

Sense Marketing, Experiential Marketing, Customer Satisfaction and Repurchase Intention

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Abstract

Sense marketing is focus on five senses, offering customers with pleasures or excitement. If managed well, sense marketing is able to distinguish company and product, stimulating customers' sense experiences and delivering values to customers. Product and service marketing in the past usually adapted low-price strategy and eventually led to battles in prices. However, time is changing, those traditional marketing techniques could not represent the main stream in this competitive new age. Experience economy arrived after knowledge economy. In the new era of experience economy, the aim of marketing demand is "creating valuable experience". "Experience/Experiential marketing" concept, proposed by Schmitt, has been a trend around the world. Surveying comprehensively for the past studies, sense in experiential marketing is rarely explored with its relations versus consumers' repurchase intentions. This study explored consumers of Mos Burger in Kaohsiung City and probed into how sense marketing could raise consumer loyalty to Mos Burger, and furthermore affecting repurchase intention. The purpose of this study is to explore different constructs of "sense marketing" in experiential marketing, and discovering the correlations among the variables of "customer satisfaction" and "repurchase intention" using regression model. The result proved that sense of experiential marketing is an indispensable factor, and every construct of sense marketing also showed significant correlation between consumer satisfaction and repurchase intention.

Keywords: Experience Marketing, Sense Experience, Satisfaction, Repurchase Intention

INTRODUCTION

Research Motive and Purpose

With a traditional marketing strategy, every product and service would eventually lower in price due to cost reduction. Price wars can also be a cause of lower prices for products and services. Is there another solution? Yes, it is the experience economy (Pine and Gilmore, 2003). Why are there still brands with favors under such competitive conditions, such as Starbucks? Starbucks not only provides a different atmosphere than others, but also offers good coffee quality, more interesting experiences and a real affection for consumers that helps keep customer loyalty persisting. The era of experience marketing has already arrived. Old marketing strategies would not stand out in the competitive environments of today's world.

On the other hand, the food industry is developing beneficially from economic growth, income increases, social and family structure changes, and an increase of people dining-out due to higher female labor rates and smaller families. According to the data from Department of Statistics, Ministry of Economic Affairs in Taiwan, the turnover of whole sale, retail sale and the food industry was 942.6 billions NTD in June 2006, an increase of 9.2% in comparison with June last year, which saw the whole sale industry increase 12.9%, the food industry 3.1% and retail sales by 15%. The grand total of whole sale, retail sale and food industry in the first-half year was 5433.4 billions NTD, increasing 7.4% in comparison with the first-half year of last year, which increased 10.2% in whole sale for a grand total of 3722.8 billions NTD. An increase of 1.7% in the retail sale industry resulted in a grand total of 1559.5 billions NTD. The general merchandise industry totaled 352.1 billions NTD, which increased by 1.8% compared with the same period last year. Franchise chain convenient stores increased by 10.2%, retail whole sale stores increased by 0.1%, department stores decreased by 2.8%, and the food industry increased by 3.2% for a total of 151.1 billions NTD (Ministry of Economic Affairs in Taiwan, 2006).

With numbers rising year after year, it shows that the dine-out market has become one of those markets that can't be overlooked. There are more and more fast food restaurants. Nowadays people not only ask for healthy and delicious food but also a good dining experience. Reviewing current and past studies, only a few researchers explored the relationships between experiential marketing and repurchase intention. Therefore, taking Mos Burger in Kaohsiung City as example in this study, we explored the sense experience used in raising customer loyalty and the effects of these variables, and then provide the study results to middle scale fast food restaurants with our practical recommendations.

Research Hypothesis

Experiential marketing staffers believe that the most powerful influence takes place between the stages of after-purchasing, real usage and experiencing, which are the key factors for customer satisfaction and brand loyalty. However, most traditional marketing methods only focus on the rhetoric that attract customers to purchase, and not paying too much attention on the matters after purchasing. Even though enterprises invested with great numbers to gain customers' favor, but it also caused customer dissatisfaction and high levels of brand switching due to lack of brand promise communication (Schmitt, 1999). Consuming experiences obviously affect repurchase intention of consumers. Hence, the hypotheses are proposed as follows:

- H1: Different background variables will show significant variance on "service location" of experience elements.
- H2: Different background variables will show significant variance on "product" of experience elements.
- H3: Different background variables will show significant variance on customer satisfaction.
- H4: Different background variables will show significant variance on re-purchasing willingness.
- H5: "Service location" will have significantly positive associations with "customer satisfaction" and "repurchase intention"
- H6: "Product" will have significantly positive associations with "customer satisfaction" and "repurchase intention"
- H7: "Customer satisfaction" will have significantly positive association with "repurchase intention".

LITERATURE REVIEW

Experiential Marketing

1. Meaning of experience: Product is the service performance of consuming experience. What people want is a satisfying experience rather than the product itself (Abbott, 1955). What is experience? Experience is the stimulation of a single event, for example, marketing before and after purchasing. Experience includes the whole living element, and usually is caused by directly observing or participating in events, no matter if the events were real, dream-like or virtual. Experience usually is not unprompted but induced (Schmitt, 1999).

So called experience, it is what enterprises create as the service platform, using products as tools and surrounding it with customers, to create the activities that will be worth remembering by customers. Product is visible, and service is invisible. Experiences created which are unforgettable are so because experiences are internal. They exist in everyone's heart, and they are the outcome of personal physique, emotion, and knowledge. Experiences come from the interactions of one's personal mind and the events in it, so there will be no experiences identical with others (Pine and Gilmore, 2003). There are also scholars who believe that there are no two same experiences. We will see type attributes belong to different forms of experiences. Therefore, a manager should be concerned more about strategies rather than special individual experiences. What forms of experience do you like to offer, and how do you offer them with everlasting novel demands (Schmitt, 1999)?

2. Strategic experiential modules: Strategic experiential modules are the basis of experiential marketing. Schmitt proposed 5 strategic experiential modules to provide customers with different forms of experiences, and they are listed as follows:

Sense: Sense marketing focuses on the five senses, which are vision, hearing, smelling, taste and touch. Sense marketing usually is stimulated through sense, providing pleasures, excitement and satisfaction of esthetics. For example, interior design, decoration, and jazz music in a Starbucks coffee shop.

Feel: Feel marketing is focus on customers' inner feelings and emotions, targeting to create emotional experiences. Most of self-sense feelings are encountered during the consuming periods. Feel marketing needs to be operated by understanding what sorts of stimulations can trigger emotions and encourage consumers to automatically participate. For example, Starbucks makes consumers think that drinking coffee is romantic.

Think: Think marketing is focus on intelligence, targeted to create cognitive thinking and solve problems for consumers using creative ways. Think marketing demands come through surprise, interest and attract consumers to think and concentrate. Think marketing encourage consumers to think with more concerns and be creative to trigger them to evaluate enterprises and products. When people need to think about the old assumptions and expectations all over again, think marketing could possibly respond to those thoughts. It could even lead to a paradigm shift sometimes.

Act: Act marketing is focus on effecting physical experiences, life styles and interactions. Act marketing increases physical experiences to find the replacements for life styles, interactions and enrich consumers' lives. The strategies of act marketing are designed to create consumers' experiences for long term behavior patterns and live styles, which include the experiences after interacting with others. For example, Starbucks tries to make people think there shops are a good place to be outside of family and work locations.

Relate: Relate marketing includes sense, feel, think and act marketing. However, relate marketing bypasses personal personalities, emotions, plus "personal experiences" that make connections among personal, ideal-self, other people or even cultures. Relate marketing usually demands on self improvements (such as relating to the "ideal-self") of personal desires, and demanding on others (such as classmates, boyfriend or girlfriend, spouse, family or co-worker) to show favorable feelings in order to connect people with a wider social system (a

sub-culture, a country, etc.). Furthermore, a strong and powerful brand relationship and brand group could be built upon.

Sense Marketing

Sense marketing is focus on five senses, offering customers with pleasures or excitement. If managed well, sense marketing is able to distinguish company and product, stimulating customers' sense experiences and delivering values to customers. In order to create positive image, marketing personnel need to pay attention to the main elements, styles and topics. The key success of sense experience is to assure consistency and create diversity (Schmitt, 1999).

Customer Satisfaction and Repurchase Intention

The differences of overall satisfaction and specific customer satisfaction are on appraisals after purchasing or emotional reactions after latest interaction, rather than seeking temporary and special emotions of contacts (Oliver, 1993).

Overall customer satisfaction stands for the accumulated overall appraisals through time for all the experiences consumers have for purchasing a product or service (Anderson, Fomell and Lehmann, 1994). In this research, customer satisfaction stands for overall satisfaction.

Sense experience personnel believe that the most effective opportunity of a brand takes place after purchasing, and these experiences are the key factors of customer satisfaction and brand loyalty. However, most traditional marketing focuses on persuasion, encouraging customers to purchase the products, and did not pay too much attention on what happen after purchasing. The company that has expertise in communication with users will fair better, Siegel & Gale, already noticed that enterprises spend a lot to gain customers' attention but cause customer dissatisfaction and high brand switching due to lack of brand promise and delivery (Schmitt, 1999).

The satisfaction delivery of services and repurchase intention has certain levels of association (Anderson and Sullivan, 1990). Furthermore, Jones and Sasser (1995) stated that repurchasing is only the basic behavior after customers found their purchasing satisfied, and it should involve other behaviors like reputation or public recommendations.

RESEARCH METHODS

Research Model

This research is to explore the levels of influence of each variance in sense experience and customer satisfaction from experiential marketing, and whether it affects repurchase intention from levels of satisfaction. Based on the literature reviews and hypotheses in the previous chapters, a graphic is presented as below to show the concepts of this research specifically.

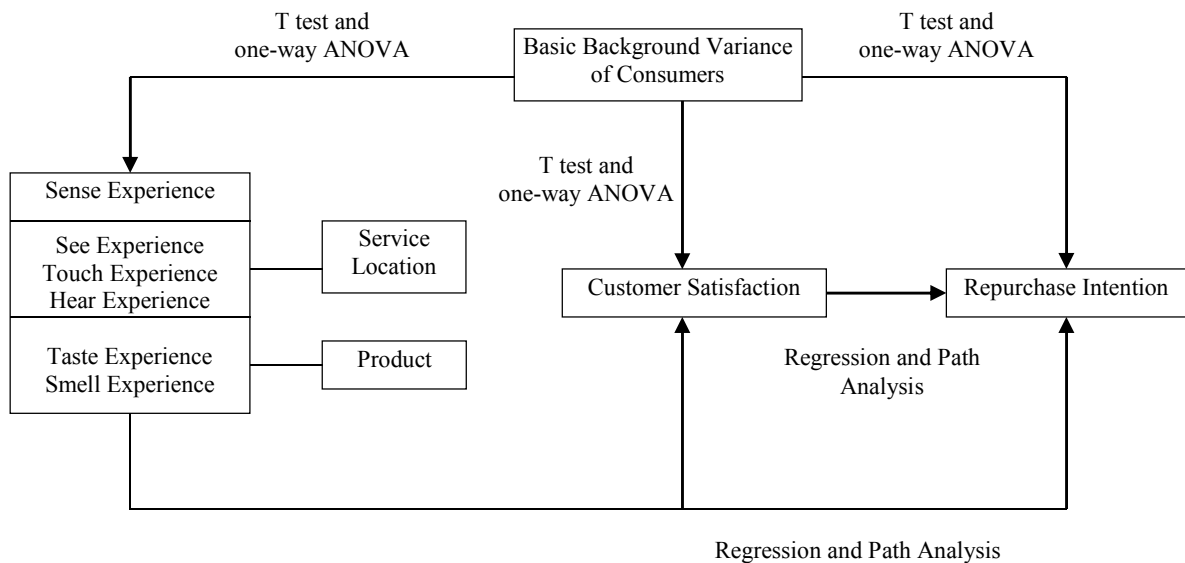


Figure 1 – Research Framwork

Questionnaire Design

The variables of this research model are referred to the related literatures such as consumer shopping scenario elements from Belk (1974), and Schmitt (1999) stated that consumers did not treat products as an independent existence. Analyzing their abilities and benefits, and considering specialties such as the interior environmental designs and consumer behavioral decisions before each question is how this questionnaire is designed.

All questions in this questionnaire adopted the Likert scale, except for the parts (Parts 1 and 5) involving basic information of respondents in which a nominal scale of a non-metric scale is used. Respondents answered each descriptive question in the questionnaire by levels accordingly. This questionnaire included five parts, which are consuming behavior, sense experience, satisfaction, repurchase intention and basic information. This study used random sampling, and the questionnaires were objective and given to customers in the middle scale restaurants.

Reliability Analysis

Reliability stands for the levels of reliability of a measuring tool, which means the consistency and stability of measurement results. Cronbach's α is the most adapted reliability index in current behavioral science research (Cho, 2001). Hence, this study used Cronbach's α as the index of questionnaire reliability measurement. The α values of below constructs are higher than 0.7, which are "service location", "product", "customer satisfaction" and "repurchase intention". The α value in overall questionnaire is higher than 0.9, which indicates high levels of reliability. The overall data in the questionnaire is all shown to have reliability, and the details are listed below in a table.

Table 1 – Reliability analysis of each construct in questionnaire

Construct	Questionnaire Question Number	Cronbach's α
Service Location	12	0.862
Product	10	0.861
Customer Satisfaction	3	0.813
Repurchase Intention	4	0.818
Overall Questionnaire Reliability	29	0.935

$\alpha > 0.7$ – Reliable, $\alpha > 0.8$ – Very Reliable, $\alpha > 0.9$ – Extremely Reliable

ANALYSIS OF CUSTOMER SATISFACTION AND REPURCHASE INTENTION IN SENSE EXPERIENCE

Regression Testing

1. Regression testing for "service location" and "product" upon "customer satisfaction": With level of confidence under 0.05, $F(0.95,2,266) = 7.36, F^* > F$, rejecting H_0 and accepting H_1 . Therefore, regression exists with independent variables of "service location", "product" and dependent variable "customer satisfaction".

Table 2 – Regression for sense experience and customer satisfaction

ANOVA ^b					
Source	Sum of Square	df	Mean Square	F	Sig.
1 Regression	42.137	2	21.069	151.679	.000 ^a
Residual Value	36.948	266	.139		
Total	79.086	268			

a. Predictor Variables: (Constant) Service Location, Product
 b. Dependent Variable: Customer Satisfaction

2. Regression testing for "service location" and "product" upon "repurchase intention": With level of confidence under 0.05, $F(0.95,2,266) = 7.36, F^* > F$, rejecting H_0 and accepting H_1 . Therefore, regression exists with independent variables of "service location", "product" and dependent variable "repurchase intention".

Table 3 – Regression for sense experience and repurchase intention

ANOVA ^b					
Source	Sum of Square	df	Mean Square	F	Sig.
1 Regression	46.317	2	23.159	106.030	.000 ^a
Residual Value	58.099	266	.218		
Total	104.416	268			

a. Predictor Variables: (Constant) Service Location, Product
 b. Dependent Variable: Repurchase Intention

3. Regression testing for "customer satisfaction" and "repurchase intention": With level of confidence under 0.05,

$F(0.95,1,297) \approx 1.17, F^* > F$, rejecting H_0 and accepting H_1 . Therefore, regression exists with independent variables of “customer satisfaction” and dependent variable “repurchase intention”.

Table 4 – Regression for customer satisfaction and repurchase intention

ANOVA ^b					
Source	Sum of Square	df	Mean Square	F	Sig.
1 Regression	48.727	1	48.727	219.836	.000 ^a
Residual	65.830	297	.222		
Total	114.556	298			

a. Predictor Variables: (Constant) Customer Satisfaction
 b. Dependent Variable: Repurchase Intention

Regression Model

1. Regression model for “service location” and “product” upon “customer satisfaction”: Between the relationship of “service location”, “product” and “customer satisfaction”, this study found out that “service location” and “product” of Mos Burger have shown significantly positive correlation with “customer satisfaction”. The regression coefficient between service location and customer satisfaction is 0.273, and between product and customer satisfaction is 0.582.

Table 5 – Correlation coefficient for sense experience and customer satisfaction

Coefficient ^a					
Source	Non-standardized Coefficient		Standardized Coefficient	t	Sig.
	B Estimates	Standard Deviation	Beta		
1 (Constant)	.838	.203		4.135	.000
Service Location	.273	.065	.233	4.222	.000
Product	.582	.058	.556	10.060	.000

a. Dependent Variable: Customer Satisfaction
 Regression Model: $Y_1 = 0.838 + 0.273X_1 + 0.582X_2$

2. Regression model for “service location” and “product” upon “repurchase intention”: Between the relationships of “service location”, “product” and “repurchase intention”, this study found out that “service location” and “product” of Mos Burger have shown significantly positive correlation with “repurchase intention”. The regression coefficient between service location and repurchase intention is 0.295, and between product and repurchase intention is 0.603.

Table 6 – Correlation coefficient for sense experience and repurchase intention

Coefficient ^a					
Source	Non-standardized Coefficient		Standardized Coefficient	t	Sig.
	B Estimates	Standard Deviation	Beta		
1 (Constant)	.537	.254		2.114	.035
Service Location	.295	.081	.220	3.643	.000
Product	.603	.073	.502	8.316	.000

a. Dependent Variable: Repurchase Intention
 Regression Model: $Y_2 = 0.537 + 0.295X_1 + 0.603X_2$

3. Regression model for “customer satisfaction” and “repurchase intention”: Between the relationship of “customer satisfaction” and “repurchase intention”, this study found out that “customer satisfaction” of Mos Burger shows a significantly positive correlation with “repurchase intention”. The regression coefficient between customer satisfaction and repurchase intention is 0.762.

Table 7 – Correlation coefficient for customer satisfaction and repurchase intention

Coefficient ^a					
Source	Non-standardized Coefficient		Standardized Coefficient	t	Sig.
	B Estimates	Standard Deviation	Beta		
1 (Constant)	.841	.213		3.952	.000
Customer Satisfaction	.762	.051	.652	14.827	.000

a. Dependent Variable: Repurchase Intention
 Regression Model: $Y_2=0.841+ 0.762Y_1$

CONCLUSION AND RECOMMENDATION

Hypotheses Supported Conditions

The hypotheses of this study are to explore the correlations upon different variables and experience elements between customer satisfaction and repurchase intention. The hypotheses are listed as below.

Table 8 – Hypotheses supported conditions

Hypotheses	Result
H1: Different background variables will show significant variance on “service location” of experience elements in Mos Burger.	Only marital status supported
H2: Different background variables will show significant variance on “product” of experience elements in Mos Burger.	Only sex supported
H3: Different background variables will show significant variance on customer satisfaction in Mos Burger.	Only marital status supported
H4: Different background variables will show significant variance on repurchasing willingness in Mos Burger.	Only education background supported
H5: “Service location” will have significantly positive associations with “customer satisfaction” and “repurchase intention” of Mos Burger.	Supported
H6: “Product” will have significantly positive associations with “customer satisfaction” and “repurchase intention”.	Supported
H7: “Customer satisfaction” will have significantly positive association with “repurchase intention”.	Supported

Research Findings

1. Consumer specialties: Most consumers are female, around 1.5 times more than male consumers. The main groups are under 30 years old with a ratio of around 76.6%. These consumers are mostly students, 79.9% of them are still single and most of them have a college background with more of them without a regular income. This research discovered that most consumers in Mos Burger are students, and usually they are still relying on the support of their families.
2. The impact of consumer backgrounds vs. consumer satisfaction and repurchase intention: This study revealed with evidence analysis that marital status has significant differences in customer satisfaction and repurchase intention consumer background variables. It means that a different marital status lead to different levels of satisfaction and repurchase intention. We also found out in this study that educational backgrounds show significant difference in repurchase intention. We assumed the result came from the fact that most respondents in this research were students.
3. The impact of consumer background vs. experiential elements: This study revealed with evidence analysis that marital status also had significant differences in service location consumer background variables. It means that a different marital status lead to different levels of service location requirements. We also found out in this study that different sexes showed significant differences in product selection. We assumed the result also was affected by the non-average allocation samples like in the previous outcome.
4. The correlations among the experiential elements of “service location” and “product” upon “customer satisfaction” and “repurchase intention”, and the relationship between “customer satisfaction” and “repurchase intention”: Both experiential elements of "service location" and "product" impact on customer satisfaction, and “product” shows higher levels of impact. It shows that experiential element of product has higher impacts than service location in levels of customer satisfaction, and sense experiential element shows significant differences in repurchase intention. In levels, product is still higher than service location, and higher customer satisfaction will also increase consumers' repurchase intention.

Conclusion

1. Management meaning for restaurants: This study showed that sense experience had impacts on satisfaction and repurchase intention. In other words, restaurant provided consumers with wonderful sense experiences. However, we also found out that “product” had stronger impacts than “service location” on customer satisfaction and repurchase intention. We hereby suggest that not only should they provide customers with good packages, but also should work on the environmental elements in order to increase satisfaction and repurchase intention, such as see experience, listen experience, and touch experience. This study also discovered that most regular consumers in restaurants are students and they usually have limited financial resources. We suggest that restaurants should provide consumers with more favorable offers. Since most consumers in restaurants are single, they could also consider holding activities such as an “MOS family day” to attract consumers to bring their families and friends to their stores. Other events could include special occasions like marriage, anniversaries or other important gatherings. Restaurants could provide consumers with special arrangements, like VIP seats, discounts on meals and so on, in order to entice married consumers to spend their different experiences in restaurants.

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