

**Understanding Experience Marketing: Conceptual Insights
and Differences from Experiential Marketing**

Siiri Same

PhD student, Tallinn University of Technology, Estonia
The author has given lectures on “Brand Management” for master students
Faculty of Economics, Tallinn School of Economics and Business Administration
Department of Business Administration, Chair of Marketing
Ehitajate tee 5, 19086 Tallinn, Estonia
Phone (+372) 506 9639
Present position 2:
Marketing manager, Enterprise Estonia / Estonian Investment Agency
E-mail: siiri.same@ttu.ee, siiri.same@gmail.com

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Abstract

The main objective of this paper is to create new definitions, to propose two conceptual models of experience marketing, and to identify and highlight differences between experience marketing and experiential marketing. The methodology in this conceptual paper is theoretical research. Resulting from research the author found out that experience marketing, based on experience economy theory, is a strategic and a broader term than experiential marketing. Experience marketing is strategic marketing of relevant experiences. Experiential marketing is a tactical tool that explains how to do marketing (campaigns) experientially. The proposed model shows the differences between the terms.

Keywords: experience marketing, experience, experiential marketing, customer experience management, brand experience

Introduction

Experiences are considered to be key concepts in marketing today. Still there is confusion in business terminology and clear definitions of experience and experience marketing are absent in marketing literature. Experience is the key element in understanding consumer behavior and marketing management, and according to Pine and Gilmore (1998) it is even a foundation for the whole economy. Experience is the main component of experience marketing and according to LaSalle and Britton (2003) and Schmitt (1999) it is marketing of the future. During the past years, experience marketing has become a topical issue also in the branding world.

In 1999 Schmitt said “we are in the middle of a revolution [...]. A revolution that will replace traditional feature-and-benefit marketing with experiential marketing” (Schmitt 1999a). Since then, many articles have been published, but still a scant understanding of what constitutes experience and even less knowledge of what experience marketing comprises is prevailing. In other words, an unambiguous definition of experience marketing is not to be found in marketing literature.

Experience marketing is a relatively new concept in marketing and therefore clearly little empirical research has been conducted. Academics, experts, and practitioners see experience

marketing in different ways and offer varying approaches, but we need a solid foundation for the whole concept and an understanding of the essence of experience marketing. For example, confusion arises when defining experience marketing, experiential marketing, and customer experience management that are sometimes used as synonyms.

Also Tynan and McKechnie (2009) in the review article “Experience marketing: a review and reassessment” refer to lack of clarity in marketing literature with regard to “what exactly constitutes an experience and the conflation of terms associated with experience marketing”. Although they confirmed that there is conceptual confusion in terminology, the authors did not propose their definitions. Schmitt, the initiator of experiential marketing, wrote in 1999 a seminal article and a book “Experiential marketing”. But ten years later in his article (2009) written together with Brakus and Zarantonello, the keyword is experience marketing.

In 2005 Boswijk, Thijssen and Peelen expanded the idea of meaningful experiences in their book “A new perspective on the experience economy”. The same idea was also explored by a Swede Hans Gelter (2007). In 2006 and 2007 Holbrook tried to prove (in ten critical book reviews) the lack of conceptual foundations and reasons of commercial interest of other authors as well as partial understanding encountered in this area.

The first objective of this paper is to examine the terms experience, experience marketing and experiential marketing in detail to understand the phenomenon. Consistency in language and definitions would facilitate communication and future research in this area a great deal. By providing main definitions, this paper separates experience marketing from experiential marketing. Research in this area is impossible unless we have a good understanding of the definitions, and the theory and the conceptual models behind the subject. Marketers need to understand the whole conceptual framework and principles of experience marketing. Otherwise they cannot create proper customer experiences that are engaging, relevant, memorable, and satisfying. That is why the second objective of the paper is to review the theoretical basis and existing literature of experience marketing and to analyze the other terms to understand what experience marketing is all about to use it in effective marketing strategies. The third objective is to propose two conceptual models of experience marketing.

The main research questions are - what is experience and experience marketing? What are the differences between experience marketing and experiential marketing? The author reviews literature on the topic, explains and defines experience, experience marketing, and experiential marketing, and proposes conceptual models. The contribution is creation of new definitions and models in order to understand the subject.

First, the paper builds upon the body of evidence seeking to understand the essence of experience and experience marketing. Second, the paper suggests some theoretical approaches and relationships to understanding the other terms, such as experiential marketing, customer experience management, and brand experience. Finally, the paper proposes two models of experience marketing to pave the way for further analyses and research. The limitations and implications for the future are also discussed.

Conceptual Framework / Literature Review

Experience

Schmitt (2009a) assures that nowadays experience is one of the “hottest” movements in business practice. However, Poulsson and Kale (2004) observe that there has been no attempt made to systematically define what exactly constitutes an experience in marketing terms. A deal of the disagreement and lack of clarity lies in the different ways in which the term ‘experience’ can be understood. Tynan and McKechnie (2009) explain that it is both a noun and a verb and “it is used variously to convey the process itself, participating in the activity, the affect or way in which an object, thought or emotion is felt through the senses or the mind, and even the outcome of an experience by way of a skill or learning for example”. That is the reason why many authors have written articles and books about experiences, all with different definitions and ideas behind them.

There is also a difference between the simple pleasure of an ordinary or mundane experience and the enjoyment of an extraordinary or flow experience (Carù and Cova 2003). We can distinguish between ordinary and extraordinary, consumer and consumption experiences, and also virtual and live brand experiences.

Carbone and Haeckel claim to have launched the experience movement and written the seminal article in 1994, but this was predated by Holbrook and Hirschman’s 1982 iconic paper on the consumption experience (Tynan and McKechnie 2009). So it was almost 30 years ago that marketing and consumer researchers discovered the importance of the experiential aspects of consumer behavior (Holbrook and Hirschman 1982) and hedonic consumption (Hirschman and Holbrook 1982). Hirschman (1984) later identified three consumption motives including cognition seeking (stimulates thought processes), sensation seeking (stimulates the senses) and the novelty seeking experience (desire to seek out novel stimuli).

Holbrook and Hirschman (1982) developed a useful model contrasting the differences between the information-processing (rational) and the experiential view (irrational) perspectives of consumer behavior. This experiential perspective regards consumption as a primarily subjective state of consciousness with a variety of symbolic meanings, hedonic responses, and esthetic criteria. The authors described “three Fs”: fantasies, feelings and fun (*Ibid.*). Enlarging on the essence of the three Fs new literary offerings have caught the spirit of a broadened view as the “four Es” – experience, entertainment, exhibitionism, and evangelizing. Each of these four Es can also be summarized by words beginning with the same letter, e.g. experience: escapism, emotions, enjoyment (Holbrook 2000).

This paper’s approach is experiences through the meaning of the Estonian word ‘*elamus*’ (experience), which according to the Estonian Encyclopedia (1987), is defined as something lived through/perceived, all of which a person is conscious, but more specifically a meaningful, unique and powerful experience. The Cambridge Advanced Learner’s Dictionary defines an experience as a noun, “something that affects the way you feel” or “knowledge or skill from doing, seeing or feeling things”. As a verb ‘experience’ means it happens to you, or you feel it. An adjective ‘experiential’ means “*based on experience*” (dictionary.cambridge.org). That stresses the importance of experience as a basis of the area.

As a philosophical term experience has been used since 1,800s in the content of within the meaning of life and living (Saarinen 2002; Väyrynen, 2010). According to Niiniluoto (2002) an experience derives from the Greek word *empeiria* (*empeirikos* - experienced) and the Latin word *experientia* (verb *experiri* - to experience). Tourism researcher Veijola (2002) describes two dimensions of experience: 1) experience (in German *Erfahrung*, Finnish *kokemus*), as “already perceived and/or experienced - the past in the present moment” and 2) experience (in German *Erlebnis*, Finnish *elämys*), “not previously experienced – the future of the present moment”.

German, Dutch, Estonian and Finnish languages make a distinction between two words, but English has just one word for these two things – experience. This is the reason why many people confuse these two concepts and consider them as synonyms. Boswijk, Thijssen and Peelen (2005) say that “they clearly are not”. These authors came to a conclusion that *Erlebnis* can be defined as a subset of *Erfahrung*. But Leppiman and Same (2011) emphasize that the German term *Erfahrung* has a slightly different implication, signifying the coherency of life’s experiences. Leppiman (2010) says that an experience is the existential and rational reality experienced by the consumer him/herself.

The **meaningful** experience in the sense of *Erfahrung* involves an important learning component – an aspect of awareness. *Erfahrung* leads to change and transformation in Pine & Gilmore's use. *Erlebnis* is a **particular** experience and is often a complex of *emotions* (Boswijk, Thijssen and Peelen 2005). According to Snel (2004), experience in the sense of *Erfahrung* is a “continuous interactive process of doing and undergoing, action and reflection, cause and effect that has a meaning for the individual in several contexts within his/her life”. A meaningful experience enables the individual to see the world or him/herself in a different way. But an experience in the sense of *Erlebnis* is an “immediate, relatively isolated occurrence with a complex of emotions that make an impression and represent a certain value for the individual within the context of a specific situation” (Boswijk et al 2005). Hans Gelter's 2007 article add also new perspectives to meaningful experiences.

Poulsson and Kale (2004) explain that an experience in its most general use is simply the mental state that occurs in any given individual, at any conscious moment. By experience Carbone and Haeckel (1994) mean the "takeaway" impression formed by people's encounters with products, services, and businesses – a perception produced when humans consolidate *sensory* information. They say that “experience may be good or bad, lasting or fleeting, a random phenomenon or an engineered perception” (*Ibid.*).

Carù and Cova (2003) confirm that the concept of experience is still ill-defined or defined in ideological terms and that in the field of marketing we must use a “typology of consumption experiences which goes beyond an ideological view that tends to consider every experience as extraordinary”. Their analysis showed that in the social sciences and philosophy experience is defined as a “subjective episode in the construction/transformation of the individual with, however, an emphasis on the emotions and senses lived during the immersion at the expense of the cognitive dimension”. Marketing gives experience a much more objective meaning, confirming the idea that the result may be something extremely significant and unforgettable for the consumer immersed into the experience (*Ibid.*).

Lapland Centre of Expertise for the Experience Industry (LCEEI) defines experience in the spirit of the experience pyramid model as “a multisensoral, positive and comprehensive *emotional* experience that can lead to personal change“ (Tarssanen and Kylänen 2007). By influencing the elements of experience: “individuality, authenticity, story, multi-sensory perception, contrast and interaction it is possible to offer [customer] something memorable and unique” (*Ibid.*). Pine and Gilmore (1999) define experiences as memorable events. Pitkänen and Tuohino (2006) define experience as an *affective* event or events which of course have a strong impact on the perceiver.

Experience Marketing

As the wording of the phrase itself suggests, the focus in experience marketing is on experiences. To be more specific, on marketing experiences and offering them. Experience marketing is customer-centric marketing based on the needs of customers. Therefore, the main focus should be on the customer and also on the experience co-creation. The customer creates his/her own experiences with help of different tools provided by the company.

Today experience marketing is generally based on the concept of experience economy (Pine and Gilmore 1998), which encompasses the most developed and theoretical discourse about experience marketing (Gilmore and Pine 2007; Pine and Gilmore 1999, 2002). In the book “The Experience Economy” Pine and Gilmore (1999) claim that experiences are a fourth economic offering, but one that has until now gone largely unrecognized. They explain the progression of value from commodities to products, services, and experiences by showing how experience as a new distinguishing economic offering differs from goods and services. Pine and Gilmore (1999) declare, that “while commodities are fungible, goods tangible, and services intangible, experiences are memorable”. Fortezza and Pencarelli (2011) emphasize that while most studies have focused on experiential marketing, the marketing of those who create the experience has remained relatively neglected.

We may differentiate between many types of experiences, e.g. physical, mental, emotional, spiritual, religious, social, virtual, employee. Gelter (2007) says that the categorization of different kinds of experiences gives new insights to experience offerings.

Pine and Gilmore (1998, 1999) define the four realms or so called “four Es” of a consumption experience: entertainment, educational, escapist, and (a)esthetic, by using two dimensions (active/passive participation, absorption/immersion). Experience marketing can create emotions to the consumer by making entertainment for customers, by allowing them to escape from the reality, by educating them and giving them aesthetic objects or places to see (Pine and Gilmore 1999).

Within the different management academic programs in the US and Europe, experience economy (or Exponomy) is of increasing focus. Although the concept of the experience economy was born in the business field in 1998, it has gone beyond its boundaries to tourism (Leighton 2007; Tarssanen and Kylänen 2009), retailing (Grewal, Levy and Kumar 2009; Verhoef et al. 2009), architecture, nursing, sports, branding (Brakus, Schmitt and Zarantonello 2009; Gentile, Spiller and Noci 2007; Schembri 2009), entertainment and arts

(Gilmore and Pine 2002; Petkus 2004; Pine and Gilmore 1999), urban planning, hospitality (Gilmore and Pine 2002; Leppiman 2010) and many other fields.

Experience economy is also considered as a main underpinning for customer experience management (CEM). The customer experience is an interaction between an organization and a customer. Gentile, Spiller and Noci (2007) define the concept of ‘customer experience’ as an evolution of the concept of relationship between the company and the customer. According to Schmitt (2003), the term ‘customer experience management’ represents the discipline, methodology and/or process used to comprehensively manage a customer's cross-channel exposure, interaction and transaction with a company, product, brand or service. CEM is more like a program (Cantone and Risitano 2011) or schedule, based on five steps. The CEM strategies impel the customer's involvement at different levels (Gentile, Spiller and Noci 2007): rational, emotional, sensorial, physical, and spiritual.

Experience marketing offers engaging, interactive, and entertaining brand experiences. The idea is to communicate the essence of a brand through personal experience. Schmitt (2009) urges the researchers to develop the brand-experience construct conceptually. Brakus, Schmitt and Zarantonello (2009) define brand experience as “subjective, internal consumer responses (sensations, feelings, and cognitions) and behavioral responses evoked by brand-related stimuli” that are part of a brand's design and identity (e.g. name, logo), packaging, communications (e.g. advertisements, web sites), and environments in which the brand is marketed or sold (e.g. stores, events).

There is no consensus today on what the term ‘experience marketing’ refers to, and the context in which it is used. Lee, Hsiao and Yang (2010) say that experience marketing aims to request marketing staff to emphasize the overall experience quality for consumers passed by brands, including rational decision-making and sentimental consumption experience. Baron, Harris and Hilton (2009) define experience marketing as “the creation of a memorable episode based on a customer's direct personal participation or observation”. But at the same time they use exactly the same definition for experiential marketing.

Experiential Marketing

Like Pine and Gilmore first, Schmitt (1999a) focuses on those aspects of marketing aimed at creating experiences for customers and promises to provide “tools for this new approach”. Schmitt (1999b) distinguishes five different types of experiences that marketers can create for

customers. These experiences, called strategic experiential modules (SEMs), are implemented through so-called experience providers (ExPros), such as communications, visual and verbal identity, product presence, electronic media, etc. According to Schmitt (1999a), the framework of experiential marketing has two aspects: SEMs, which form the strategic underpinning of experiential marketing, and ExPros, which are the tactical tools of experiential marketing.

Holbrook (2000) criticizes Schmitt saying that he arrays the SEMs and ExPros against each other to form a conceptually useful experiential grid, though it presses credulity a bit when Schmitt positions this rather modest conceptual framework as “a key strategic planning tool of experiential marketing”. The author of this paper stresses that marketing planning tool is tactical, not strategic. The whole experience marketing methodology is based on experiences, not specific activities that are experiential in nature.

Carù and Cova (2003) are also critical towards Schmitt and in general towards American romanticism (authors Holbrook, Schmitt, Pine, Gilmore etc). They (2003) confirm that this allowed Holbrook (1997) to propose the logical sequence: ‘romanticism → experiential consumption → *emotional* responses → pleasure’, and to insist on the fact that in this experiential approach, *sensations are more important than the consumers’ rational thoughts*.

Schmitt (1999b) extends the traditional features-and-benefits paradigm to build a conceptual model for designing, managing, and integrating consumption-based experiences (Holbrook 2000). The author of this paper emphasizes that Schmitt’s toolkit is not strategic marketing management, but it focuses on tactical and operational level actions where the main question is how to do marketing campaigns experientially. Of course the operational level is a vital link between tactics and strategy.

What is then experiential marketing? When we ask ten different people to define experiential marketing, we will probably end up with ten different answers. Meier (2010) points out that Hauser commented in 2007 that the “definition of experiential marketing is fluid – as is the methodology itself. It was once little talked about, and is now being embraced as a silver bullet”. Hauser once posed the simple question of experiential marketing’s definition to the Experiential Marketing Forum, and received more than 200 definitions from more than 150 countries (*Ibid.*).

When Schmitt (1999a) explains the idea of Pine and Gilmore’s experience economy he uses the phrase ‘experiential economy’. It shows how those terms and words are used interchangeably.

Smilansky (2009) says that experiential marketing is the process of identifying and satisfying customer needs and aspirations profitably, engaging them through two-way communications that bring brand personalities to life and add value to the target audience.

International Experiential Marketing Association declares that experiential marketing allows customers to engage and interact with brands, products, and services in *sensory* ways that provide the “icing on the cake of providing information”. Hauser (2011) says that the term ‘experiential marketing’ refers to actual customer experiences with the brand/product/service that drive sales and increase brand image and awareness.

Snakers and Zajdman (2010) define experiential marketing as a new way by making the customers living an experience through the creation of emotions. Thus, experiential marketing has a goal to create *emotions* to the customers that lead to enjoying the experience.

According to You-Ming (2010), experiential marketing is 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”. The author of this paper highlights that all these definitions indicate that experiential marketing is mainly and directly *related to emotions, feelings, and senses*; and has less to do with cognitions and human intentions.

Cantone and Risitano (2011) confirm that „in the last years, many firms are adopting CEM strategies, in which are emphasized the role of emotions, feelings, sentiments, passions and experiences in the consumer-brand relationships“. According to Yuan and Wu (2008), experiential marketing can be seen as a marketing *tactic* designed by a business to stage the entire physical environment and the operational processes for its customers to experience.

Research Model

The Conceptual Model of Formation of Experience Marketing

With the aim of developing a conceptual framework for experience marketing, the author takes a reference to the model proposed by Leppiman and Same (2011) (showing the formation of experience marketing) and makes some changes in the model. In order to better understand the conceptual model shown in figure 1, the author explains the terminology used and highlights the main terms in the text in italics.

The figure of the conceptual model shows that the formation of experience marketing is a process from a stimulus up to a change in consumer behavior, learning or attitude. It is

essential to understand that a product, a service or a brand are not inherently experiential, these may constitute merely positive *stimuli*. Experientiality of a service or a brand composes the meaning and significance to the consumer that may have an effect on his/her behavior and purchasing decisions.

Experience is subjective and therefore produced with absolute uncertainty. However, the settings for experiences can be objectively created. An experience can be gained on the physical, emotional, intellectual and/or spiritual level. For its subjectivity experiences depend on the expectations and *values* of the customer (Tarssanen and Kylänen 2007). Subjective experience can involve a state of individual subjectivity, *perception* on which one builds his/her own state of reality; a reality based on his/her interaction with the *environment*.

Also Schmitt says that experiences are private events that occur in response to some stimulation (1999a). By selecting the ExPros, marketers can also provide stimuli that result in customer experiences. Experientiality is a positive stimulus or irritant, meaning of the product/service to the consumer, allowing the new birth, life-changing experience to the customer (Leppiman 2010). Experience is what the reality/brand/service means to a person. A consumer creates meaning to all he/she perceives. The author thinks that Schmitt's SEMs and ExPros represent marketing mix and are *objects of marketing*.

Experience represents a *meaningful relationship* between a person's perceptual activity and a life situation, and is of particular significance to the person (Leppiman 2010; Perttula 2007). Fortezza and Pencarelli (2011) use the phrase "packaging moments of life". Personal experiences help people connect to a brand and make intelligent and informed purchasing decisions. Thus, experience as economic offering is a relevant meaningful relationship, communication between the company, brand, service, and customers. That is what the consumer is experiencing as important, forms his/her *life situations*. Thus, the consumer's life situations consist of everything he/she is in a meaningful relationship. Experiences are formed out of these relationships and life situations.

Experiences may result in changes in attitude or behavior. Consumer attitude consists of three components: cognitive (person's mental images, understanding, and interpretations of the person, an object, or an issue), affective (feelings or emotions a person has about the object, topic, or idea), and conative (individual's intentions, actions, or behavior). The most common sequence that takes place when an attitude forms is: cognitive → affective → conative (Clow and Baack 2007). This sequence can form a meaningful experience. Consumer attitudes can be influenced by effective marketing communications.

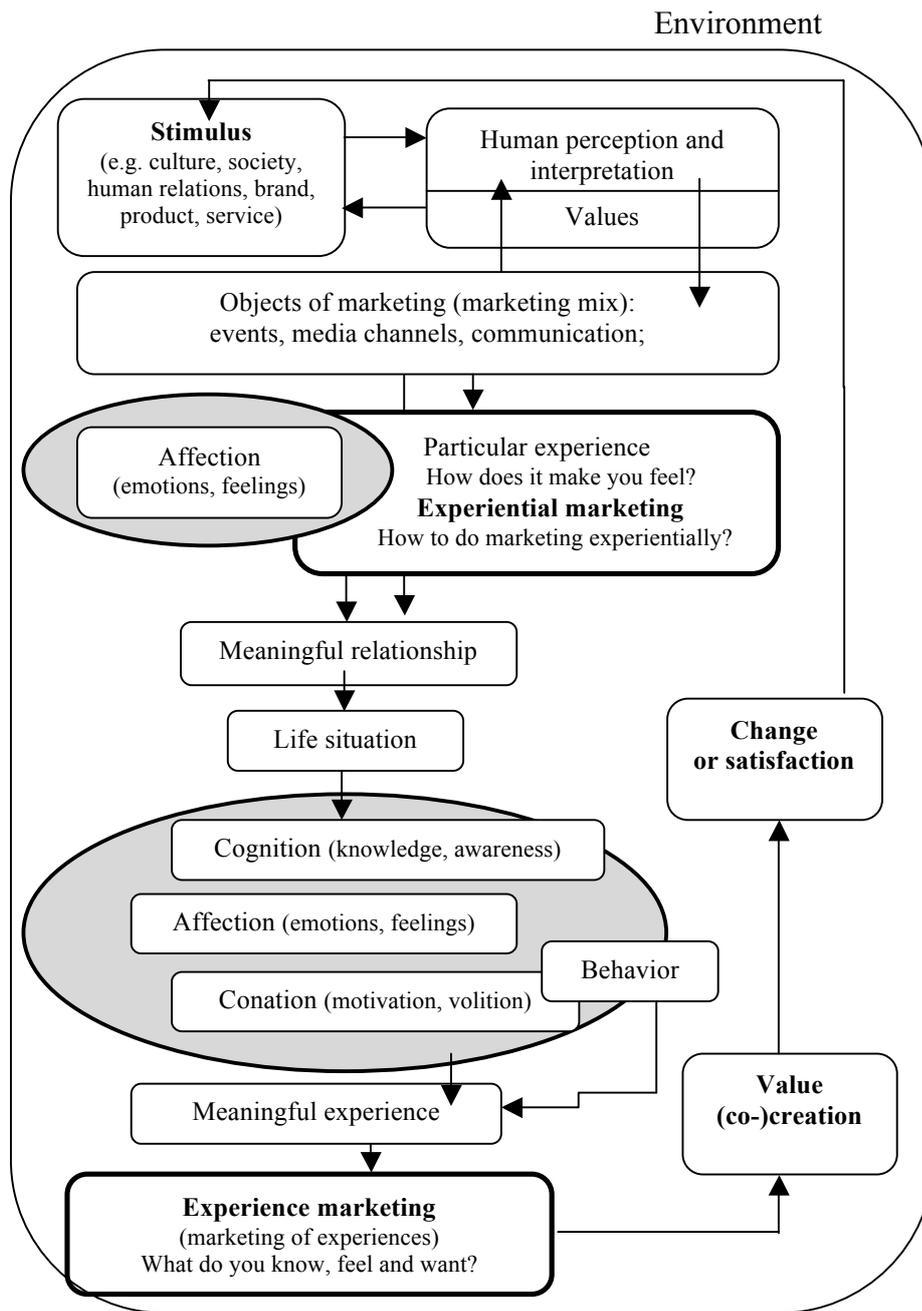


Figure 1: The conceptual model: formation of experience marketing
Source: the author's adaptation of Leppiman and Same, 2011.

According to the theory of the experience pyramid an experience can lead to personal *change* (Tarssanen and Kylänen 2007), or in other words, a holistic experiential feeling may lead to changes in personal opinions and attitudes of a consumer. A particular (perceptual) experience and a meaningful experience are related to each other (Kostiainen 2002; Perttula 2007). *Meaningful experience* is composed of feelings, new knowledge and beliefs acquired by the consumer through a service or an event (Leppiman 2010). Thus, meaningful

experience is broader than particular, which is mainly related to emotions and feelings, as seen on the figure 1.

The author adapted the previous model: moved ‘objects of marketing’ up; added ‘value co-creation’, ‘perception’ and ‘satisfaction’; highlighted some components, and changed the sequence of words in the question „What do you know, feel and want?“. The model highlights that the platform of experience marketing is strategic and much larger than experiential marketing.

The Conceptual Model of Experience Marketing

The author explains the new conceptual model (see figure 2).

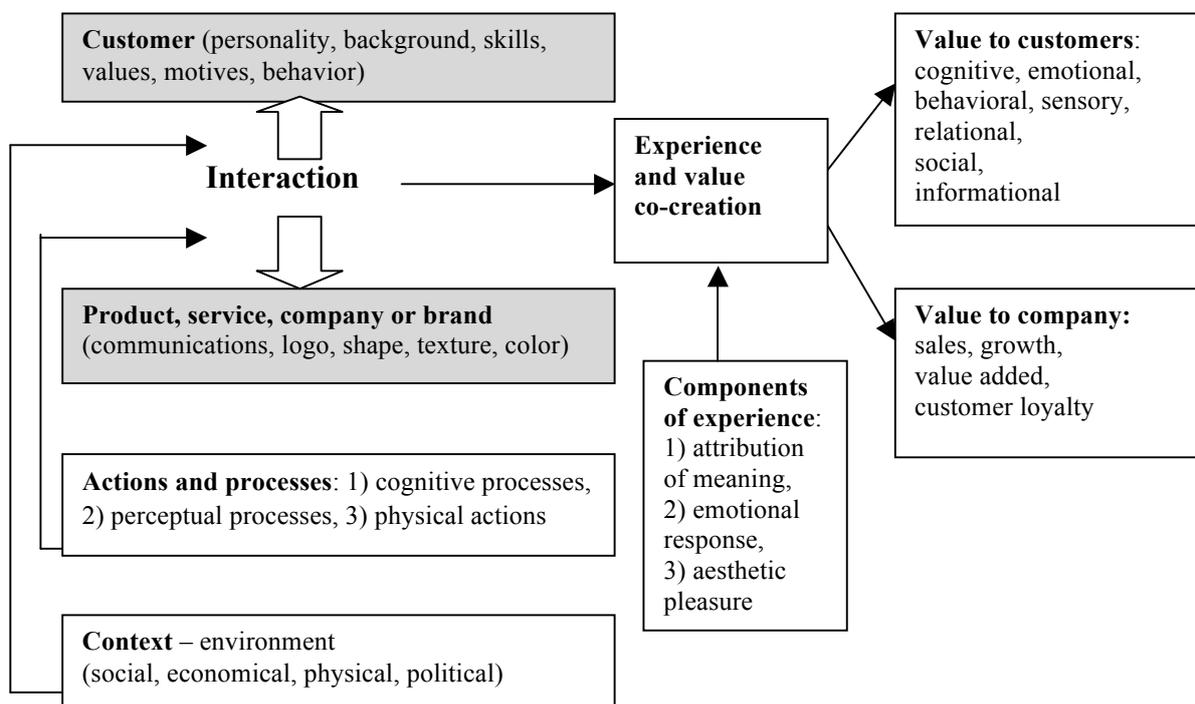


Figure 2: The conceptual model of experience marketing
Source: the author's devising

Experience is shaped by the characteristics of the customer and those of the product, company or brand. Desmet and Hekkert (2007) explain that “all actions and processes that are involved, such as physical actions and perceptual and cognitive processes (e.g. perceiving, exploring, using, remembering, comparing, and understanding), will contribute to the experience. In addition, the experience is always influenced by the context – environment in which the interaction takes place. Hekkert (2006) distinguishes three components or levels of

experience: aesthetic pleasure, attribution of meaning, and emotional response. The ultimate outcome for the company is e.g. sales, value added, loyalty.

At the level of meaning, cognition comes into play (Desmet and Hekkert 2007). The authors say that contrary to popular belief, “an emotion is the result of a cognitive, though often automatic and unconscious, process”.

Tynan and McKechnie (2009) assert that experience marketing can deliver sensory, emotional, cognitive, behavioral and relational value to customers, to which social and informational based value can be added.

Method

The methodology in this conceptual paper is theoretical research. The author used a multiple theory (Leppiman 2010) for data collection, including qualitative content analysis (Gummesson 2005; Mayring 2000). Key concepts and research from recent experience marketing literature are reviewed. By help of the theory this paper seeks to broaden our comprehension of what constitutes experience marketing by providing main definitions and proposing two conceptual models. The presented models have to be tested in the future research by using observation or other *qualitative* methods. One way to do this is to add a living case. The limitations and implications for the future are also discussed.

Findings

Drawing from the literature review the author defines the most important terms. While defining new definitions, the author considers and takes into account all most relevant scientific contributions.

The author found out that in English experience is used in three contexts: as a meaningful and unique feeling, as an accumulative, gained experience and as a “mere” situation or encounter one has gone through. This is the reason why the discussion of experiences is complicated among different cultures and contexts (Kylänen 2007). For a clear picture of the experience phenomenon, a more succinct definition is in order. In this paper, the author defines ‘**experience**’ as economic offering and a meaningful relationship, communication between the company, brand, service, and customer, who perceive and meaningfully experience it.

The author defines ‘**experience marketing**’ as strategic customer-centric marketing of relevant experiences that take into account the affective, cognitive and conative perspectives of consumption experience.

In English there are no simple equivalents and the word ‘experience’ has been supplemented with an adjective ‘experiential’. Finally, the author defines ‘**experiential marketing**’ as marketing planning tool, which focuses on tactical and operational level actions where the main question is how to do marketing (campaign) experientially.

Broadly speaking, there are three major schools (Pine and Tarssanen 2008) of experience marketing thought, which represent different concepts: 1) American school focused on marketing management and the economy (Schmitt representing experiential marketing, and Pine and Gilmore experience marketing; Holbrook); 2) the Nordic school focused on the design of experience products and services (Gelter, Tarssanen, Kylänen); 3) Central European school focused on personal development and learning, experience based learning (Boswijk, Thijssen, Peelen, Snel). There may be more schools of thought, such as German school of ‘*erlebnismarketing*’ (Marketing mit Emotion) (e.g. Weinberg 1992) or Italian school (Carù, Cantone, Addis, Fortezza, Pencarelli), or UK school (Tynan, McKechnie), but the focus in this paper was on the first two.

The author provided new definitions and proposed a conceptual model in which the specific components and the formation of experience marketing are explained. The first model includes two important dimensions: experiential marketing (connected to particular experience) and experience marketing (connected to meaningful experience). The proposed model should assist marketing professionals to understand the difference between these two terms.

Experience marketing is more comprehensive in scope and strategic in nature than experiential marketing. Experience marketing is more holistic, seeks to understand the entire world of customer experiences. It helps companies to improve interaction with customers to develop relationships that will ultimately lead to the customer loyalty, co-creation of value and growth for the company.

Experience marketing is the broader term/discipline/methodology, more extensive area because it includes experiential aspects and activities, and also interaction and value co-creation. Experience marketing is like a parent or fundamental area. Experience marketing is an important part of strategic marketing management and is used to manage customer cross-channel exposure, interaction and value co-creation.

Discussion

People today are in search of meaning, happiness, sense, new forms of fulfillment and core values, which they often find in market offerings (Fortezza and Pencarelli 2011). To be successful, Poulsson and Kale (2004) argue that a marketing experience should have personal relevance for the customer, be novel, offer an element of surprise, engender learning and engage the customer.

So what do we mean using the word experience? We get different approaches and answers. Experience is a form of behavior or a process in which feeling play an important role. One may say it is something personal or a turning point in life, experiences can change the context of life considerably or they are in context with other people, they are social and has sometimes to do with discovery or adventure. According to Boswijk, Thijssen and Peelen (2005), the common denominator in these experiences is that “they have a high emotional impact, they deal with letting go of old patterns, and discovering new frontiers, new directions and [...] there is an increase of energy”. “The objective is to amaze the customer, to thrill their senses, to make them feel a certain way, to provide them with skills or abilities and break out in a positive way from their normal personal status quo” (Fortezza and Pencarelli 2011).

Experiential is grammatically an adjective and experience a noun. Everything marketers do is experiential at some level – from the brand identity creation to the packaging, store design, media communication, or Web site management. So it is tactical. We have to acquire an understanding of these principles. What is then experience marketing? Is experience marketing the marketing of experiences (according to Pine and Gilmore (2002) the experience is the marketing), and experiential marketing how to market experiences, how to do marketing experientially? The author thinks it is.

“The experiences business is complex than the traditional businesses of the post-industrial era” (Fortezza and Pencarelli 2011). When we claim to have experience-driven organizations, experience-oriented strategy (Smilansky 2009) and experience-based activities using the word ‘experience’, then why many authors use experiential marketing knowing that everything is based on experience(s)? As for parts of speech, ‘experience’ is a noun and a verb, while ‘experiential’ is an adjective. The company’s marketing approach and activities can be experiential in nature, but everything is *based* on experience(s) or driven by experiences. Thus, the author of this paper recommends the use of the term ‘experience marketing’, because it is the parent and wider term, a much broader concept and methodology referring to

the “world of experiences”. Experiential marketing is part of experience marketing, a new approach to marketing and business. Experiential marketing is a tactical, rather than a strategic approach that marketers should consider central to their integrated marketing communications plans, including techniques, which are part of the core experience marketing strategy. Experiential marketing shows us the ways *how* managers can create experiences (Schmitt 2003). Smilansky (2009) says that experiential strategy is the campaign’s main concept. Through best practices she shows how to involve the audience.

Thus, experience marketing based on experience economy is a strategic and broader term than experiential marketing. The model shows that experiential marketing is a tactical tool. Experiential marketing is narrower and limited in scope, and more executive in nature, e.g. it may consist of a single campaign or involve only one media channel. The focus of experiential marketing is on specific business objectives, largely on creating or modifying the environments in which customers interact.

As a result, three foundational propositions are suggested that need further research.

P1: Experience marketing is a broader term/concept/methodology than experiential marketing.

P2: Experience marketing uses all components of customer attitude and behavior: affective, cognitive and conative.

P3: Experiential marketing uses only affective component of customer attitude and behavior.

Regarding to the use of the term experience marketing in marketing, the author found that experiential marketing focuses on tactical and operational level actions where the main question is how to do marketing experientially. Experiential marketing can be seen as marketing tactics, to design the operational process of customer experience. The above described framework illustrates the complex and layered nature of experience marketing.

Limitations and Further Research

This conceptual paper does not contain empirical research, but seeks to define and explain the key terms and relations between them. As mentioned before, there is little empirical research in that field and the relationships between the terms have not been studied yet. This is the limitation of the current research and the reason why new conceptual models must be tested.

It is necessary to continue the research of the differences between the two main terms and concepts more thoroughly through the content analysis, and also sort/classify and analyze the subjects for better understanding the relationships. The author proposes qualitative data gathering methods such as in-depth interviews, focus groups (e.g. experiencing focus groups), case studies and observations to finalize the model and prepare the scales for indicators. Testing these models using qualitative research methods should yield a rich understanding of the phenomenon.

The other field of future research is the concept of the experience economy that is still claimed to be in the pre-theory stage and lacks empirical evidence. Next, the issues of change, authenticity and contrast should be studied. The aim is to further develop the basic framework by deepening it. Finally, the further development of the proposed conceptual models is also necessary.

Managerial Implications

Everything is changing and for that reason most of marketers are experimenting with different ways to deliver brand messages. The success of the companies in competition is assumed to derive from the skills to embrace and deliver emotionally engaging customer experiences (Meriläinen 2006; Shaw and Ivens 2002) or transform customers by guiding them through experiences (Pine and Gilmore 1999). In author's view, both academics and practitioners need to step back and take a fresh look at marketing. We all may benefit from a broader experiential view because using experience marketing is the only way to gain competitive advantage in tough competition. It is important, but a difficult (research) task to identify all stimuli that can evoke experiences at various touch points.

Creative experience marketing, when applied correctly, will lead to greater impact for the customer, increased effectiveness, and even cost savings relative to traditional advertising or marketing techniques. Experience marketing is also very useful as a differentiation strategy.

The proposed models assist marketing professionals to understand the differences between the terms, and to distinguish the components and processes of experience marketing. Marketing managers should also carry out observational research to monitor what people do when they have an experience, and also in-depth interviews to examine the meaning and value of an experience in order to get relevant input for designing effective marketing strategies.

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Siiri Same

PhD student, Tallinn University of Technology, Estonia

The author has given lectures on “Brand Management” for master students
Faculty of Economics, Tallinn School of Economics and Business Administration

Department of Business Administration, Chair of Marketing

Ehitajate tee 5, 19086 Tallinn, Estonia

Phone (+372) 506 9639

Present position 2:

Marketing manager, Enterprise Estonia / Estonian Investment Agency

E-mail: siiri.same@ttu.ee, siiri.same@gmail.com