

CREATING PLEASURABLE CUSTOMER EXPERIENCES FOR SUSTAINABLE COMPETITIVE ADVANTAGE

Shilpa Bagdare

Department of Management, International Institute of Professional Studies, Devi Ahilya Vishwavidyalaya, India

Abstract:

Customer experiences, whether pleasurable or unpleasurable, create long term memories influencing present and future behaviours of the customers. Pleasurable experiences not only lead to customer satisfaction or delight, and nostalgia, but also result in patronage or loyalty to the brands or stores, thereby, creating sustainable competitive advantage. It is a very effective strategy for differentiation and customer retention in an era of competition based economy. Creating pleasurable customer experiences involve a deeper understanding of customers' experiential journey and touch points. The present paper analyzes customer experience in different stages of consumption, proposes a conceptual model for customer experience creation and provides insights for marketing strategy.

Keywords:

Customer Experience, Competitive Advantage, Experience Economy, Customer Value, Experiential Memories

1. INTRODUCTION

Customer's life is a journey of experiences beginning with the search of information about products / services which continues even after acquisition and consumption, thus creating vast storage of memories. Consumption of goods or services is an experiential phenomenon accompanied by moments of pleasure or pain. Such moments of truth have a magical effect on customers' perception, attitude and behaviour. They are also likely to influence personality and lifestyle of individuals by the impressions collectively created through experiential journey. When managed carefully, the organizations may create a unique, memorable and pleasurable experience for their customers and achieve sustainable competitive advantage. In a highly competitive world, customer experience is the most important approach for designing marketing strategies by all types and sizes of marketers.

Rawat and Mann [15] opined that in changing lifestyles customers seek experiences from product, service and brands which emotionally engage and provide fun, feelings and fantasies. They suggested a conceptual model of customer experience which highlight the need for shifting focus towards personalized customer experience for creating satisfaction and loyalty.

Customer experiences are internal and subjective responses to a series of interactions with different touch points during the entire experiential journey. In order to design seamless and pleasurable customer experiences, it is important to understand the successive stages involved in such experience creation, presence of touch points, and underlying processes resulting into experiential responses by the customers.

Chaney et al. [1] provided a detailed account of the developments in the customer experience from theoretical, methodological and managerial point of view. They highlight the

new avenues and emphasize the need for future researches in the area of consumption experiences.

The present paper is based on the theoretical foundations and global practices adopted in customer experience creation, and makes a significant contribution by proposing a conceptual framework describing touch points at pre-consumption, consumption and post-consumption stages along with the sensory interaction and mental processing resulting into experiential responses. The architecture of which is given in Fig.1.

2. CUSTOMER EXPERIENCE-THEORETICAL FOUNDATIONS

Experiences are described as the phenomenon which is inherently personal and existing only in the minds of the customer [11]. All products or services satisfy consumer needs, wants, desires or fulfil their expectations by delivering purposeful-meaningful experiences. These are described as internal and subjective responses, co-created through multisensory interactions between the consumer and the organization. The shift is from "commoditization" to "personalization" - personalized co-created consumption experiences [5] [11] [14]. Experience is the new bottom line for companies in terms of differentiation, sales, satisfaction, loyalty, and word of mouth communication. Organizations are shifting their focus towards offering unique, superior, pleasurable and memorable for differentiation and competitive advantage in the marketplace.

Pine and Gilmore [11] [12] argued that there is a fundamental shift towards Experience Economy where experiences are offered as economic offerings representing the fourth wave in the economic progression. It represents a transition from Traditional Marketing to Experiential Marketing [16] which describes consumption as a holistic experience, in line with the notion of consumption experiences [5]. Customer experience is now a well-established concept in the marketing literature. It is referred as a multidimensional construct involving the customer's cognitive, affective, emotional, relational, social, sensory, and behavioural responses to environmental stimuli [11] [16] [18]. In one of the earliest definitions, customer experience was defined by Carbon and Haeckel in [3] as "the aggregate and cumulative customer perception created during learning about, acquiring, using, maintaining and disposing of a product or service". Customer experience is often described as co-creation phenomenon. As customers become connected, informed, empowered and active, and as competition intensifies, both of them benefit by personalized co-creation experiences [14]. Gentile et al. [2] defined customer experience as "a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction, and such experience is strictly personal and implies the customer's involvement at different levels

(rational, emotional, sensorial, physical and spiritual)". Jain et al. [7] described customer experience as a "holistic concept, representing sum total of feelings, perceptions and attitudes created during successive stages of consumption process as a result of interactive process by integrating customer interaction, co-creation and personalization in the experiential value creation".

3. ILLUSTRATION OF CUSTOMER EXPERIENCE

There are numerous examples of great customer experiences ranging from consumer electronics, luxuries, healthcare, hospitality and entertainment, banking, travel, online retailer, FMCG, and other consumer products/services. Be it a global brand such as Apple (American) or a local brand Cafe Coffee Day (Indian Brand), they are known for their unique customer experiences.

A famous American motorbike is one of the most interesting cases of iconic customer experience. Pre-purchase activities involve brand experience through advertising and other brand communication programs; active search, comparison, review, discussion, evaluation of the models in virtual space and/or physical space; shopping experience in branded environment of exclusive showrooms allowing customer's encounter with the physical product, touch and feel of the ambience, interactions with sales staff, product customization, value addition and other host of activities; post purchase activities involve memberships, participation in riding events, servicing, repairs and maintenance, maintaining the pride in ownership. At every stage of buying process, customers are actively involved and engaged in co-creating the American Motorbike Experience. This has created a cult of Bikers who live with a lifetime unique, memorable and pleasurable experience. It has been proved, time and again, that a great customer experience builds a great brand.

A global toy store creates a transformational experience of buying a soft toy and building relationship of friendship with the toy. The child, often accompanied by parents, enters the store and looks at the stuffed toys, and chooses a toy. Then the process of relationship creation begins with the picking up an empty – unstuffed toy. It is then taken to a filling station where the empty toy is filled with the soft stuff and if the child wants to make a wish, then the wish can be written and kept inside the toy. The toy is then taken to bathing and cleaning station for cleaning. It is then followed by choosing a favourite dress for the toy from a wide range of options. Later it is taken to the naming ceremony where the child gives a favourite name to the toy and a birth certificate with that name is printed. Thus a friend is born.

A multinational company, offering Compressed Air Systems and Services to its clients is an excellent example of customer experience practices in Business to Business (B2B) context. The company had incorporated Customer Experience Management (CEM) in their mission statement, developed five-year long term CEM plan, created position for customer experience manager and executives, organized CEM training at all levels, developed metrics for measuring CEM performance, established CEM star awards for outstanding performance as CEM role models from employees. All these initiatives helped the organization in creating better solutions, customer value, image, relationships, revenue and loyalty.

A restaurant chain of South Indian food, with pan India presence, offers authentic cuisines of south India, in a traditional set up. The interiors are designed with glimpses of festivals, dance forms, tourist destinations, and natural beauty of South India. The managers and servers are also dressed in their traditional attire to present a real look. Use of banana leaves while serving authentic food and beverages further adds to the flavour. Efforts have been

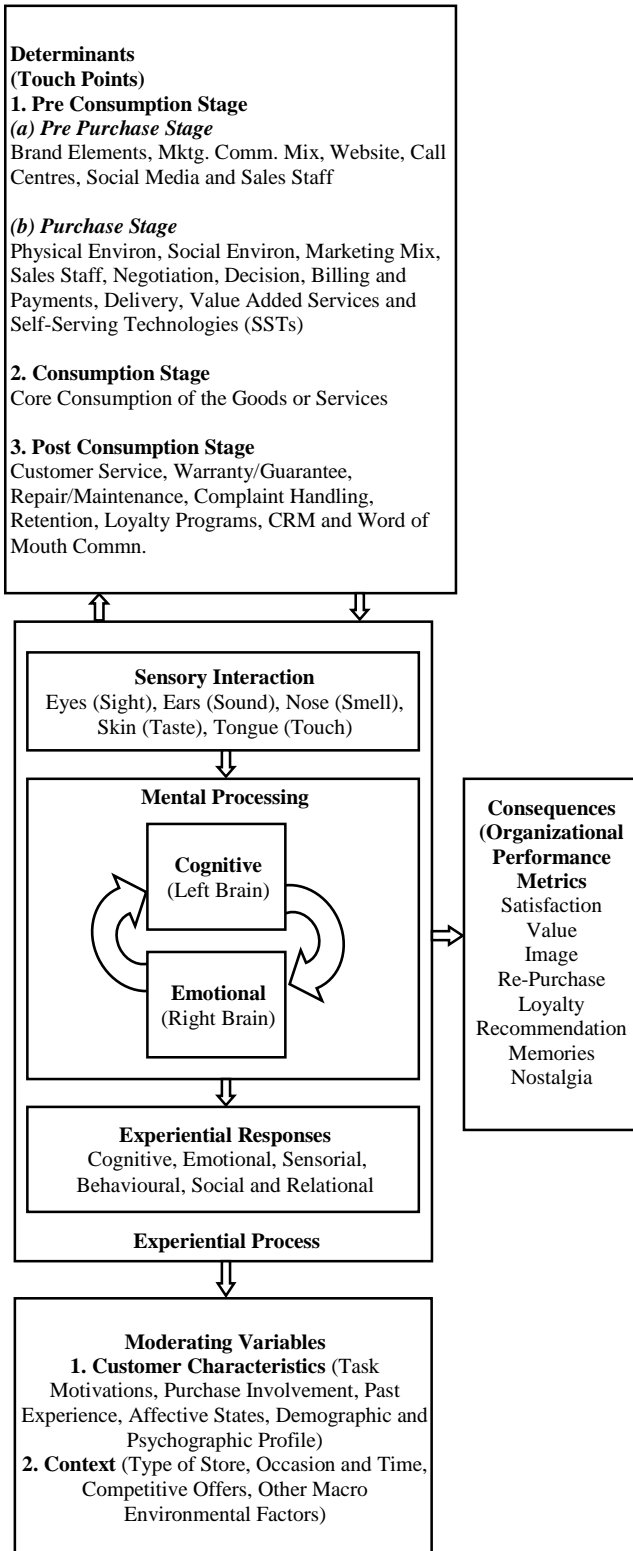


Fig.1. Conceptual Framework for Customer Experience Creation

made to create a whole ambience to immerse the customers in the culture of South India.

4. CUSTOMER EXPERIENCE CREATION

A large number of studies have dealt with identifying and explaining the major steps involved in managing the process of customer experience. It has been found that most researches have adopted scientific methodology focusing on analysis, design, implementation and control issues. Some of these studies are reported here:

Pine and Gilmore [11] in one of the earliest work had proposed five principles for designing memorable experiences: theme the experience; harmonize impressions with positive cues; eliminate negative cues; mix in memorabilia; and engage all five senses. Schmitt [17] has also suggested five steps: Analyze the experiential world of the customer; Building the experiential platform; Designing the brand experience; Structuring the customer interface; and Engaging in continuous innovation. Haeckel et al. [3] focused on different parts of an organization to the common goal of creating an integrated, aligned customer feeling and proposed three fundamental principles are proposed for creating distinctive customer value through experiences requiring cross-functional organizational perspective: Fuse experiential breadth and depth; Use mechanics and Humanics to improve function – enhance goods or services functionality; and Connect emotionally – understand and respond to the emotional needs of their customer. Henry and Greenhalgh [4] suggested that the key steps for wider management of customer and user experience which includes experiential aspects and lifecycle ‘touch points’: Plan for customer experience by defining experiential value propositions (EVP) and the tasks for implementing customer interfaces; Build a ‘value proposition experiential platform’; Develop customer interfaces and lifecycle touch points; and Assess and improve.

Schmitt [17] has suggested five principles for creating compelling experiences: focus on the use of goods and services; Theme the experience; designing work as theatre and operating environment as stage; reducing customer sacrifice, and Turning the experience into transformation. In another study Gentile et al. [2] suggested that organizations can create better experience for the customers by adopting following guidelines: develop experience driven innovations, consider the functional features of the commercial offer, provide a venue for an integrated customer experience, and consider product characteristics for designing different components of the customer experience. Palmer [10] reviewed a vast amount of literature on customer experience and suggested a framework for explaining the creation of customer experience. This begins with basic stimuli, which is converged into three higher order constructs (quality, relationships, and brands) and leads to the development of an attitude, mediated by the sequencing of the stimuli and the emotional predisposition of the individual.

In an important study, Lemon and Verhoef [9] established that customer experience is a distinct concept and customer journey involves stages of pre-purchase, purchase and post-purchase stages. In each of these stages, customers interact with a wide range of internal and external elements (touch points) including channels and social media. They suggested that formation of a

positive customer experience requires a holistic approach and an integration of multiple business functions, touch points and customer interactions across all the stages. Plessis and Vries [13] reviewed the theoretical and practical dimensions of creating a positive customer experience and suggested a nine steps framework distributed over two parts - Customer Experience Implementation Process involving customer understanding, designing customer journey, customer experience measurement, and customer experience change implementation; and Organization Building Blocks involving defining the customer experience strategy, creative leadership, customer experience culture, aligning the organizational functions to the customer segments, and aligning the systems, processes and technology to the customer experience strategy.

Jaing et al. [8] explained that customer experience can be viewed as a cumulated effect of pre-consumption, purchasing, consumption, and post consumption experiences. They further described that the experiences are not confined to any particular stage, rather they happen at any stage involving customers’ interaction with branding elements or any marketing efforts by the company. They reported that favourable pre-consumption experience significantly contributes to enhancing branding preferences leading to perceived value and brand loyalty. Imbug et al. [6] in an empirical study also found that there is significant relationship between customer experience and customer loyalty.

In the light of earlier studies and practices adopted by various organizations, as mentioned in a few illustrations, customer experience creation can be considered as an integrated, interactive, internal and subjective process resulting into experiential responses. It occurs at the following stages:

Pre-Consumption Stages: This stage consists of two sub stages described as (a) pre purchase stage and (b) purchase stage. Both the stages involve customers’ interaction with a range of touch points. During the pre-purchase stage, the focus is on creating a brand experience through perception and attitude formation. Organizations make efforts to communicate and reach out to the customers through branding elements, marketing communication mix elements including advertising, sales promotion, publicity, direct marketing etc., website, call centres, social media, sales staff, handling enquiries and other similar activities for customer awareness, education, persuasion and evaluation. This facilitates fulfilling the customers’ need for information, knowledge, feedback, reviews and help in evaluation of various alternative solutions. The Purchase Stage focuses on creating a Shopping Experience to facilitate transaction. Customers often interact with elements of physical environment of the store (exteriors, interiors, layout, product display, pricing elements, visual merchandise, spatial arrangement, air quality, music, fragrance etc.), social environment (other customers), store staff, assistance/guidance/demonstration, negotiations, billing and payments, delivery systems, value added services such as financing, exchange/returns, alterations, and use of self-service technologies for price check, dispensing, self-checkout etc. During this stage, efforts are made to create shopping environment and other processes for helping the customers to take a purchase decision.

Consumption Stage: This stage relates to the customers’ encounter with the product/service attributes, features, functionality, quality, performance and durability. The actual

consumption of core benefits, both utilitarian and hedonic, results into fulfilment of customers' needs/wants. Customers derive a sense of physiological/social/psychological satisfaction when their requirements are addressed or solutions are delivered. It also creates a feeling of pride in ownership or status associated with the products/services or brands.

Post Consumption Stage: This stage is characterized by the customers' interaction with augmented services and support provided by the companies. It includes customer service, warranty/guarantee, repair/maintenance, complaints/grievances handling, customer retention, loyalty programs and customer relationship management activities. This is a very challenging stage as the initial enthusiasm and excitement of the acquisition and consumption of products/services get over. The focus in stage is on creating Relational Experience by managing customers' interaction with all the elements of post-sale activities in order to maintain the satisfaction levels and promote positive word of mouth communication.

Sensory Interactions: Customers interact with different touch points or clues present at different stages - pre consumption, consumption and post consumption, through their sensory receptors Eyes (Sight), Ears (Sound), Nose (Smell), Skin (Taste), and Tongue (Touch). These interactions transmit the signals to the brain for further mental processing.

Mental Processing: This stage involves the internal - mental processing of the signals received through various sensory organs. As per the brain theory, the right brain is engaged in cognitive (objective/rational) processing and the left brain is engaged in affective (qualitative/emotional) processing of the inputs received from the interaction of senses with touch points. This internal processing results into customer responses in terms of formation of images, understanding, knowledge, thought waves perception, attitudes, memories and other physiological responses.

Experiential Responses: Customer responses in this stage are an outcome of the complete experience, accumulation of all the experiences formed during interaction at every single touch point. These responses may be a combination of Cognitive (Information, Knowledge, Attitude), Emotional (liking, interest, preference), Sensorial (comfort, convenience), Behavioural (ease of use, actions), Social (recognition, opinions, interactions), and Relational (friendliness, patronage, trust, commitment) expressions resulting into a state of pleasure or displeasure/satisfaction or dissatisfaction.

Consequences: Organizational performance is highly dependent upon the experiential responses of the customers. Positive responses may contribute to success or competitive advantage whereas negative responses may lead to a cycle of failures. This is often characterised by the feeling of customer satisfaction, perceived value, brand image, repurchase intentions, loyalty for the brands or stores, and word of mouth recommendations. Every experience creates a memory which serves as past experience and shapes the consumers' future behaviour for all purchases. Happy memories are often cherished and become nostalgia for the customers.

Moderators: The entire process is likely to influence by two set of moderators such as Customer Characteristics (Task Motivations, Purchase Involvement, Past Experience, Affective States, Demographic and Psychographic Profile) and Context

(Type of Store, Occasion and Time, Competitive Offers, Other Macro Environmental Factors).

5. CONCLUSIONS

Creating pleasurable customer experiences are essential for sustainable competitive advantage. It requires a well thought out strategy, built around the customers' interaction with the touch points at pre consumption, consumption and post consumption stages. A carefully designed customer experience creation process brings great results to the organizations in terms of customer satisfaction, brand image, loyalty and many more tangible and intangible benefits. The present paper significantly contributes by proposing a conceptual framework for customer experience creation. This framework can be further empirically tested and validated in future studies. The moderation effect of consumer characteristics and contextual elements can be ascertained by the researchers. Marketers can identify, map, and design the touch points in the entire journey during different consumption stages, so as to influence the sensory interaction and mental processing to create unique, pleasurable and memorable customer experiences.

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