



TITLE- A STUDY ON CUSTOMER SATISFACTION AND LOYALTY AS A FUNCTION OF EXPERIENTIAL MARKETING IN BANKING INDUSTRY

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Abstract

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. The study focuses on experiential marketing and its effect on customer satisfaction and loyalty. For this purpose 417 responses were collected through a structured questionnaire and analysed using SPSS. The results show that experiential marketing has significant impact on customer satisfaction and loyalty. Implications for practitioners and limitations are given in this paper.

Key Words- Experiential Marketing, Banking, Customer satisfaction.

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 may lead to brand recall, brand awareness and brand loyalty. Experiential marketing can be implemented in goods and services industry also. The main objective of experiential marketing is to connect customer with the brand through emotions, feelings and senses.

In India very less research has been conducted in service industry particularly in banking sector pertaining to experiential marketing. This research focuses on implementation of experiential marketing in banking and its impact on customer satisfaction and loyalty. The study focuses on following objectives-

- 1.To study the effect of experiential marketing in banking industry.
- 2.To study if experiential marketing has any effect on satisfaction with the banks.
- 3.To study if experiential marketing has any effect on satisfaction with the banks.

Literature Review

Smilansky(2017)¹ explains the importance and significance of experiential marketing in today's scenario. As experts say, continuous hammering of a message or an idea leads to existence of that message/idea in subconscious mind and at the time of actual purchase, will be recalled unintentionally. Hence the marketing policy of continuous bombarding was applied by many a few decades back. This approach seems to be outdated. Now marketing people have realized the importance of customer loyalty, customer relations and so on. One loyal customer creates a chain of loyal customers by sharing his positive experience about the brand, by recommending the product. In turn becomes a salient advertiser of the product. Thus experiential marketing supersedes the traditional marketing. Experiential marketing deals with building relationship with customers by extending them after sales service, educating them about the features and utility of the product and so on. With many examples the book simplifies the experiential marketing approach and explains the requisite communication strategies to be implemented for experiential marketing. The book advocates two way communications between the brand and the target audience.



The book also highlights the importance of AIDA: Awareness, Interest, Desire and Action as stages in marketing adding to it 'S' as satisfaction. Today differentiation based on the other 6 Ps like Product, price, promotion, place can be easily mitigated by the competitors. Experiential marketing can act as a differentiator.

Datta (2017)² conducted an observatory study. The study differentiates the traditional marketing processes with experiential marketing. Consumers found self-experience of a product or service better than the product or service described by the marketer through explanation and demo. Traditional marketing stresses the rationality aspect of consumer behaviour while experiential marketing along with rationality, takes into consideration the emotional aspect. Experiential marketing gives importance to the emotional aspect by building relationship, creating awareness, creating memories and so on. However the experiential marketing strategy differs across the product and services. In the opinion of the author the experiential marketing strategy should be customized as per the requirement of the product or service for which it is to be developed and implemented.

Ahmad, Mir & Ahmad (2013)³ based their study on primary data collected through questionnaire. The article focuses on the impact of the 3 Ps (People, Process and Physical evidence) on customer satisfaction in retail banking. Strong correlation has been observed in physical evidence and customer satisfaction. The study concluded that effective communication with customers, good infrastructure and effective ways of providing services impact positively on customer satisfaction of the bank.

Uecharoenkit, (2013)⁴ conducted a study which was intended to understand the relationship between brand experience and consumer loyalty in the field of luxury cosmetic brand industry in Thailand. Both quantitative and qualitative information was sought for through a survey and through personal interviews. The author has divided the brand experiences into five categories: 1. Sensory Experience, 2. Affective Experience 3. Intellectual Experience, 4. Behavioural Experience and 5. Social Experience. The impact of each of these experiences on consumer loyalty was studied through consumer satisfaction and brand trust. The author has stated that the brand experience has a behavioural impact and has direct effect on consumer loyalty while indirect effect on consumer satisfaction. The study was based on primary data collected through structured questionnaire from 483 consumers (Quantitative analysis) and semi structured interviews of 22 consumers. Statistically significant relationship has been observed between brand experiences, as independent variable and brand personality, brand trust and consumer satisfaction as dependent variables.

Mohammad, H. I. (2015)⁵ undertook a study to understand the effect of 7 Ps of marketing on the satisfaction of bank customers in Northeast states of Nigeria. Stratified random sampling method was used to collect data from 405 customers from the total population of 5590. The data was collected from 4 states of northeast Nigeria with 16 defined clusters. The effect of each of the 7 Ps of marketing (Product, Price, Place, Promotion, People, Process and Physical Evidence) on customer satisfaction of the bank was analysed. Three out of the 7Ps: Product, Process and physical evidence were found to be significantly related to customer satisfaction. Process was found to be the most influential driver of customer satisfaction. Whereas the remaining 4 Ps: Price, Promotion, People and Place were found to be less influential and not significantly related to customer satisfaction. Price found to be the least influential factor. Considering the significance of each one of these 7 Ps, the marketing strategy has to be decided. The author has suggested customised product range to cover different segments. The author also has suggested for creating conducive environment, providing proper training to the personnel, simplification and streamline of processes.

The primary objective of the study conducted by Mahmood, & 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.



Rahman, Z. (2006)⁷ Customer loyalty is found to be the antecedent of the success and sustainability of a service organization. The study attempts to analyse the relationship between experience and loyalty. Price and product differentiation no longer play dominating role in customer retention and customer loyalty. Customer relationship management and customer satisfaction now become the dominant factors contributing to the growth and success of an organization. Loyal customers are found to be cost free ambassadors and marketers of the services provided by the bank. Mouth publicity through loyal customers has a wide spread impact on the reputation and goodwill of the bank. Customer loyalty cannot be measured in terms of repetitive purchases or increase in purchases. The author used a modified “loyalty acid test” to measure the relationship between the loyalty and experience. On analysing the data the loyalty- profitability matrix was formed. Flow less and quick service delivery was expected by the customers. Proper relationship with customers has to be established through effective relationship management. Customer satisfaction level was found to be satisfactory for the bank; however the bank has to put more efforts to create customer delight. The author has recommended classifying customers into a few groups as per their requirements and aptitude. The author also suggested that customized services are to be provided to these groups as required.

Rajput, N., Arora, S., & Bagdi, N. (2013)⁸ investigated the difference between experiential marketing practices from traditional marketing practices. The authors have explained the concept of experiential marketing, its significance in today’s world. The article explains how the successful implementation of experiential marketing strategies by a few Indian companies helped them to achieve effective results. The eight companies and the experiential marketing strategies discussed were: Coca cola, Micromax, Bisleri, homeshop18 Mahindra Monastery Escape campaign by Mahindra, Puma Social club by Puma, Maybelline, Nestea a joint venture of Nestle and Coca cola. Significant and positive relationship has been observed between experiential value, experiential marketing, and purchase behavior and customer loyalty.

Chang and Chieng(2006)⁹ focused on Individual Experience and shared experience as independent variables and how they influenced on brand association, brand personality, brand attitude and in turn consumer- brand relationship and brand image. The study was based on the primary data collected from 611 consumers through structured questionnaire. The Exploratory factor analysis was carried out. The study revealed that individual experience has a significant impact on brand association, brand personality and brand attitude. It was found that the effect of shared experience on brand association was far lesser as compared to individual experience. The study also revealed that brand association and brand personality together influenced the brand image and brand attitude significantly. Brand association and brand image were found to be the strong influencing factors. Individual experience significantly and positively influences the consumer – brand relationship for one group of respondents while shared experience was found to be influencing factor in case of the other group of respondents.

Hypotheses of the study

Based on literature review following hypotheses were framed.

H₁- Customer’s demographic characteristics and implementation of experiential marketing are significantly related.

H₂- Experiential marketing and customer satisfaction are significantly correlated.

H₃- Experiential marketing and customer loyalty are significantly correlated.

Research Methods

A structured questionnaire is prepared with the help of past studies and opinions of the experts in the area. The questionnaire may be divided in three subscales- viz.- Experiential marketing, satisfaction and loyalty. Total 13 items are there in the entire questionnaire. In addition to these 13 items 4 forced choice questions were added to collect demographic characteristics of the respondents. This questionnaire was used for data collection in Nashik City of Maharashtra State on India. Market places, shopping malls and Banks were the places from responses were collected. Total 463 responses were collected. However 46 responses were containing either high number of



missing values or similar responses for all the items (unengaged responses) so had to discard. Finally 417 responses were considered for analysis. SPSS was used for data analysis.

Results of the statistical analysis-

Reliability of the scale

To check the reliability of the scale Cronbach's alpha coefficient was determined in SPSS. The result is shown in table no. 1.

Table no. 1. Reliability Statistics

Cronbach's Alpha	N of Items
.862	13

From table no. 1 it is observed that the Cronbach's alpha is higher than .7. In social science Cronbach's alpha more than .7 is assumed to indication of reliable scale. Therefore the questionnaire can be considered reliable.

Table No. 2 Descriptive Statistics- Experiential Marketing Subscale

Statement	N	Minimum	Maximum	Mean	Std. Deviation
1. This bank makes a strong impression on my visual sense or other senses.	417	1	5	3.80	1.062
2. I find this bank interesting in a sensory way.	417	1	5	3.73	0.905
3. This bank induces feelings and sentiments.	417	1	5	3.62	0.910
4. This bank is an emotional brand.	417	1	5	3.58	1.098
8. This bank stimulates my curiosity and problem solving.	417	1	5	3.49	1.103
6. This bank results in bodily experiences.	417	1	5	3.16	0.979
5. I engage in physical actions and behaviours when I use this brand of bank.	417	1	5	3.01	1.168
7. I engage in a lot of thinking when I encounter this bank.	417	1	5	2.72	1.152
Overall Mean				3.39	

Descriptive statistics (table no.2) of experiential marketing subscale suggests that experiential marketing has been affecting quality perception of customers significantly. However standard deviation for some items is more than 1. This suggests that the responses of corresponding items are widely distributed around the mean.

Table No. 3 Descriptive Statistics- Customer Satisfaction Subscale

	N	Minimum	Maximum	Mean	Std. Deviation
37. I am satisfied with the Overall services provided by the bank.	417	1	5	3.94	0.9665
38. I am satisfied with offers on the services and products of the bank	417	1	5	3.77	1.0423
39. The bank has performed as per my expectations	417	1	5	3.78	0.9686
Overall Mean				3.83	

From table no. 3 it is noted that Overall mean of customer satisfaction subscale is 3.83. It shows that customers are satisfied in general.



Table no. 4. Descriptive statistics- Customer Loyalty subscale

	N	Minimum	Maximum	Mean	Std. Deviation
41. I have recommended the bank to friends and acquaintances.	417	1	5	3.76	1.143
42. I have encouraged friends and acquaintances to do business with the bank.	417	1	5	3.56	1.108
Overall Mean				3.66	

Table no. 4 shows that the overall mean is 3.66 for customer loyalty subscale. This shows that the majority of customers are loyal with their banks. However, high standard deviation value indicates that the responses are widely distributed around the mean value.

Hypothesis Testing

H₁- Customer's demographic characteristics and effect of experiential marketing are significantly related. This hypothesis is divided in four sub-hypotheses. To test these sub hypotheses one way ANOVA is used.
H_{1a}- Customer's age and effect of experiential marketing are significantly related.

Table no. 5 ANOVA- Age and Effect of Experiential Marketing

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	34.952	4	8.738	3.344	.010
Within Groups	1076.688	412	2.613		
Total	1111.640	416			

Table no. 5 shows the result of one way ANOVA. Since the p value of F test is less than .05, it indicates significant relationship between age of the customer and effect of experiential marketing on his/ her perception. In other words mean of effect of experiential marketing changes as age changes.

H_{1b}- Customer's gender and effect of experiential marketing are significantly related.

Table no. 5 ANOVA-Gender and effect of Experiential Marketing

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.620	2	.810	2.072	.127
Within Groups	161.809	414	.391		
Total	163.429	416			

Table no. 5 shows that the probability value of F test is not less than .05. Thus we fail to reject null hypotheses H₀-Customer's gender and effect of experiential marketing is not significantly related. Therefore the hypothesis H_{1b} is rejected.

H_{1c}- Customer's education level and effect of experiential marketing are significantly related.

Table no. 6 ANOVA-Education Level and Effect of Experiential Marketing

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.553	4	1.138	1.290	.273
Within Groups	363.691	412	.883		
Total	368.245	416			

Table no. 6 shows that the probability value of F test is not less than .05. Thus we fail to reject null hypotheses H₀-Customer's 'education level' and effect of 'experiential marketing' is not significantly related. Therefore the hypothesis H_{1c} is rejected.

H_{1d}- Customer's income level and effect of experiential marketing are significantly related.



Table No. 7 ANOVA-Income Level and Effect of Experiential Marketing

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	73.618	4	18.404	7.974	.000
Within Groups	950.958	412	2.308		
Total	1024.576	416			

Significance value of F test is less than .01. This indicates that the income level of customers and the effect of experiential marketing are significantly related. It means that as income changes effect of experiential marketing also changes significantly.

H₂- Experiential marketing and customer satisfaction are significantly correlated.
Pearson correlation test was used here. The result is shown in table no. 8.

Table No. 8. 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.

H₃- Experiential marketing and customer loyalty are significantly correlated.

Table No. 9 Correlations- 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 no. 9 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.



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 did not show significant relationship with effect of experiential marketing whereas, age and income level were found to have significantly related.

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.

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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