (e.g., word-of-mouth, electronic-

word-of-mouth, purchase intent). Therefore, the customer experience comprises the total experience, starting from the search, continuing with the purchase and consumption, and then with the after-sale experience, which may or may not involve cognitive dissonance.

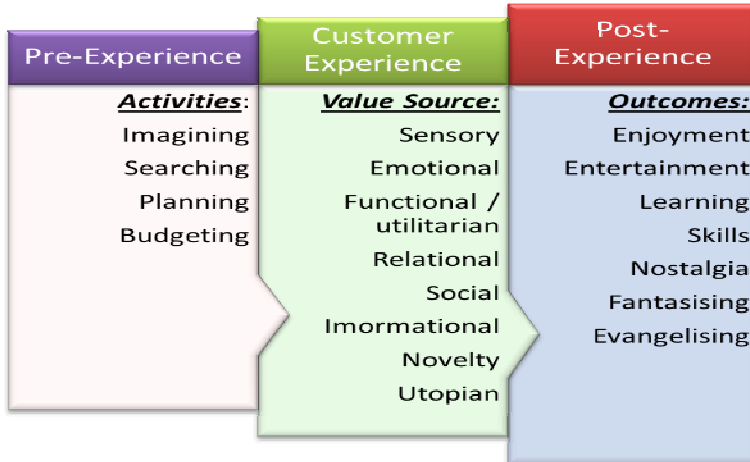


Figure1. The customer’s holistic experience

(Adapted from Tyan and McKechnie, 2008, p.509)

The figure above presents the holistic nature of how customers perceive their experience. In a first phase, the customer starts by searching for information about fulfilling a particular need, and then he images how the experience might be, plans and budgets accordingly so that he can eventually get the desired experience.

In the second phase, the actual experience happens. If customers can see, smell, taste or hear, they are experiencing a clue. Sensory elements can incite interest and can motivate consumers to relate to a product or company and thus develop an image and as a consequence certain feelings. Feelings are closely related to action, whether is it an immediate purchase or an intent to buy at a certain moment in time. Rational economic consumer choices are driven by utilitarian meaning where customers seek out functional value. Furthermore customers can acquire value through the consumption of novel experiences and from utopian meanings with respect to the consumer’s relations with place and space (9. Tynan and McKechnie, 2009, p. 509).

The last phase a customer’s holistic experience implies the different outcomes from the consumer’s perspective. Therefore, the experience may have generated enjoyment and entertainment in the best case scenario, or the consumers may have learned something new. Also, they may also have experienced nostalgia from reminiscing something familiar. Furthermore, consumers may engage in fantasizing of an ideal experience or they may evangelize to others the experience and thus promoting word-of-mouth and persuading other potential customers to engage with the company providing the experience.

4. Customer Empowerment

In order to achieve a valuable customer experience, companies need to find out what customers value, what touchpoints do they use in interacting with the product or service, and how can the company co-create more value together with the customers. Therefore, companies should create and provided the premises for customer empowerment.

Co-creation is a term coined by C.K. Prahalad that describes a new approach to customer innovation. Prahalad and Krishnan in *The New Age of Innovation* observed the new ways of creating product and experience through collaboration by companies, consumers, suppliers, and channel partners interconnected in a network of innovation. (10. Prahalad) Furthering this idea, a product experience is not happening on its own; it represents the accumulation of individual consumer experiences that creates the most value for the product. When individual consumers experience the product, they personalize the experience according to their own unique needs and wants. (11. Kotler, 2010)

Informed, networked, empowered, and active consumers are increasingly co-creating value with the firm. According to Prahalad (12. Prahalad and Ramaswamy, 2004) value is not added to goods, or created by services, but is embedded in the actual personalized experiences created through active participation. However, from the customer's perspective, co-creating value involves a certain amount of risk the customer is experiencing in the form of sharing sensitive information and privacy matters.

5. Customer Experiences in Digital Marketing

Apparently, the online environment is a consistent provider of customer experiences, where consumers are empowered and engaging in different online tools that companies provide for personalized and co-created experiences.

There is an increasing number of websites and social networks that offer a consumer experience that pursues intense emotions, whether they aim at engaging with online communities and friends, it is a clear fact that people want to share and experience different interests across borders.

By now, everyone knows the power of Facebook, Twitter, Google+, YouTube, and LinkedIn; and every company out there utilizes this power in constructing the social media strategy of interactive marketing.

Now there is a new social bookmarking site, namely Pinterest that is driving more traffic than YouTube, Google+ and LinkedIn combined. Pinterest is great from a customer experience perspective because it gives the opportunity to present interests and interact accordingly. Therefore, consumers and companies can interact and co-create value through a new touchpoint that has the consumer at its core.

6. Conclusion

Customer experience provides the blueprint for excellence in marketing. Companies should constantly strive for improvement and a better understanding of their customers, as well as manage customer interaction to strengthen brand equity and ultimately improve long-term profitability.

The ultimate goal of an experience marketing is to create holistic experiences for individuals so that they can sense powerful feelings towards a certain product, service, company or brand. Therefore, customer experiences can be used so that products do not become commodities in today's fast moving and engaging online and offline environment. Moreover, a great customer experience that "wows" can lead to the coveted consumer delight and brand advocate.

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