

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Experiential Marketing and Customer's Brand Loyalty in Telecommunications Industry in Kenya

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Abstract:

In this competitive error, customer loyalty is an important concept organization need to adopt to gain competitive advantage over their competitors. In the resent past, there has been paradigm shift on the marketing strategies organizations used to win customer loyalty. The paradigm shift is necessitated by the following factors; technological changes, fragmented media and ever-changing consumer behaviour. Firms use experiential marketing approach in an attempt to keep customer loyalty, this approach does not only involve selling good products but also making customers impressed, feeling deep emotion towards the marketed products. The purpose of the study is to conceptualize and examine the conceptual literature, empirical literature theoretical gaps, methodological gaps and propose a conceptual model for understanding concepts of experiential marketing and customers' brand loyalty. The paper also discuss the techniques used to operationalize this concept and make it understandable for research participants and beneficiaries of the study. This study proposes positivism philosophy as the most suitable philosophy. Positivism shows the relationship in the construct applied for the research studies. Combination of several research design will be employed to enable triangulation. Semi structured questionnaires will be used to collect data. The proposed contextual aspect will be retail outlets of four main mobile communication providers in Nairobi. Structural equation modeling will be used for data analysis. Factor analysis will be employed for testing indicators of experiential marketing. The study was conducted on experiential marketing and customers brand loyalty but similar study would be conducted on other variables apart from the one discussed to show their relationship and also including the contextual aspect. Further studies should consider bringing other mediating and moderating variables apart from the one proposed for this study.

Keywords: *Experiential marketing, sensory marketing, brand experience, experiential value, customers' brand loyalty, brand trust and customer satisfaction*

1. Background

In this competitive environment, customer loyalty is an important concept that companies are using to help them gets to new heights. On the other hand, an effort to keep customer loyalty is a strategic effort compared to an effort to gain new customers. Firms have had to rely on innovation in their marketing strategies in order to gain customer loyalty. Recently more and more firms spend a significant amount of time creating customer experiences that are aimed at creating an emotional connection with current and potential customers to gain their loyalty (Collins & Porter, 2010). According to Akanmu (2013), core products and their proposition are increasingly becoming generic and lifestyle, better propositions and experience becoming the differentiation making experiential marketing very critical in creating customer loyalty.

Experiential marketing is a widely accepted concept in creating perfectness of benefit towards experiences. Experiences have been favourable in shaping a customer's attitudes, moods, behaviours, and better matching consumers to products by evoking their feelings through sensory techniques (Frost, Chance, Norton, & Ariely, 2008). They also provide a means for gaining a competitive advantage through differentiation (Pine & Gilmore, 1998). Gilmore and Pine (2002) describe a great experience as being engaging, robust, compelling and memorable. Thus, the success of an experience depends on its ability to touch the customer's senses and capture his/her loyalty. According to Schmitt (2010), the shift of traditional Marketing approach to experiential approach is because of three factors: Brand experience, information technology revolution and media fragmentation.

The International Experiential Marketing Association (IEMA) state that the vast majority of professionals think engagement is the strong suit of experiential marketing. There are powerful impacts that engagement has on building brands, as all the elements that companies strive to achieve with various marketing strategies are met with the use of experiential marketing. Some of the impacts targeted at being achieved include building loyalty, capturing attention, eliciting emotion, creating memories, stimulating word-of-mouth, changing opinions, building trust, and increasing product desire.

Experiential marketing has become the most common approach among the marketers and organization because they believe that it is more customer centric than traditional marketing which views consumers as rational decision maker who cares about functional features and benefits. It got into marketing literature from 1979 when Gary Reynolds formed the Miller brand network as the beginning of engagement marketing; this is the first moment in the history of experiential Marketing.

Experiential marketing has not been in the same form as today, the evolution of event marketing dates back to a time when the tactics used were simple and could not be considered experiential but today in the recent years, technologies has opened doors for marketers to bring brand's presence.

Institute of Practitioners in Advertising (IPA) latest report indicates that marketers are increasing their experiential marketing budgets even more for the final quarter of 2018; bringing total spends up about 5.5% due to an increasing growth in experiential marketing trends. Companies are setting aside as much as 50% of their budgets for the cause, taking experiential marketing to a completely new level. This concept has grown exponentially in recent years, partially due to its appeal with millennials. This situation is not different for the Kenyan telecommunication providers; they have embarked on experiential marketing to gain customer's brand loyalty.

The purpose of the study is to conceptualize and examine the conceptual literature, empirical literature theoretical gaps, methodological gaps and propose a conceptual model for understanding concepts of experiential marketing and customers' brand loyalty. The paper also discusses the techniques used to operationalize this concept and make it understandable for research participants and beneficiaries of the study.

2. Relationship between Experiential Marketing and Customer Brand Loyalty

The nature of relationship between concepts customer brand loyalty and experiential marketing has intrigued marketing managers, researchers and consultants in the recent past. First Syahmardi et al (2015) used strategic experiential model (Sense, feel, think, act and relate) in conceptualization of experiential marketing to study effect of experiential marketing on customer brand loyalty. Similarly, Faseeh and Fayaz (2018) conducted study on experiential marketing, brand loyalty using two dimensions of customer brand loyalty (attitudinal and behavioural), and four dimensions of experiential marketing (sensory, affective, behavioural and intellectual). The findings showed commonality despite different dimensions used in the conceptualization of the constructs, this therefore creates conceptual gap, as there are no generally agreed indicators used to measure the constructs.

Secondly, most of the companies have adopted the use of experiential marketing as the differentiator to retain customer brand loyalty and to gain market share in this competitive business environment. The increase in adoption of experiential marketing as captured in the Institute of Practitioners in Advertising (IPA) latest report indicates that marketers are increasing their experiential marketing budgets even more for the final quarter of 2018. Despite the shift to increase in experiential marketing, there has been limited literature relating experiential marketing on customer's brand loyalty.

Consequently, most of the research work on experiential marketing and customers brand loyalty have been carried out in different geographical areas and sample drawn from very specific areas (Faseeh & Fayaz, 2018), this may not be a good representation of the population and thus findings may not be generalized. Based on above reviewed literature very little has been done on experiential marketing and customer's brand loyalty in telecommunication industry in Kenya. This study aims to address these aspects by reviewing state of conceptual, theoretical and empirical literature on these constructs.

3. Conceptualization of Key Constructs

This section of the study discusses some of the emerging concepts, which includes definition of experiential marketing and customer brand loyalty, and give commonalities and controversies in both variables.

3.1. Experiential Marketing

Researchers have tried to conceptualize experiential marketing differently since invention time. According to Schmitt (2000), experiential marketing is often the result of direct observation or participation of activities - good activities in reality, fantasy and virtual. In his study, he showed that sense, feel, think, act and relate are the main indicators forming experiential marketing.

Zarantonello (2009) conceptualized experiential marketing as sensations, feelings, cognitions, and behavioural responses evoked by brand-related stimuli that are part of a brand's design and identity, packaging, communications, and environments. The authors distinguish several experience dimensions and construct experiential marketing scale that includes four dimensions: sensory, affective, intellectual, and behavioural.

Pine and Gilmore who are the pioneers of experiential marketing claim that in order to be successful, business should provide unforgettable, satisfactory experiences to their customers by adding value to their offerings which differentiates traditional marketing from the experiential marketing. Experience is the main component of experiential marketing. Businesses usually create special and unique stages for their customers to experience through different stimulations, including environments, atmospheres, and layouts. Because of experiencing, customers have different perceptions and reactions to these stimulations (Yuan & Wu, 2008).

From the above literature, commonality in most of them is that experience is the component of experiential marketing. However, the different constructs brought out by different authors are based on the nature of experience. As pertains to above literature review on experiential marketing my proposed construct that will be used in the study will be sensory marketing, brand experience and experiential value.

3.2. Customer's Brand Loyalty

Three indicators retention, repurchase and referrals formed dimension of customer's brand loyalty by Arjun and Morris (2001), this concurs with the expression of Reicheld and Sasser (1997), three indicators: retention, related sales (repurchase) and referrals.

American Marketing Association in its journal *Managing Brand Equity* conceptualize customers brand loyalty in three dimensions attitude, behaviour and price sensitivity. According to Jacoby and Kyner (2014) customers brand loyalty contains eight varieties of operational definitions but no precise conceptual definition. Its conceptually defined in terms of six necessary and sufficient conditions as: biased (i.e., non-random), behavioural response, expressed over time, some decision-making unit, with respect to one or more brands out of a set of such alternative brands, and a function of psychological (decision-making, evaluative) processes.

Sheth and Park (1974) conceptualize customers brand loyalty in the three dimensions, behavioural, emotive and evaluative. From the literature, reviewed most of the authors have used different construct to measure customer's brand loyalty. There is need for authors to have consensus in understanding the construct for Customers brand loyalty. This study will adopt the indicators as conceptualized by Reicheld and Sasser (1997): Retention, Related Sales (Repurchase) and Referrals.

4. Proposed Methodology

This study proposes positivism philosophy as the most suitable philosophy. Positivism drives qualitative outlook that holds that there is an objective reality that can be expressed numerically with explanatory and predictive power (Furre, Thomas & Gousserskalla, 2008). The study therefore proposes the adoption of positivism since the events of interests are objective and independent of researcher. Previous studies employed descriptive, cross sectional research design and explanatory research design; however, this study will recommend adoption of mixed method research designs. Saunders, Lewis and Thornhill (2009) combining different designs in a study enables triangulation in addition to increasing the validity of the findings to achieve optimal results. A five-points Linkert scale semi structured questionnaires data collection method will be used whereby they will be administered and collected immediately.

Previous studies have used non-probabilistic convenience sampling (Faseeh & Fayaz, 2018). However, this study will use stratified sampling techniques. The stratified sampling method measures the overall population parameters with greater precision and ensure the extraction of a representative sample from relatively homogenous population (Kothari, 2004). On the other hand, the proportionate stratification ensures that the sample size of each stratum, which represented various retail outlets is proportionate to the population size of the stratum (Kothari, 2004).

This study will employ the use of descriptive statistics and inferential statistics with the help of statistical package for social science (SPSS) to achieve the objectives of the study. Measures of central tendency, regression and measure of variations will be used. Pearson's product moment correlation (r) will be derived to show the nature and strength of the relationship. Adjusted R^2 will be used to measure the amount of variation in the dependent variable customers brand loyalty explained by independent variable experiential marketing. The use of structural equation modelling would be important in data analysis to show the relationship between experiential marketing and customers brand loyalty.

5. Conclusion

Based on theories and models discussed, experience economy theory, strategic experiential providers, strategic experiential model, Theory of reasoned action and four stage Loyalty Model have significantly contributed to the discussion of experiential marketing and customers 'brand loyalty'.

The study proposes from the empirical and theoretical gap experiential marketing as independent variable, customers brand loyalty as the dependent variable, brand trust as the moderating variable and customers 'satisfaction as the mediating variables. The study further proposes acknowledge gap in the areas of experiential marketing and customers brand loyalty. This shows the importance of customers brand loyalty in competitive business environment. Therefore, experiential marketing has a significant relationship with customers brand loyalty. The study also propose contribution in the field of experiential marketing by pointing out other indicators of experiential marketing.

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