



“A STUDY ON EFFECT OF EXPERIENTIAL MARKETING AND 3 PS ON CUSTOMER SATISFACTION FOR BANKING INDUSTRY”

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Abstract

Measuring customer satisfaction and investigating factors affecting satisfaction are important in services marketing. Customer Satisfaction is affected by many factors. Some of them are known and some of them may not be known to marketers. Service experience is one of those factors which are known to have effect on satisfaction. In banking industry this relationship was rarely studied. So researcher selected banking industry to investigate the role of experiential marketing in services in increasing/ affecting customer satisfaction level. The effect of marketing mix was also studied along with experiential marketing. 417 responses were analysed to check the effect of experiential marketing and marketing mix element on satisfaction. The result shows that experiential marketing and marketing mix elements have significant positive impact on customer satisfaction. Limitations of the study are discussed in the paper.

Key Words:Experiential Marketing, 3Ps, 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 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 study the effect of experiential marketing in banking industry.
2. To investigate if 3 Ps (People, Place and Promotion) and effect of experiential marketing are correlated.
3. To study effect of experiential marketing on satisfaction of the customers.
4. To study if experiential marketing along with 3 Ps have any effect on satisfaction with the banks.

Literature Review

O'Sullivan and Spangler (1998)¹ gave a definition of experience from a commercial point of view: "consumer experience is about personal internal needs involved in consumption activities which engage physical, mental, emotional, social, or spiritual issues".

You-Ming (2010)², explains it 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."

Garcia, Galindo and Suarez (2018)³ conducted a study on experiential marketing in the hospital sector with an objective to find out the relationship between the online experiential marketing i.e. at the initial stage of booking a room, which involves information search and booking and offline experiential marketing which is during the stay at the hotel with the hotel brand equity. The study also analyses to determine any significant link between the online experience and offline experience of the customer. A series of four star hotels were taken as sample in Granada City. A questionnaire was developed for the consumers and mainly carried questions on measuring online experience, offline experience and brand equity. The data was analysed using structural equations model. The online experience was measured by a seven point multi-item differential scale which consisted of dimensions such as pragmatic and hedonic, sociability etc. The off-line experience is measured using a seven point scale made up of different dimensions like sensorial, affective, behavioural and intellectual dimensions. The final section of the questionnaire focuses on hotel brand equity measured using a seven point scale which also has four dimensions like loyalty, associations, awareness and perceived quality. The analysis of the relationships between each construct and its respective dimension shows that the relationships are all positive and strong, with the exception being in the relation between brand equity and the quality of service. It further suggests that experience during the hotel stay has an influence on brand equity rather than during online purchase process. The result also showed that online experience has a strong influence on the hotel stay experience.

Osterle, Kuhn and Henseler (2018)⁴ state that emotions play an important role in creating a business to business brand. The experiential marketing instruments and the experiences that these instruments provide are a strongest measure of branding in business to consumer. Other things apart from the brands that are mentioned experiential marketing also exists in Business to Business marketing practice but have received limited attention from the business to business branding perspective. Differences between B2C and B2B branding raise questions regarding why B2B companies operate brand worlds, what they consist of, what their nature is, and how they are experienced. The authors have conducted their studies on a sample of 37 expert interviews, including the viewpoints from companies, visitors and the designers. The author find out that B2B brand worlds differ substantially from their B2C equivalents in several aspects, but they apply similar experiential techniques. The techniques used aims at creating exciting or a thrilling experience around the brand which will then manifest itself in future consumption. Working companies aims at providing live experiences to explain the complexity



involving in the product and create product awareness. In case of Business to business consumers they expect more functional benefits that will help them support in their own business work. Affordances of the experience scope and the action-perception between consumer/visitor, brand employees, and the physical environment are at the core of how the B2B brand world experiences are co-created. The research highlights the important role and nature of B2B brand worlds as three-dimensional “business cards”, where relationships are initiated and built.

Khan and Rahman (2014)⁵ conducted a study on automotive experiential marketing. With the change in consumer behaviour, digital disruption and broken consumer experiences today automotive industries are facing a major challenge in redesigning their marketing tactics. This study aims to explore and find out the relationship between experiential marketing and buyer behaviour in passenger car market. This study surveys the importance of experiential marketing in the Indian passenger car segment from the customer’s perspective. The research design undertaken for the study is exploratory analysis, followed by quantitative analysis techniques. The interpretive basis for the evaluation has been provided through multiple regression analysis. This study shows that all the structural experiential modules are affecting the customer purchase intention in the automobile (passenger car) market, where feel, think and sense experiences have a strong influence on customer purchase intention. This research is particularly important in determining the effect of experiential marketing on the customer purchase intention with respect to passenger car market. Considering the current economic slowdown where Indian automobile industry is facing a slowdown in sales, the findings of the study can be useful for passenger car companies in developing better marketing strategies.

Lee, Hsiao and Yang (2010)⁶ made an observation that few researchers have viewed experiential marketing as the experimental subjects in shopping mall researches. This research aims to explore the relationship among experiential marketing, service quality, customer satisfaction and customer loyalty for various shopping malls located on Tainan. The sample matrices in this research are the subjects of shopping malls like Careerfour, RT-mart, Geant and others located on Tainan. There are totally 4 types of customers operated with the analyzing tools like convenient sampling, demographic variables, factor analysis, reliability analysis, T-tests, multiple regression analysis. There are totally 600 questionnaires delivered with 496 valid and 104 invalid replies received. Valid replies are rated at 82.67% . Experimental results show: 1. Experiential marketing has a significantly positive effect on customer satisfaction. 2. Service quality has a significantly positive effect on customer satisfaction (partially supported). 3. Customer satisfaction has a significantly positive effect on customer loyalty. 4. Experiential marketing has a significantly positive effect on customer loyalty. 5. Service quality has a significantly positive effect on customer loyalty.

Same and Larimo (2012)⁷ in their research work mention that in spite of the way that encounters are viewed as key ideas in advertising today, there are unique perspectives and elucidations about the substance of terms. The principle goal of this article is to break down the ideas of experience and experiential promoting. In light of the writing audit the writers found that experience advertising is a vital and a more extensive term than experiential promoting. They characterize involvement showcasing as a vital and all encompassing promoting of pertinent (and important) encounters, and experiential showcasing as a strategic device that does promoting experientially. Toward the finish of the article a reasonable model of experience promoting is proposed. An encounter is imperative in business and innovation since to the mind each financial advertising is experienced. Experience is extensively a cooperation between an organization (mark/item/benefit) and a client. Experience is molded by the qualities of the client and those of the item, organization or mark.

Basoc (2015)⁸ in her article focuses on the deep understanding of experiences in promoting, however solely from a theoretical approach. This research work explores the implications of consumers’ and markets’ recent changes, the foremost relevant approaches to expertise in promoting throughout the time and the way experiences in promoting ought to be down pat through experience promoting currently. Therefore, this text any explores the means of an individual's being expertise, the development of standard and extraordinary experiences and the way these cause experiences in promoting. Then, this text defines expertise promoting as a brand new idea with specific characteristics, parts and attributes. Afterwards, this text states the powerful engagement of emotions and



senses in expertise promoting and within the finish, this text reviews Schmitt’s abstract model of expertise promoting.

Research Methods

Instrument Development

The instrument is developed based on findings from literature review and experts’ recommendations. The instrument was a structured questionnaire. The entire questionnaire was divided in 4 subsections. One section was containing the questions related to experiential marketing, second, third and fourth sections were designed to collect responses with respect to effect of place, people and promotion respectively. The last section was related to customer satisfaction measurement. Experiential Marketing subscale was containing 8 items.

Place subscale contained 9 items, People subscale contained 10 items and the subscale for promotion was containing 5 items. Satisfaction subscale 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. All the items were close-ended (forced questions). Total number of these questions was 39.Sampling

Total 450 responses were collected through questionnaire. 33 responses were not included in the analysis due their incompleteness. Total 417 responses were finally analyzed using SPSS. Judgmental sampling technique was incorporated to collect responses from samples.

Data Analysis

Reliability of the scale was tested using Cronbach’s alpha value. The statistics are shown in table no. 1 below.

Table no. 1. Reliability Statistics

Cronbach's Alpha	N of Items
.898	44

As Cronbach’s alpha value is higher than .7, the scale is considered reliable.

Descriptive Statistics

In this section of analysis,mean values of all subscales are described.

Table No. 2 Descriptive analysis

Subscale	Mean
Overall Mean of Experiential Marketing Subscale	3.3890
Overall Mean of Place Subscale	3.6546
Overall Mean of people Subscale	3.7561
Overall Mean of Promotion Subscale	3.7568
Overall Mean of satisfaction Subscale	3.8297

Mean of all subscales are above 3.3. This indicates that perception of experiential marketing, marketing mix is moderately positive. Mean value of satisfaction is moderately high (3.82). That indicates respondents are satisfied with their banks.

Hypotheses Testing-

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



Table 3 Pearson’s 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. Therefore we fail to accept null hypothesis- ‘Experiential marketing and customer satisfaction are not significantly correlated’. Thus alternate hypothesis H₁ is accepted. 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.

Table no. 4 Pearson’s 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. Again null hypothesis is failed to be accepted and thus alternate hypothesis ‘Experiential marketing and customer loyalty are significantly correlated’. 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.

Table no. 5 Pearson’s Correlations-Marketing Mix and Experiential Marketing

		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 Correlation	.496(**)	1	.568(**)	.420(**)
	Sig. (2-tailed)	.000		.000	.000
	N	417	417	417	417
Mean of People	Pearson Correlation	.510(**)	.568(**)	1	.445(**)
	Sig. (2-tailed)				



	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 was conducted to test this hypothesis.

Table no. 6 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.790(a)	.624	.620	.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.

Table no. 7 ANOVA (b)

Mode l		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

From ANOVA table it can be inferred that this model is good fit. ($p < .01$).

Table no. 8 Coefficients

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. From coefficients it can be said that as one unit of perception of experiential marketing increases .465 unit satisfaction increases.



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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