



“STUDY OF IMPLEMENTATION OF EXPERIENTIAL MARKETING USING 3 P’S FOR BANKING INDUSTRY WITH REFERENCE TO NASHIK CITY”

Geeta Narang* Dr. Joe Lopez**

*Assistant Professor & Coordinator, Wisdomhigh International School and Junior, College, Nashik..

**Research Guide, Sinhgad Institute of Management Research Centre, Pune.

Introduction

A large part of local, grass root marketing is Experiential Marketing, which not only communicates features and benefits but also connects a product or service with unique and interesting experiences. “The idea is not to sell something, but to demonstrate how a brand can enrich a customer’s life.” Experiential Marketing is the art of creating an experience where the result is an emotional connection to a person, brand, product, or idea. It is in a way an extension of consumer oriented marketing. The idea of 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.

“Experiential Marketing has a positive effect in every part of the key consideration metrics set by brands, including brand awareness, brand recall and purchase intent.” According to experts, experiential marketing has a particular benefit in today’s media-fragmented world, in which it is increasingly difficult to gain attention with traditional advertising. “Now more than ever, people crave connection and affiliation,” says Derek Drake, CEO of Seattle-based RALLY Marketing Group (formerly Passage Events). “We’re seeing tremendous amounts of traditional media dollars being shifted into the space,” says Chris Weil, global chairman and CEO of Momentum Worldwide. The goal of experiential marketing is to establish the connection in such a way that the consumer responds to a product offering based on both emotional and rational response levels. Appealing to a variety of senses, experiential marketing seeks to tap into that special place within consumers that has to do with inspiring thoughts about comfort and pleasure, as well as inspiring a sense of practicality. In order to engage in experiential marketing, it is necessary to engage as many of the senses as possible. Striking displays with powerful visual elements, such as websites, and visual media such as print ads should not only be visually appealing, but also conjure up daydreams of locales and reminders of sensations that are enjoyable to the individual. When used to create customer experiences of this nature, a sense of rapport between the product and the consumer is established that helps to make the good or service more desirable with each encounter.

Banking Industry

Banking Industry is one of the most important service industries which touch the lives of millions of people. Its service is unique both in social and economic points of view of a nation. Earlier the attitude of banking service was that it was not professional to sell one’s services and was unnecessary in the sense that traditional relationships and quality of products were sufficient to carry forward the tasks.

Indian banking sector historically passed through five stages: pre-independence, post-independence, pre-nationalization, nationalization and post-liberalization stages. In all these stages, other than the last stage, marketing was always considered not to be a banker’s cup of tea. But today it is considered to be an integral management function in the banking sector. Banking is an industry that is built on trust. Customers deposit their money with a bank only if they trust the bank and the bank gives loans to the customers only when it trusts them. Banks do business with customers’ money by accepting deposits from them and by giving loans on interest for any bank to conduct business; initially it is the trust that matters, not the capital it owns.

Objectives of the Research

1. To investigate if 3 Ps (People, Place and Promotion) and effect of experiential marketing are correlated.
2. To study effect of experiential marketing on satisfaction of the customers.
3. To study if experiential marketing along with 3 Ps have any effect on satisfaction with the banks.



Literature Review

Experiential Marketing can be defined as, ‘a live interaction between a brand and a consumer that is sensitive to the brand’s values, impactful, memorable, and capable of generating lasting positive relationship. Experiential marketing is essentially concerned with the six senses: smell, vision, taste, hearing, touch, and balance’ (Schmitt, 1999)¹.

You-Ming (2010)², who explains experiential marketing as a “..kind of face-to-face communication method, which mainly raises customers’ physical and emotional feelings so that customers expect to be relevant and interactive to some brands and to feel and experience wholehearted.”

Pine and Gilmore (1998)³ argued that more and more marketers are moving away from traditional “feature-and-benefits” marketing toward creating experience for their consumers. It is also argued that consumers are both rationally and emotionally driven.

Huang (2005)⁴ examined the relationship of constructs among experiential marketing, brand image, experiential value, customer satisfaction, and behavioral intention. Survey analysis of customers at the Starbucks service setting found that experiential marketing has positive relationship on experiential value. Hence, on these grounds, it might be concluded that experiential marketing emphasizes on providing a unique and unforgettable experience so as to boost consumer’s experiential value. In other words, experiential value is derived from experiences; for this reason, good experiential marketing brings about experiential perceived value.

Smilansky(2009)⁵ in his book on experiential marketing advocates that it is the word of mouth and through the recommendations of the consumers that makes the users experience the brand. The outcome of this is it strengthens the brand relationship and increases loyalty towards the brand. Through the experience it sometimes communicates the superiority of the product over its competitors, the innovative features and benefits are clearly communicated through the process. The author further says that experiential marketing is an integrated methodology, which always engages its target audiences with the real brand relevant messages that adds value to the product. He further says that in experiential marketing a two way communication between the brand and target audience should be exchanged. Now the experience brands are those that embrace the customer experience wholly, gaining a significant competitive advantage. Today companies are shifting their budget from the traditional advertisement towards experiential approach to marketing and activating brands.

The primary objective of the study conducted by Mahmood, and Khan, (2014)⁶ was to analyse the impact of the 7Ps on customer perception. The primary data was collected from 315 respondents using convenient sampling method. In the opinion of the author, 4 Ps: price, promotion, people and physical evidence were the most influential components. Whereas product, place process were found to be weak influential factors. The bank should provide proper attention to the 4 important aspects while formulating and implementing their marketing strategy.

The research conducted by Cengiz and Yayla (2007)⁷, examined relationship between Marketing mix and word of mouth communication. Researchers developed a model and tested it with the Structural Equation Modelling. The result of the analysis showed that Price, product, promotion and place have effect on word of mouth communication. This study suggests that practitioners can use marketing mix elements to increase customer loyalty and word of mouth activities which in turn can increase customer satisfaction.

Research Methodology

Judgmental Sampling method is used for selecting samples for this study. Judgmental sampling is a non-probabilistic sampling technique. People who said that they have bank account were requested to respond to the questionnaire. Researcher approached people at banks in Nashik city to get the primary data. Both primary and secondary data is used in this study. Primary data is collected through structured questionnaire. Total 400

responses were collected from the respondents. Total 730 bank customers were approached out of which only 400 respondents responded to the questionnaire.

The questionnaire was developed by considering research work of Schmitt (1999)¹. The first draft of the questionnaire contained 49 items. This questionnaire was given to research experts for their views and simultaneously was used to collect responses of some customers of bank. Based on views of experts and customers the questionnaire was edited. The second draft was containing 41 items. The first subscale in the questionnaire was of Experiential Marketing and was containing 8 items. Other three subscales were for checking customers' perception of 3 Ps- Place, Promotion and People. Place subscale contained 9 items, People subscale contained 10 items and the subscale for promotion was containing 5 items. The last subscale was to investigate the satisfaction level and was containing 3 items. All of these subscales were having close ended questions based on 5 point Likert's scale where 1 was representing Strongly Disagree and 5 was representing Strongly Agree. In addition to these subscales the 7 other items were included to collect demographic information of respondents.

Data Analysis

Reliability of the scale

To check the reliability of the scale Cronbach's alpha value was observed. It was found that the Cronbach's value is greater than .7 (table no. 1). Therefore the scale was considered reliable.

Table No.1, Reliability Statistics

Cronbach's Alpha	No of Items
0.890	41

Descriptive Statistics

Table no. 2 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Mean of Experiential Marketing	417	1.00	5.00	3.4556	0.62678
Mean of Place	417	1.00	5.00	3.6835	0.80595
Mean of People	417	1.00	5.00	3.8201	0.85134
Mean of Promotion	417	2.00	5.00	3.7770	0.75041
Mean of Satisfaction	417	1.00	5.00	3.8273	0.92191
Valid N (listwise)	417				

The descriptive statistics show that for all subscale the mean value is higher than 3.4. This indicates that most of the respondents agree with the statements given in the questionnaire.

To get better insights into data inferential analysis is also carried out as follow.

Hypotheses Testing

H₁- Experiential marketing and customer satisfaction are significantly correlated
 Pearson correlation test was used here. The result is shown in following table.

Correlations- Experiential marketing and customer satisfaction

		Mean of Experiential Marketing	Mean of Satisfaction
Mean of Experiential Marketing	Pearson Correlation	1	.661(**)
	Sig. (2-tailed)		.000
	N	417	417
Mean of Satisfaction	Pearson Correlation	.661(**)	1
	Sig. (2-tailed)	.000	
	N	417	417

** Correlation is significant at the 0.01 level (2-tailed).

The Pearson correlation coefficient is .661 and is significant since the p value is less than .01. This indicates that as implementation of experiential marketing increases customer satisfaction also increases significantly. The high value of coefficient indicates strong positive correlation.

H₂- Experiential marketing and customer loyalty are significantly correlated.

Correlation- Experiential marketing and Customer loyalty

		Mean of Experiential Marketing	Mean of Loyalty
Mean of Experiential Marketing	Pearson Correlation	1	.494(**)
	Sig. (2-tailed)		.000
	N	417	417
Mean of Loyalty	Pearson Correlation	.494(**)	1
	Sig. (2-tailed)	.000	
	N	417	417

** Correlation is significant at the 0.01 level (2-tailed).

Table shows that the Pearson correlation coefficient is .494 and is significant since the p value is less than .01. This indicates that as implementation of experiential marketing increases customer satisfaction also increases significantly. Since the correlation coefficient is high the correlation is strong and positive.

H₃: 3 Ps (People, Place and Promotion) and effect of experiential marketing are significantly correlated.

Correlations

		Mean of Experiential Marketing	Mean of Place	Mean of People	Mean of Promotion
Mean of Experiential Marketing	Pearson Correlation	1	.496(**)	.510(**)	.528(**)
	Sig. (2-tailed)		.000	.000	.000
	N	417	417	417	417
Mean of Place	Pearson	.496(**)	1	.568(**)	.420(**)

	Correlation				
	Sig. (2-tailed)	.000		.000	.000
	N	417	417	417	417
Mean of People	Pearson Correlation	.510(**)	.568(**)	1	.445(**)
	Sig. (2-tailed)	.000	.000		.000
	N	417	417	417	417
Mean of Promotion	Pearson Correlation	.528(**)	.420(**)	.445(**)	1
	Sig. (2-tailed)	.000	.000	.000	
	N	417	417	417	417

** Correlation is significant at the 0.01 level (2-tailed).

The Pearson Correlation coefficient for all 3 Ps and experiential marketing is positive and significant since the value of significance ($p < .01$) is less than .01. This indicates that experiential marketing has significant positive impact on perception about people, place and promotion of banks.

H₄: Experiential marketing along with 3 Ps have significant effect on satisfaction with the banks
 Regression analysis is used to test this hypothesis.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.790(a)	0.624	0.620	0.56817

a Predictors: (Constant), Mean of Promotion, Mean of Place, Mean of Experiential Marketing, Mean of People

From model summary it can be observed that the Adjusted R square is .620. This means that the 62% of variations in satisfaction occur due to experiential marketing and 3 Ps.

Result of one way ANOVA for this model is given below.

Anova(B)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	220.568	4	55.142	170.815	.000(a)
	Residual	133.000	412	.323		
	Total	353.568	416			

a Predictors: (Constant), Mean of Promotion, Mean of Place, Mean of Experiential Marketing, Mean of People

b Dependent Variable: Mean of Satisfaction

It suggests that this model is good fit. ($p < .01$)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.684	.178		-3.840	.000
	Mean of Experiential Marketing	.465	.058	.316	8.063	.000
	Mean of Place	.083	.044	.073	1.877	.061
	Mean of People	.355	.043	.328	8.336	.000
	Mean of Promotion	.329	.045	.268	7.252	.000

a. Dependent Variable: Mean of Satisfaction

The above coefficient table shows that except for Place ($p > .05$) all other independent variables have significant impact on satisfaction of the customer. This indicates that satisfaction is dependent on experiential marketing, perception of employees of the bank (people), perception of promotional activities of the banks.

Findings and Discussion

Results show that the effect of experiential market is moderately high. This indicates that banking industry uses experiential marketing effectively. Hypotheses testing show that among all demographics gender and education level. Further it was found that Customer satisfaction and Customer loyalty both are significantly positively correlated with experiential marketing. It means as effect of experiential marketing increases the satisfaction and loyalty also increases significantly. Therefore practitioners should practice experiential marketing more often to keep customers happy and satisfied. Emotionally engaged customer is an asset to the organization as they recommend their friends, relatives to use the services of the particular organization. It was found that satisfaction is a function of experiential marketing and 3Ps of marketing. It was also found that experiential marketing and perception of people, place and promotion of banks are significantly correlated.

Limitations and Scope for Future Studies

The study includes respondents from Nashik city only. Therefore the generalization of findings is difficult. Furthermore the study includes banking industry only. Future studies may include different cities/ areas for generalization purpose. Future studies may also include other service sector to understand the effect of experiential marketing. The satisfaction and loyalty of customers may get affected due to other factors also. Such factors may also be included in the study to understand the magnitude of effect of experiential marketing on satisfaction and loyalty in presence of other factors.

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