Marketing as an Experience Design: 
Experiential Marketing in The Context Of 
Luxury Brands

Repriya Podder¹, Suchandra Paul²
¹Wrkt Digital Consultancy of Dundee, Amsterdam, Netherlands
²University of Dundee, Dundee, Scotland, United Kingdom

Abstract:
This paper is concerned with the importance of Experiential Marketing and how it is utilized by luxury brands, also how this has aided them in achieving the fame they have acquired throughout the years. The discussions defined here within centre around the combination of globalization’s rapid growth, mass production’s reduction effect to prices for products and Communications enablement of consumers gaining access to global luxuries; the discussions further develop into how this led to the necessity for Experiential Marketing. This paper not only focuses on how marketing has transformed within contemporary times due to the influences of the 20th century changes to lifestyle but also how Experiential Marketing has played a hand in this. The various benefits to companies and businesses that incorporate this technique into their marketing mix are highlighted in this paper but also it investigates the necessity of it. This study conveys qualitative research undertaken into the practices of companies such as Hermès, Apple, Moët & Chandon and Disney and their success stories. With the aid of case studies additional in-depth data has been integrated into the research with information supporting how experiential events have aided with increasing brand awareness, sales figures and interest percentages.

Keywords: Experimental Marketing, Marketing, Luxury Brands, Luxury Customers

1 Introduction
As the world continues to evolve and grow, there are more and more companies across the globe that are becoming further developed and increasingly innovative; as they move away from commodities, goods and the service economy, they move in the direction towards an experience economy; many brands have recently identified this trend and companies have realized they must follow suit in order to be competitive. With an influx of options that consumers can choose from, it is no longer sufficient for a brand to only offer a product or service, but rather they need to reach above and beyond to provide an experience that is memorable, engaging, and worth a premium [1]. Luxury is the classification only given to a
limited number of brands that have achieved a quality far beyond the expectations of their consumers but also in terms of the companies themselves there are only a minute fraction however they have a major influence and vast control over the general market. These brands associate themselves with the highest quality in every aspect which leads them to setting new standards for rest of the businesses in the market. Marketing plays a major role in their brand status thus doing something out of the box and completely new to the game is required constantly. This has laid out a path for the use of experiential marketing, which provides its customer with the ultimate connection to the brand.

This paper is a series of critical reflections on the importance of Experiential Marketing in the context of global luxury brands. Experiential marketing is still a very new concept to the marketers as well as to the luxury brands [2]. However, thanks to the success of experiential marketing, a large proportion of all the top tier brands across the globe have integrated a channel, based upon it, into their marketing mix. Luxury brands need to stay in the forefront of their luxury customers’ preferences and create brand loyalty among them by connecting with these customers rather than just communicating with them. The number of alternative choices at the disposal of the customers is vast and numerous, this has led to the power being shifted from the seller to the buyer. Merely providing a product or service to satisfy their need is not sufficient enough, the human senses are the key to the success of the new form of marketing. Brands need to apply tactics to stimulate taste, sound, touch, smell and the other senses to evoke powerful memories in the minds of their customers and find new ways to give expression to their desires.

Today’s customers demand more than just the features and benefits, quality of the product or the brand image. They want products, communications and marketing campaigns that dazzle their senses, touch their hearts and stimulate their minds (Experiential Marketing). The aim of Experiential Marketing is to create lasting connections with customers which begins with knowing the customers first and then identifying what appeals to them.

Experiential marketing, or creating an experience as a commercial product, has long been attributed to theme parks. Some academics say the idea of an experience-driven economy can be traced back to the opening of the ‘quintessential’ tourist attraction, Disneyland, back in the 1950’s [3]. According to Disney’s 2011 Annual report, their domestic parks produced $9.3 billion for the company [4], contributing about 25% of Disney’s overall Revenues and 15% of its stock value [5]. This has led a lot of researchers and interest groups to study experiential marketing, though this concept entered the marketing field in 1982, over a short period of time it has become a key concept to understanding consumer behavior.

Many of the multinational companies such as Prada, Apple, etc. are promoting experiential marketing to be the major discipline forming the basis, while online, direct, advertising, and the remainder of the marketing mix becoming the supportive roles that provide aid/backup during live events. One of the impacts of companies adopting experiential marketing is that over $100 billion in USD is being expended annually on experiential programs globally spread over tens of thousands of brands [6]. Ongoing comprehensive research being conducted by both specialists and marketers has led to the discovery that conventional media channels such as TV and radio; and one-way communications for example adverts, are becoming less and less effective. This can be accredited to various factors and influences such as noise/clutter, media fragmentation, development of interactive technologies also generation X and Y; X being older generations that are not accustomed to interactive technologies and Y being the
newer younger generation, which prefers to use tools and technologies to purposefully avoid any and all ads e.g. ad blocker add-ons [7].

This paper also brings attention to some of the global luxury brands that did not perform as good due to them being unable to adapt to the persistently transitional market in contrast to the brands who responded appropriately to these market changes. Technology advancement has allowed for new media forms to improve upon the quality of customer engagement with luxury quality brands, which has also had a negative impact on the use of traditional forms of media. However, advertising on TV still maintains one of the largest budgets for marketing, on the other hand consumers are actively engaging with technology to avoid adverts, which has cost millions of pounds to design, coordinate, film and produce for airing [7]. Hew Leith former M&C Saatchi director and CEO at agency 10x. "Advertising just isn’t working anymore," said Leith. "You are seeing people skip TV ads if they can and [a growing number] of people have ad blockers.

He claims that experiential marketing is growing for two major reasons. Firstly, because millennials would rather tell people about something they have done than about something they have got. The second is that they can share these experiences on social media. He says FMCG brands have traditionally been at the forefront of using experiential media but this is rapidly spreading to other markets as they realise the benefits of sharing these experiences digitally.

This paper investigates the various benefits to companies and businesses that incorporate this technique into their marketing mix. This study conveys qualitative research undertaken into the practices of companies such as Hermès, Apple, Moët & Chandon and Disney and their success stories. With the aid of case studies additional in-depth data has been integrated into the research with information supporting how experiential events have aided with increasing brand awareness, sales figures and interest percentages.

2 Research Background

One of the key characteristics for a luxury product is staying true to its roots, this means the company and the production of their products should stay in their original location rather than transferring manufacturing to countries where the costs for production are significantly lower.

A great example of this are the products by Chanel or Hermès that are still being manufactured in France, where as the brand Dior has moved out of the country thus downgrading it to a premium product and losing the luxury title it once had [8]. Bernd H. Smith in his book “Experiential Marketing” describes experiences as private events that take place in response to some situation [9].

For the desired customer experience to transpire, the right environment and setting is very crucial. As mentioned earlier in this paper, providing consumers solely with goods and services is no longer enough to satisfy them or enough to earn their loyalty to the brand. In a world saturated with largely undifferentiated goods and services the greatest opportunity for value creation resides in staging experiences that create lasting memories with which the customers are able to connect and bond to [11].

Kapferer et al. [8] discuss the fundamental drivers of change for luxury in their book ‘The Luxury Strategy’, outlining that female emancipation and world peace were the two original drivers but were later boosted in the 20th century by democratization, increase in spending power, globalization and communications.
Democratization implies firstly that everyone is given the equal right to access the domain of luxury, secondly it suggests that historical social principles and fundamentals are progressively weakening into nothing, this is supported by the fact that both low and high-income households are able, if they desire, to purchase a luxury brand’s product.

An increase in spending power is due to “a qualitative and quantitative linear growth in the consumption of most products”, this growth is the reason for the advancement of consumer society and existing marketing strategies, resulting in the creation of premium and luxury products. This growth has also allowed for the average man/woman to be able to afford luxuries they would not have been able to in the past thus increasing the potential target market for companies and businesses.

Globalization’s role in changing luxury was the speeding up of the increase in spending power, this was achieved by natural development of wages being increased over the decades but also with the prices of almost all manufactured products dropping drastically. Globalization also offers accessibility to completely new products that can be considered as luxury such as exquisite French wines, extravagant silk clothing and exotic cars.

Communications is the final contemporary driver of change that impacts luxury directly, this is accomplished in the forms of mass media, global communication and international travel, these factors have allowed for news and information to spread from one corner of the world to the other at a fraction of the time it would have taken only a century ago, thus enabling consumers to access the luxuries they have constantly desired as frequently as they desire. International travel has also allowed for the customers to go to the product and experience the production and manufacturing of it for the memories of a lifetime rather than just receiving the product to their doorsteps.[8]

Pitkänen and Tuohino (2006) [10] defined experience as effective events that have a strong impact on the perceiver whereas Pine and Gilmore (1999) define it as memorable events. Experience marketing offers engaging, interactive and entertaining brand experiences. Pine and Gilmore (1999) [11] suggest that the four realms of the experiential framework, namely entertainment, educational, aesthetic and escapist should be taken into consideration in order to design a rich, compelling and engaging experience. These four realms frequently intermingle to create unique individualized encounters. Entertainment is absorbed passively via the senses. As the Experience Economy advances in its techniques of immersing consumers, people will investigate new and diverse ways for creating an increased number of rare experiences. Entertainment occurs when the guest passively absorbs the experience through their senses while Educational Experience involves the active participation of the guest. The Escapist Experience on the other hand involves immersion of much greater intensity compared to the above two. It actively involves and immerses the guest in the experience.

“Experience marketing can create emotions by making entertainment for customers, allowing them to escape from the reality, by educating them and giving them aesthetic objects or places to see” [11]. In the updated version of “The Experience Economy”, B. Joseph Pine, James H. Gilmore discuss the four values for creating opportunities within the Experience Economy starting with the importance to shift from mass production to mass customization, meaning companies should be producing only and exactly what individual customers want. Mass customization helps in overcoming the gap between what customers settle for and what exactly they want. The elimination of this gap would create the greatest value for the customers and thus for the businesses. Secondly, mainly the companies in the service sector should be
directing their employees to act in a way that engages their customers. Thirdly, companies should discover methods to explicitly charge money for the time spent on experiences. A large proportion of industries would greatly profit from looking to separate experiences based on ‘free’ or ‘pay to play’. Finally, experiences should produce more transformations i.e. businesses enabling alterations would charge not only for the time spent but also for the subsequent changes that come from the time invested.

This paper examines luxury brands such as Apple, Hermes, Prada and a few others which have moved beyond the old paradigm of features and benefits and have thus successfully utilized the facets of experiential marketing. Alternatively, some focus will be given to brands that have room for improvement which they can easily obtain with the implementation of experiential marketing into their company’s marketing mix.

The use of experiential marketing by luxury brands has allowed for them to engage with their consumers through various experiential events which plans to attain the marketing communication targets while also adding merit to the target audience’s lives. Examples of successfully implementing experiential marketing has been carried out by some companies for several decades without it being taxonomized. These companies created lasting connections with their customers which in turn helped in forming and the maintaining of a loyal consumer base. Companies such as Sea World, Disneyland and Universal Studios have enticed all of their consumer's senses by providing them with multiple in person experiential events based on their brands which are further enhanced through their other forms of marketing communication channels. By allowing consumers to visit their amusement parks, it has allowed the companies to provide them with the enjoyment of experiencing the universe of their preferred animals, characters and creatures first hand. Disney specifically has created the experience for their target audience to see, hear, touch, taste and smell their various brands. This has been achieved through the successful creation of immersive environments which provide the consumers with experiences that produce various positive emotive responses [7].

Another more recent example would be Apple that has been able to successfully attract customers into its stores while also driving sales per square foot to a magnitude greater than any other typical retailers, this is due to their focus not only on the products they provide but also on their customers and the in-store experience provided. Apple drew inspiration for its retail front by studying the hospitality experiences at Ritz Carlton and various other boutique hotels. This has allowed for them to change the landscape of how customers shop within their stores, their first major change was the removal of a central checkout desk/cash register which is normally found in almost every other store; this instead was replaced with roaming sales assistants which are actively engaging with the customers and attend to their individual requirements/needs. Another change is the addition of an interactive genius bar which provides hardware repairs but also immediate support for customers facing issues with their purchased items. The final change made was for product purchasing as there is now an ‘EasyPay’ self-checkout where all customers are able to scan the barcodes for the items they wish to purchase and then pay for it using their apple accounts [12]. The non-monetary burdens such as a disorganized store or long lines at the checkout can outweigh the customer’s consideration of price, this explains the significance of sensory marketing.

3 Methodology
This paper uses the case study approach to analyze the impact of experiential marketing on the luxury sector of marketing. Case studies are the preferred strategy when questions such as “why?” and “how?” are being posed. When the investigator has little control over events and when focus is on contemporary phenomenon within some real-life context [13].

With globalization taking place at a rapid pace, Experiential Marketing has proved to be advantageous over traditional marketing. To examine the growing importance of experiential marketing and the impact it has on the success of a company in context of the luxury brand, keys words such as “Experience”, “Experiential Marketing”, “Consumer Experience Management (CEM), etc. have been used to locate relevant existing journals and literature in this field to derive the necessary information which was then categorized based on relevance. “The Experience Economy, Pine and Gilmore, 1999” [11] is one of the earliest books written about experience marketing, in which Pine and Gilmore mention the shift towards a new growing economy, i.e. the experience economy. Scanning through the scholarly articles, professional articles, books, etc. that were collected helped in identifying the most important articles. Going through these chosen articles on a more in-depth level of detail after scanning is skim reading. Sheila Carbone and Haeckel claim to have launched the “experience movement” in 1994 [14], however Holbrook and Hirschman (1998) [15] already wrote about customer experience in an iconic article over a decade before in the year 1982. Qualitative research has been the basis for conducting this study. Scholarly articles, books, professional articles, etc have been used to gather the data relevant to this study, which has helped to develop a further understanding of the vital importance of experiential marketing in the constantly evolving current market situation, where brands are not able to compete against their competitors by relying solely on the features and benefits they offer to their consumers.

4 Analysis

Over the years, both psychologist and marketing researchers have been working towards developing imaginative mythologies for the purpose of exploring customer experience. These experiential mythologies use picture collections, photographic techniques, storytelling and other methods to understand how customers think and feel about a specific product.

Also, over recent years there has been a drastic growth in the number of companies successfully incorporating experiential into their marketing mix, the reason behind this new change is due to marketers evolving their strategies, based on research carried out, in order to meet the requirements, set out by the companies they work for and to ensure that they continue to be successful [9].

As luxury products are designed to cater for people with high net worth, these consumers also have a wide variety of options available to fulfil their needs, thus it is very important for a luxury brand to reach this client with a special story and give them an entirely new experience that creates a long-lasting memory. The target audience for these brands have high potential; these buyers of luxury goods are accustomed to attending multiple events of the same nature as well as seeing high-end quality products on a daily basis, thus it is extremely important to associate with luxury by meeting its requirements but also customizing each product to match their profile.

Brand ambassadors play a vital role in influencing various clients and associate the brand with a specific segment and class. One of the highly successful experiential marketing examples that was carried out by the company Mercedes where A$AP Rocky appears in “Get
a Job” co-starring the CLA coupe with the purpose of creating a storyline for the product; it was one of the shortest videos with a significantly positive influence on the viewers.

On other hand, it took another artist Natasha and Kate in “Spend time with Family” where both the cars were developed to serve different segments of the target audience. The themes of each of these videos was set up with the intention of using the products to target families for their A class car and youngsters for their CLA coupe; the families would directly get attracted through the singers and the rappers would influence the youngsters who would be following the theme and experiencing it.

Other variants were collaborated with for other themed songs and this is how experiential marketing played a positive role for Mercedes; by providing a storyline to its brand and adding value in its line of products within the different segments of their car range and the market.

Apple has been able to create engaging retail stores, which makes shopping in the store an experience for its customers. Apart from utilizing the retail space as an opportunity to build relationships with their customers with relevant, fun and intimate experiences, Apple also holds workshops to educate and inform their customers which not only furthers the customers’ knowledge about the product but also makes the transition from PC to apple smoother. Educating the customers is a very important element of Experiential Marketing.

Luxury products are bought for the purpose of adding value to the name of the owners but also to create a status and impression in the social culture. This has drifted almost all the luxury brands to move towards the new revolutionary marketing strategy; where the consumers are not just provided with the knowledge of the product but are also made aware about the brand itself and its products in an altogether package. This kind of marketing creates an emotional and mental attachment for the target audience towards the brand, thus making them to be extremely loyal customers that return repeatedly. While marketing pools a large amount of profit to be gained, this form of marketing has a high price tag attached to it which makes it only appropriate for luxury brands to incorporate and apply it to their products.

Moët & Chandon developed a campaign called “La Mini Fete Moët” where they had recreated a traditional themed carnival experience with a high end luxurious but still approachable twist for all consumers. The activation however was limited to a set number of high-end clients, which gave them an exclusive feeling. This creates a connection between the brand and its valuable customers as well as helping them retain and show that they are highly valued and associated to the brand. Where the valued clients were provided with a romantic ambience with food and drinks. A playful experience was created for the purpose of adding to the story line, this was mainly directed towards the consumers that were not wanting to experience a romantic environment, the playful experience was attained by the brand management team.

Being a luxury champagne brand Moët & Chandon has a set and limited number of customers to target. Experiential marketing helps the brand to attract the buyers for its products and create a craze for its demand in the market, this is achieved by not only having an exclusive or high-quality product but by also adding more to it, this is achieved through the creation of an exclusive value and adding story to its brand. Engaging customers and providing them a valued experience is the main aspect behind experiential marketing, this approach has led the luxury market to provide an innovative and completely different approach to fulfilling the needs of its valued customers.
In a world where consumers are increasingly favoring the online retail experience, it is time for brands and retailers to up their game in attracting them to their physical stores. It’s time to embrace retail spaces as an opportunity to build relationships with experiences that are relevant, intimate, and fun.

When it comes to clothing brands Hermès have associated itself with experiential marketing and taken it to a completely new level. Bali Barret, the silk scarf designer for the brand and film director Jean Paul Goude, thought out the concept of Hermès club; where they had customized and planned every aspect of this event to provide its high-end customers with the ultimate experience. The company had spent lavishly and created 10 different themed rooms and spaces for their clients to get more comfortable, these rooms put on to display their ready to wear collection and accessories. Around 1,000 guests were catered for at this event and it enhanced this exclusive one-night event through WeChat which enabled more fans to take a closer look at the club on its official account. This led the brand to retaining its current customers and approaching other potential customers through social media and word of mouth by its current clients. Hermès has a concept model for its stores and are exceptional at providing their service and products, this allows the brand to outshine from its competitors in context to brand value.

Hermès has integrated such high values and luxury, to the point where it attaches a feeling of pride for the customers who own their products. The Hermès club which has been setup to provide valued service to its high-end clients has created an unbreakable bond between the two; it has also become a desire for many to achieve the same status and become a member of the famed Hermès club. This has led to an incline in sales and has attracted the elite class by exclusively catering to their needs. The quality of the goods provided are beyond the expectations of consumers but also above when compared against competitors, by giving a theme to its brand the product now is higher rated in-depth and emotions leading it to be on the top of the world within fashion industry.

An experiential marketing strategy carried out by Samsung led them to approaching Launch Factory for the purpose of launching their new X820 ultra range of mobile phones which are the slimmest in the world. The challenge they needed to overcome was getting the mobile into the hands of their target audience of 25 to 35-year old’s. The company staged a scenario where an attractive woman would approach the target audience: males aged 25-35 and re-enact the role of a woman who had lost her sister and needed to find her, she asked the men if they could call her if they happen to see the missing sister, she then leaves a business card with them and leaves promptly. The missing sister arrives shortly after and the men decide to call the number given to them. They reach the voicemail of the lady and are offered to buy the ultra-stylish Samsung X820! After interacting with the male target consumers over 2 consecutive nights, the number of calls received was a staggering 56%. Justine Hume the marketing manager stated: ‘This campaign was an innovative way to get prospective consumers to interact with our product. We ultimately managed to get people talking into, but also about our phones to others’ [7].

Another experiential event that was held by Samsung was a ‘part of its sponsorship of the 2012 Olympics’, in which they created several brand experiences at different destinations around London, including places such as St Pancras International, Stratford International, Westfield Stratford, N1 Centre Islington, Canary Wharf, One New Change, Broadgate and Heathrow T1 departures lounge’ [16].
5 Conclusion
This research is an attempt to highlight the shift towards “Experiential Marketing” from “Traditional Marketing” in the context of the luxury sector. Global luxury brands such as Hermès, Apple, Moët & Chandon, etc. have been used as examples to demonstrate the benefits of Experiential marketing and emphasize on how changing the focus to customer experience can drive sales and promote customer loyalty.

With the dynamic economy and the ever-growing intense market competition, brands needed to take a step ahead from merely offering products, to finding innovative ways to emotionally connect with their customers in order to survive against its competitors. Hermès uses relate marketing i.e. creating a social link between the customer and the brand [9] to an extent to connect their customers with the broader social and cultural context reflected in the brand. Apple has managed to successfully integrate their products, retail and customer experience to create a retail space with a sense of community to it. Although Apple has utilized Experiential Marketing to quite an extent for its advantage. However even though it owes it’s given reputation to experiential marketing, Apple can afford to bypass some of the traditional experiential marketing methods. Recently as a part of their launch for the Apple Watch, Apple did not stage an experiential show but instead rather chose to control their consumers and the information they were given, this caused the audience’s curiosity [17]. Thus, Experiential Marketing is a necessity for business and services for their long-term survival, better customer engagement. Experiential Marketing is a highly evolved form of corporate storytelling. Successful experiences are both art and science, created by combining a brand message, elements of interactivity, a targeted audience and delivering it a live setting. Brands are making increased efforts to create truly memorable and fascinating experience for their customers by incorporating the brand with tech, culture and art. Market has changed from product centric to customer experience centric. It can be safe to say based on the study of the brands in this research that those who have transitioned to “Experience Marketing” are finding that any pain of change has been outweighed by the benefit of more powerful marketing, more engaged customers, and better return on marketing investments [18].

References: