

Modeling Relationship between Experiential Marketing, Experiential Value and Purchase Intentions in Organized Quick Service Chain Restaurants Shoppers Using Structural Equation Modeling Approach

AUTHOR

Dr. Ashutosh Nigam
Associate Professor
Vaish College of Engineering
Rohtak (Haryana)

<<<Abstract

This paper proposes the framework to examine interrelationship among experiential marketing, experiential value and purchase intentions in the quick service chain restaurants. Structural equation modeling (SEM) is used to validate and test the proposed model. Experiential marketing focuses on how customer sense, feel, think, act and relate their experiences. Experiential value incorporate the benefits derived from perceptions of playfulness, aesthetics, customer return on investment and service excellence is incorporated in the proposed model. Structural validity of the model is finally processed by using Statistical Package for the Social Science (SPSS) 18.0 and AMOS 4 Software.

Keywords: Experiential Marketing , Experiential value , Purchase Intention .

1. INTRODUCTION

Experiential marketing deals with customer experiences which is different from traditional forms of marketing, where main focus is on functional features and benefits of products. It can be applied creatively to deliver greater impact while reducing costs to weave in market research and customer insights research that were not considered traditionally. It is a private event that happens to people in response to some kind of internal or external stimulus. The aim of experiential marketing is to make the customer delighted in exultant jubilation. It uses customer data to match their experiences and incorporating them in future sales processes. The changes are being demanded by the enlightened and ever changing expectations of empowered consumers. Experiential marketing is the most effective communication tool to engage consumers and marketers. It is a fusion of non-traditional modern marketing practices integrated to enhance a consumer's personal and emotional association with a brand. (Chang, 2008).

Experiential marketing is defined as event or experience that gives the target audiences opportunity to see a product and experience it for their usage. Experiential marketing is more focused on extracting the essence of products and then applying it to intangible, physical, and interactive experiences that increase the value of products or services and helps customers make their purchasing decisions (Williams, 2006).

2. CONCEPTUAL FOUNDATION

A) Dimensions of Experiential Marketing : Experiential marketing serves as a differentiation tool that separates the company or the product from competition. It focuses on imparting experience to customers through strategic experiential

modules. Schmitt(1999) identifies five different dimensions or ‘strategic experience modules’ (SEMs).

(a) SENSE : These are sensual and tangible aspects of a product experience that appeal to the five senses of sight, sound, scent, taste and touch. Sense experiences are particularly useful to differentiate products or services, to motivate potential customers, and to create a sense of value in the mind of the purchaser.

(b) FEEL : Feel marketing is devoted to inducing affects in the creation of moods and emotions that adhere to the company and brand. Clearly, positive or negative feelings toward a product or service will influence the extent to which it is consumed.

(c) THINK : The objective of think marketing is to encourage customers to engage in elaborative and creative thinking that may result in a reevaluation of the company and products.

(d) ACT : Act marketing is oriented towards the creation of experiences through behavior on the part of the customer, either privately or in the company of others. The goal is to change long-term behavior and habits in favor of the particular product or services.

(e) RELATE : Relate marketing expands beyond the individual’s private sensations, feelings, cognitions and actions by relating the individual self to the broader social and cultural context reflected in a brand. In other words, relate marketing plays upon the identification of self with the context and associations bound up in the product or service used.

Schmitt(1999) proposes two strategic experience modules:

(a) Strategic Experiential Modules (SEM) : SEM creates synchronization between consumers and their responses to different attributes or the contemporary marketing mix i.e. sense , feel ,think, act, and relate . The attributes act as experience providers for customer perception

(b) Experience Providers (ExPros) : It includes various agencies that deliver the experiences. The attribute requires for experiences should managed consistently, coherently and attentively. Grundey (2008). Five different types of experiences (SEMs) are conveyed to individuals through experience providers (ExPros) (Grundey , 2008).The vehicles deployed generally includes -

Figure 1:
Schmitt Experiential Grid (The Experiential Grid)

		Ex Pros						
		COMMUNICATIONS	IDENTITY	PRODUCT	CO-BANKING	ENVIRONMENTMENTS	WEB SITES	PEOPLE
SEMs	SENSE							
	FEEL							
	THINK							
	ACT							
	RELATE							

Source: Grundey D. (2008), “Experiential Marketing V/s Traditional Marketing : Creating Rational and Emotional Liasons with consumers” *The Romanian Economic Journal*, Year XI no 29, pp 133-151

- i. *Communications*: advertising, external and internal company communications, public relations campaigns visual and verbal identity and signage, including names, logos, colors, etc.
- ii. *Product presence*: design, packaging, and display
- iii. *Co-branding*: involving event marketing, sponsorships, alliances and partnerships, licensing, product placement in movies, etc.
- iv. *Spatial environments*: which include the external and internal design of corporate offices, sales outlets, consumer and trade fair spaces, etc.
- v. *Web sites*.
- vi. *People*: salespeople, company representatives, customer service providers, call centre operators, Industry data, RBI bulletin, online data base of Indian Economy, journals, articles, news papers, etc.

Interaction of SEMs with ExPros generates ‘Experiential Grid’: shown in Figure 1. Grid gives comprehensive framework for considering all the ways in which experiences can be induced on the part of an actual or potential customer.

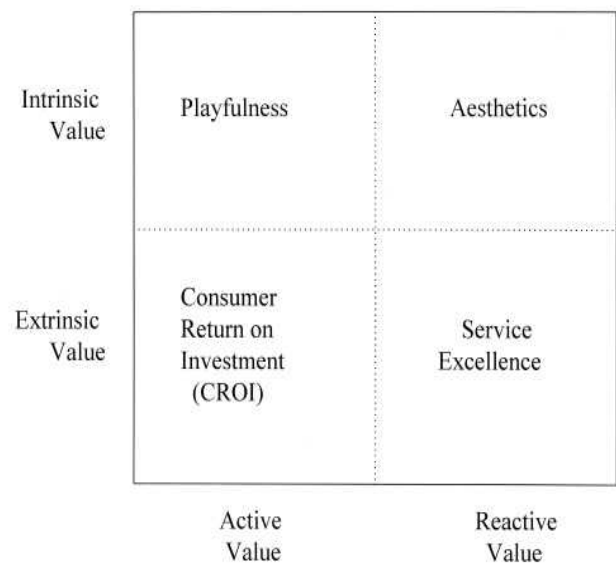
B) Experiential Value

Experiential value has been defined as perceptions and interactions involving either direct usage or distanced appreciation of goods and services. These interactions provide the basis for the relativistic preferences held by the individuals involved (Holbrook & Corfman, 1985; Mathwick et al.,2001). Experiential value offered both extrinsic and intrinsic benefits (Batra & Ahtola, 1991; Holbrook, 1994). It broadens the traditional extrinsic-intrinsic conceptualization of experiential value by including an activity dimension. Reactive or passive value derives from the consumer’s comprehension of appreciation for consumption of object or experience. Active or participative value, on the other hand, implies a heightened collaboration between the consumer and the marketing entity.

Deighton and Grayson (1995) identified that consumer collaboration as a necessary prerequisite to creating a playful, game like exchange experience.

Collaboration can come in the form of cognitive, behavioral or financial investment on the part of the consumer. The activity dimension is used in this study as a means of bringing economic and experiential sources of value under one conceptual umbrella.

Figure 2
Typology of the Experiential Value



Source: Mathwick C, Malhotra N. and Rigdon E (2001), ” Experiential value : conceptualization measurement and Application in the catalog and Internet shopping environment”, *Journal of Retailing*, pp 39-56

Four dimensions of experiential value are shown in Figure 2.

(a) Sources of Extrinsic Value

(i) Consumer Return on Investment

It comprises of active investment in nancial, temporal, behavioral and psychological resources that potentially yield a return. The consumer may experience this return in terms of economic utility and the perception of affordable quality (Holbrook, 1994)

(ii) Service Excellence

Service excellence potrays inherently reactive response in which the consumer comes to admire a marketing entity for its capacity to serve as a means to a self-oriented end (Holbrook & Corfman, 1985; Holbrook, 1994). These dimensional value operating as an ideal standard

against which quality judgments are ultimately formed.

(b) Sources of Intrinsic Value

(i) Aesthetics

An aesthetic response is a reaction to the symmetry, proportion and unity of a physical object, a work of poetry or a performance (Veryzer, 1993). Both visual appeal and the entertainment dimension of the aesthetic response offer immediate pleasure for its own sake, irrespective of a retail environment's ability to facilitate the accomplishment of a task in the fast food chains.

(ii) Playfulness

Playful exchange behavior indicates the intrinsic enjoyment that comes from engaging in activities that are absorbing, to the point of offering an escape from the demands of the day-to-day world.

Playfulness exists to some degree in any activity that is freely engaged in. Playful acts have a restorative capability and operate outside of immediate material interests. The intrinsic enjoyment of playful exchange behavior serves as an end unto itself, engaged in without concern for practical considerations (Babin, Darden & Griffin, 1994).

C) Purchase Intentions

Purchase intention is defined as the probability that the consumer will purchase the product. According to theory of planned Behavior, an individual's performance of a that behavior Chang (2008); Intent is itself informed by attitudes toward the behavior, subjective norms about engaging in the behavior, and perceptions about whether the individual will be able to successfully engage in the target behavior. Good experiences can improve customer satisfaction and promote positive customer behavior. This applies to both vendors of physical products and to service providers. Measuring purchase intention can increase the accessibility of the respondent's attitude toward the product category and increases the accessibility of attitudes toward the most salient brands offered (Nedungadi, 1990) in the category. Gronholdt et al. (2000) purchase intention leads to recommendation of brand or company to others, price tolerance and cross-

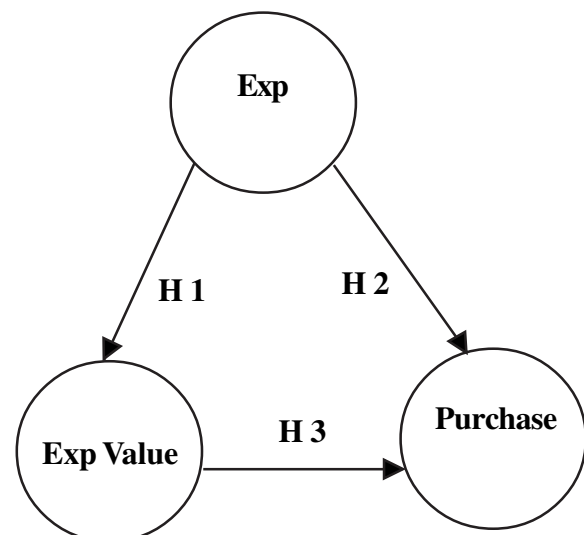
buying among the consumers. Wong (2009) concluded that time limited pressure has positive significant influence on customer intention to purchase. Zhou (1996) suggested that variables such as customers' consideration in buying a brand and expectation to buy a brand can be used to measure consumer purchase intention.

3. PROBLEM STATEMENT

The study is to investigate the interrelationship of experiential marketing, experiential value and purchase intention of customers in organized quick service restaurants. The study is focused to develop tool of experiential marketing and experiential value on purchase intention.

4. PROPOSED FRAMEWORK

Figure 3



5. HYPOTHESIS FOR THE PROPOSED MODEL

- H1: Experiential marketing has Positive Influence on Experiential Value
 H2: Experiential Marketing has Positive Influence on Purchase Intention
 H3: Experiential value has Positive influence on Purchase Intention.

6. RESEARCH METHODOLOGY

According to review of literature research consider experiential marketing and experiential values are antecedents of purchase intention. The

study conducted is cross sectional in nature and follows causal research design. The data was collected from 200 customers through mall intercept method. The quick service restaurant chains included in sample were McDonald , Outlets of Yum restaurants running Pizza Hut and Domino’s , Subway, Pollo Campero, Pino Pasta Pizza , Upper Crust , Zamber and Punjab Grill. The customers were selected to collect the data as the study was focused on purchase intentions. Convenience sampling technique was adopted for the study. Self administered questionnaire was used for the data collection which was adopted from the study of Artur et.al (2003). Data was collected first quarter of 2012 mainly in quick service chain restaurant outlets in National Capital Region in India. Data analysis of this research was processed by using Statistical Package for the Social Science (SPSS) 18.0 and AMOS 5 statistical software. Confirmatory Factor Analysis (CFA) was used to analyze the items that measured each latent variables. In order to

analyze the relationships between the variables, structural equation modeling (SEM) was applied. Both stages of the analysis, the CFA and SEM were performed using the AMOS software. Model fit for both the CFA and SEM with respect to the given data set can be assessed using numerous indices. For this study, Chi-square the goodness-of-fit statistic, CMIN/DF ratio and root mean square error of approximation (RMSEA) were examined.

7. ANALYSIS OF DATA

Structural equation modeling is a statistical technique that takes a confirmatory approach to the analysis of a structural theory bearing on some phenomenon which links regression analysis to factor analysis (Byrne, 2010). According to Hair et al. (2006) SEM is a family of statistical models that seek to explain the relationships among multiple variables. SEM is useful in testing theories that contain multiple equations involving relationship in order to identify the most relevant factors that influence customer’s satisfaction and a well-fitting

**Table -1
Goodness of Fit Indices on Structural Liner Model**

Name of Index	Judgement Value	Literary Contribution
Normed Fit Index	>0.90	Bentler and Bonett (1980)
Goodness of Fit Index GFI	>0.90	Hu and Betler (1999)
Adjusted Goodness of Fit Index AGFI	>0.80	
Parsimonious Goodness of Fit Index	>0.50	Mulaik (1989)
Comparative Fit Index CFI	>0.95	Bentler(1995)
Root Mean Square Error of Approximation, RMEA	<0.08	Browne and Cudeck(1993)
Root Mean Square Residual, RMR	<0.05	Hair et. al (1998)

hypothesized model, CFI, RMSEA, Normed Chi Square are taking into account. Goodness of fit indices is the value of chi-square (non significant) and $p > 0.05$. The indices for the whole model are given in Table 1. Fornell and Lackner (1981) developed the a measure of composite reliability which measure the consistency of the construct indicators by considering CR (Composite Reliability) value shown in Table 2.High CR value indicate that potential variables are internally consistent. All the values in the given table is above 0.6 representing that variables are internally consistent. The model had Chi-square of 216.705. the relative Chi-square is

considered high by some researchers who contended that values in excess of 2.0 will represent an inadequate model fit. However, other researchers suggested that ratio 5 or less indicates reasonable model fit. The use of Chi-square test may not be a strong test for goodness-of-fit as it is very sensitive to sample size (Armstrong et.al , 2000). Goodness of fit indices is the value of chi-square (non significant) and $p > 0.05$. The indices for the proposed model is given in Table 2 .

The proposed research framework in Fig. 1 was tested by using the three constructs namely experiential marketing, experiential value and purchase

Table -2
Goodness of Fit Indices on Proposed Structural Liner Model

SI No.	Name of Index	Results
1.	Chi Square Value X^2	210.43
2.	Degree of Freedom df	68
3.	X^2/df	3.09
4.	Normed Fit Index	0.91
5.	Goodness of Fit Index GFI	0.92
6.	Adjusted Goodness of Fit Index AGFI	0.82
7.	Parsimonious Goodness of Fit Index	0.57
8.	Comparative Fit Index CFI	0.98
9.	Root Mean Square Error of Approximation, RMEA	0.07
10.	Root Mean Square Residual, RMR	0.045
11.	Tucker Lewis Index TLI	0.097

Source: Output Values are generated in AMOS 4 Software

Table -3
Summary of Hypothesis Testing Results

Hypothesis	Path Coefficients (Standardized Parameters)	t-value	p-values	Testing result
H1 - Experiential Marketing has Positive Influence on Experiential Value	0.91	12.93	0.001	Supported
H2 - Experiential marketing has Positive Influence on Purchase Intention	0.85	103.56	0.001	Supported
H3 - Experiential value has Positive influence on Purchase Intention	0.57	86.93	0.001	Supported

Source: Output is generated in AMOS 4 and SPSS 18 Software. Note: $p > 0.05$

intention. Factors of “sense experience”, “feel experience”, “think experience”, “related experience” and “act experience” were served as the measurement variables of experiential marketing.. Factors of “consumer return on investment”, “service excellence”, “playfulness”, and “aesthetics” were served as the measurement variables of experiential value. Factors of “likely to Immediate Purchase”, ‘Purchase one to three months’ and ‘Purchase more than one year’ are different manifest variables considered for different constructs. All values in Table3 are with the permissible limits shown in table 3.

The structural model was tested to assess the hypothesized structural relationships of the three

constructs (Refer to Figure 12). The results revealed that the structural model has a significant χ^2 value ($\chi^2 = 210.43$, $df = 68$, $p < 0.001$) indicating adequate fit of the data with the hypothesized model.

All the hypothesis formulated for the proposed model are supported shown in table 4 indicating that hypothesized model could fits the empirical data well. The proposed model have indices with the permissible limits the model is supported (Hair,1999).

8. CONCLUSIONS AND MANAGERIAL IMPLICATIONS

The 12 item instrument was analyzed using structural equation modeling. The findings of the study indicate that experiential marketing is an important

driver that can influence experiential value and purchase intention in quick service chain restaurants. The results are in support of (Schmitt,1999; Zeithaml et.al ,1996). The restaurants should be more focused on excitement and innovative experiences that are to be delivered to customers. The management needs to understand what customers want and the frequency of customers purchase intentions which ultimately leads to actual

sales of fast food products. Well planned and executed marketing programs can be memorial and can result in positive impact on customer purchase intention and experiential value. Additionally, this model is reliable and strong to prove that there are each variable and how likely they are linked to each other as it is based on a comprehensive literature review corresponding to a proposed theoretical framework.

REFERENCES

1. Artur Baldauf, Karen S. Cravens, Gudrun Binder, (2003). *Performance consequences of brand equity management: evidence from organizations in the value chain*, *Journal of Product and Brand Management*, Vol. 12 No. 42003, pp. 220-236
2. Armstrong, R.W. and Tan Boon Seng. (2000), "Corporate-customer Satisfaction in the banking industry of Singapore", *International Journal of Bank Marketing*, 18/3, 97 – 111.
3. Batra, R., & Ahtola, O. T. (1991). *Measuring the hedonic and utilitarian sources of consumer attitudes*. *Marketing Letters*, 2(2), 159-170.
4. Babin, Barry J., William R. Darden, and Mitch Griffin (1994). *Work and/or Fun: Measuring Hedonic and Utilitarian Shopping Value*. *Journal of Consumer Research*, 20(March), 644–656.
5. Bentler P. M. and Bonett D. G. (1980). "Significance tests and goodness of fit in the analysis of covariance structures," *Psychological Bulletin*, 88, pp.588-606.
6. Bentler P. M. (1995). "EQS Structural Equations Program Manual." Encino, CA: *Multivariate Software*.
7. Browne M. W. and Cudeck R. (1993). "Alternative Ways of Assessing Model Fit," In Bollen K. A. and Long J. S. (Eds.), "Testing Structural Equation Models." Newbury Park: Sage, pp.136-162.
8. Chang, H. H. (2008). "The impact of online store environment cues on purchase intention". *Online Information Review*, 32
9. Connolly R. & Bannister. F. (2008). *Factors influencing irish consumers trust in Internet Shopping*", *Management Research News* 31(5) ,339-358
10. Deighton, John and Kent Grayson (1995). *Marketing and Seduction: Building Exchange Relationships by Managing Social Consensus*. *Journal of Consumer Research*, 21(March), 660-676.
11. Donald G. Morrison(1979) ," *Purchase Intention and Purchase Behaviour*" *Journal of Marketing* Vol. 43, No. 2 (Spring, 1979), pp. 65-74.
12. Fornell C. and Larcker D. F. (1981) "Evaluating Structural Equation Models with Unobservable Measurement Errors," *Journal of Marketing Research*, 18, pp.39- 50.
13. Mathwick C, Malhotra N. and Rigdon E (2001) ," *Experiential value : conceptualization measurement and Application in the catalog and Internet shopping environment*", *Journal of Retailing*, pp 39-56
14. Gronholdt L., Martensen A. and Kristensen K. (2000). "The Relationship between Customer Satisfaction and Loyalty: Cross-Industry Differences," *Total Quality Management*, 11(4-6), pp.509-514.
15. Grundey D. (2008), "Experiential Marketing V/s Traditional Marketing : Creating Rational and Emotional Liasons with consumers" *The Romanian Economic Journal*, Year XI no 29, pp 133-151
16. Holbrook, Morris B. and Kim P. Corfman (1985). *Quality and Value in the Consumption Experience: Phaedrus Rides Again*, pp. 31-57 in *Perceived Quality: How Consumers View Stores and Merchandise*, Jacob Jacoby and Jerry C. Olson (Eds.), Lexington, MA: Lexington Books.
17. Holbrook M. B. (1994). *The nature of customer value: An axiology of services in the consumption experience*. In R. Rust, & R. L. Oliver (Eds.), *Newbury park service quality: New directions in theory and practice*, (pp. 21-27), Thousand Oaks, CA: Sage Publications.
18. Hair J. F., Anderson R., Tatham R. L. and Black W. C. (1998). "Multivariate Data Analysis (5th)." N. J.: Prentice Hall Inc.
19. Hu L. and Bentler P. M. (1999). "Cutoff Criteria for Fit Indexes in Covariance Structure Analysis: Conventional Criteria versus New Alternatives," *Structural Equation Modeling*, 6(1), pp.1-55.

20. Mulaik S. A., James L. R., Van A. J., Bennett N., Lind S., and Stilwell C. D. (1989). "Evaluation of Goodness-of-Fit Indices for Structural Equation Models," *Psychological Bulletin*, 105, pp.430-445.
21. McDonald R. P. and Ho M. R. (2002). "Principles and Practice in Reporting Structural WSEAS TRANSACTIONS on BUSINESS and ECONOMICS Hsien-Lun Wong, Mei-Chi Tsai ISSN: 1109-9526 67 Issue 2, Volume 7, April 2010 Equation Analysis," *Psychological Methods*, 7, pp.64-82.
22. Nedungadi P.(1990), "Recall and Consumer Consideration Sets: Influencing Choice without Altering Brand Evaluation", *Journal of Consumer Research*, pp 263-276.
23. Schmitt, B. H.(1999), "Experiential Marketing: How to Get Customers to Sense, Feel, Think, Act, Relate to Your Company and Brands," *Free Press, New York*.
24. Veryzer, Robert W. Jr (1993),, " Aesthetic Response and the Inuence of Design Principles on Product Preferences " *Advances in Consumer Research*, 20, Association for Consumer Research. pp. 224–228
25. Williams, A. (2006). *Tourism and hospitality marketing: Fantasy, feeling and fun. International Journal of Contemporary Hospitality Management*, 18(6/7), 482-495.
26. Wong H. L., Shen T. Y., Yan C. Y. and Tsai M. C. (2009). "The Effects of Time-limited Pressure and Perceived Value on Consumers' Intention to Purchase: A Study of Travel Fairs," *WSEAS Transactions on Business and Economics*, 8(6), pp.446-455.
27. Zhou, L. (1996), "Brand familiarity and confidence as determinants of purchase intention in multibrand context", *Journal of Business Research*,37(2), pp 115-120
28. Zeithaml, V.A., Berry, L.L., and Parasuraman, A. (1996), "The Behavioral Consequences of Service Quality," *Journal of Marketing*. Vol. 60, 31-46.
29. **Weblinks:** http://mpra.ub.uni-muenchen.de/25638/1/Experiential_Marketing.PDF