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Experiencing Marketing First Hand

Experiential Marketing: it's all about the experience

Does the brand define the experience - or the experience define the brand?

It has always been the case that the collective experiences of consumers really drive the success of branding efforts. With the changing landscape of marketing and communications and rise of online social networks and forums, it has become clear that a brand is only as good as its online customers say it is. A customer can praise or complain about your organisation to thousands of online readers in seconds.

While the challenge of marketers will always be to identify and communicate effectively with target audiences, new challenges have emerged:

How do we create positive, memorable experiences that attract and retain customers?

And, how do we encourage customers to share their positive experiences with others?

One possible answer: Experiential marketing.

Experiential marketing allows users to interact with a brand and its products or services first-hand, often in a controlled environment. This area of marketing aims to appeal to emotions, logic and the senses, and it provides an opportunity for customers to engage with a brand. Such engagement aims to diminish the disconnect that can sometimes exist between what a company *says* about its offerings and what customers actually *encounter*.

Product demonstrations, online reviews, point-of-purchase displays, samples - these are all very basic examples of experiential marketing that have existed in the marketing mix for a while. These tactics, when paired with targeted messages, can be key components for success in any campaign.

But, experiential marketing in today's world has pushed the boundaries further. The internet, social networks, a demand for transparency and shortened consumer attention spans have contributed to a shift in experiential marketing strategies. This shift has resulted in a much wider approach to marketing and business that is heavily rooted in consumer opinion and dependent on target audience feedback.



In this Blue Paper, we explore where experiential marketing and customer experience management meet and how you can harness the power of both to find success in today's evolving marketplace. We've also included some great insights into how best to set experiential marketing goals, develop strategies and tactics, and measure success.

So, without further delay ... let the experience begin!

Experiential marketing and the customer experience

In the early years of the new millennium, customer experience management (CEM) was a popular buzzword that really set the stage for experiential marketing. While experiential marketing and CEM are two different things, they *are* intertwined, and knowledge of both is necessary for ultimate success.

In short, experiential marketing focuses on developing highly visible, interactive and sensory-engaging environments wherein products and services are showcased. CEM on the other hand concentrates on customer experience as a whole, not just as the delivery method for marketing tactics.

Consider this matrix, developed by customer experience consulting firm, Live Path, to compare the specifics of experiential marketing and CEM in more depth¹:

Experiential Marketing	Customer Experience Management
A core competency of CEM that addresses how customers sense, feel, think, act and relate to a company, product, brand, and/or service within a variety of on and off-line environments.	A parent area of focus defined as the discipline, methodology, and process used to comprehensively manage a customer's exposure, interaction and transaction with a company, product, brand or service across a wide variety of channels.



¹ Duncan-Durst, Leigh. "Customer Relationships - What's the Difference Between Customer Experience Management and Experiential Marketing? : MarketingProfs Article." *MarketingProfs: Marketing Resources for Marketing Professionals*. 17 Jan. 2006. Web. 10 Feb. 2011. <<http://www.marketingprofs.com/articles/2006/1717/whats-the-difference-between-customer-experience-management-and-experiential-marketing>>.

<p>Focuses on:</p> <ul style="list-style-type: none"> • Customers and branding • Environmental factors of perception • Creating or modifying the environments in which consumers interact 	<p>Focuses on:</p> <ul style="list-style-type: none"> • Improving marketing outcomes • Adopting a balanced view across 5 areas: customers, environments, brand, delivery platforms and interface dynamics
<p>Narrow and limited in scope, and executional in nature. Often seen in individual campaigns or through a limited number of channels.</p>	<p>Comprehensive in scope and strategic in nature. Supports iterative improvement and ongoing execution.</p>
<p>Seeks to create individual environments for customer exploration, interaction and transaction, focused to achieve a specific set of business objectives.</p>	<p>Seeks to help understand the entire world of the customer in order to better interact with them, develop relationships and foster loyalty and word-of mouth.</p>

Electronics giant, Panasonic®, provides us with a real-world example of experiential marketing and customer experience management with its “Living in High Definition” promotional tour. Here’s how: Panasonic had developed a potentially ubiquitous new product in its HD plasma TV line, but could not adequately communicate the product’s benefits through static advertisements. Recognising that consumers needed to experience the technology first-hand to realise its magnitude, Panasonic partnered with Atlanta-based firm, Next Marketing, and took a tractor-trailer emblazoned with Panasonic branding on the road for a tour of electronics retailers across the United States. Home theatre-style settings allowed shoppers to experience HDTV for themselves - and it worked.

Utilising CEM, Panasonic identified a need to communicate with customers in a different way for this campaign. Then, in its implementation, the experiential marketing came into play. The results? According to Next Marketing an amazing 60% of visitors made a Panasonic purchase within 30 days of attending the tour.²

As Panasonic demonstrates, in many cases you can’t successfully implement experiential marketing tactics until you’ve considered customer experience management. CEM is the sum of all experiences a customer has with a brand from research, to purchase, to customer service and beyond. It sets the stage for experiential marketing.



² “Experiential Marketing - A Special Look.” *Ad Week*. Web. 14 Feb. 2011. <<http://www.adweek.com/law/custom-reports/images/1005-exptiamktg.pdf>>.

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"In a world drenched in social word-of-mouth," shares researcher Josh Bernoff from Forrester, a global research and advisory firm, "the way you treat your customers - and the way they perceive you - makes all the difference in what they say to their friends. That's customer experience."³

Forrester's Customer Experience Index survey, published in February 2011, asked more than 7,700 consumers to respond to three questions about 154 different companies: How well did they meet your needs, How easy were they to do business with, and How enjoyable were they to do business with.⁴

Two key results were identified⁵:

- Only 6% of the brands were ranked as excellent (score 85 or more out of 100) while two-thirds were rated "okay" to "poor." 18% were ranked as poor.
- Retail and hotel companies did the best; health insurance and television service providers ranked worst. Bernoff notes this as especially interesting:

"The cost of great experience in the retail and hotel business is very high; they are people-intensive businesses where it's easy to fail. And yet, the companies that succeed here succeed in part based on great service - because they compete."

The three "Ds" of customer experience

Similar to Forrester's research, the Harvard Business School conducted its own survey and found that roughly 80% of companies believe that they deliver a superior customer experience. Yet, curiously, when customers were asked about their own perceptions, they rated only 8% of companies as doing so.⁶

Harvard researchers then set out to determine what set the 8% apart from the rest. Their answer was found in three key areas of customer

³ Bernoff, Josh. "The Marketing Value of Customer Experience - Advertising Age - DigitalNext." *Advertising Age - Ad & Marketing Industry News*. 10 Jan. 2011. Web. 10 Feb. 2011. <http://adage.com/digitalnext/post?article_id=148164>.

⁴ Bernoff, Josh. "The Marketing Value of Customer Experience - Advertising Age - DigitalNext." *Advertising Age - Ad & Marketing Industry News*. 10 Jan. 2011. Web. 10 Feb. 2011. <http://adage.com/digitalnext/post?article_id=148164>.

⁵ Bernoff, Josh. "The Marketing Value of Customer Experience - Advertising Age - DigitalNext." *Advertising Age - Ad & Marketing Industry News*. 10 Jan. 2011. Web. 10 Feb. 2011. <http://adage.com/digitalnext/post?article_id=148164>.

⁶ Allen, James, Frederick F. Reichheld, and Barney Hamilton. "The Three "Ds" of Customer Experience - HBS Working Knowledge." *HBS Working Knowledge - Faculty Research at Harvard Business School*. 7 Jan. 2007. Web. 10 Feb. 2011. <<http://hbswk.hbs.edu/archive/5075.html>>.



focus. This 8%:

- 1. Designed** the right offers and experience for the right customers. Traditional marketing tells us to divide customers into segments and design value propositions specific and/or unique to each one. However, customer experience and experiential marketing take this school of thought one step further. Marketers take into consideration not only a customer's relative probability of purchase, but also his or her tendency to act as an advocate for the company. Then, offers and experiences are developed based on a number of touch points, including purchases, service and support, upgrades, billing and so on. Design is closely tied to the delivery from the very beginning, and planning focuses on the value propositions and on all steps required to deliver the propositions to the appropriate audience segments.
- 2. Delivered** these propositions by focusing the entire company on them with an emphasis on cross-functional collaboration. The companies most successful in experiential marketing and customer experience recognised that the marketing department can't be the only team devoted to researching and communicating the customer experience. All departments need to be involved.
- 3. Developed** their capabilities to please customers again and again - by such means as revamping the planning process, training people in how to create new customer propositions, and establishing direct accountability for the customer experience.

Each of the "three Ds" draws on and reinforces the others. Together, they transform a brand into one that is continually led and influenced by its customers' voices. Then, when executed on a campaign-by-campaign basis, they form the foundation for experiential marketing.

Research, goals, objectives & targeting

After having considered the overarching concept of CEM, brands can then roll up their sleeves and effectively delve into the nitty-gritty of experiential marketing.

Experiential marketing isn't for everyone; it requires a fair amount of research and often more resources (especially in regard to manpower) than traditional marketing strategies. Experiential marketing is great for getting people to talk, but it requires a lot of listening and interpreting at the brand's end.



Brands should especially consider experiential marketing if current goals and objectives include:

- Building word-of-mouth buzz around a brand, product or service to reach new customers
- Increasing engagement with target audiences on and off-line to boost visibility
- Harboring brand loyalty by including customers in research and development of new products or services
- Improving the customer experience through service, incentive and communication to retain customers, clients and/or vendors

"Marketers are best to start with the 'why,' not the 'how,' " advises Drew Neisser, CEO of Renegade Marketing in New York. "If they know why they want to create experiences, then it is much easier to figure out [the what] and the how."⁷

Paul Duffy, vice president of partnership marketing at Next Marketing, agrees. "We always begin with an understanding of what a client wants to achieve and how experiential fits into their overall marketing mix," he says. "There's a dramatic difference between a unique experiential solution and setting up a table with product samples, where at the end of the day you ask, 'How many did we hand out?' That's not experiential marketing."⁸

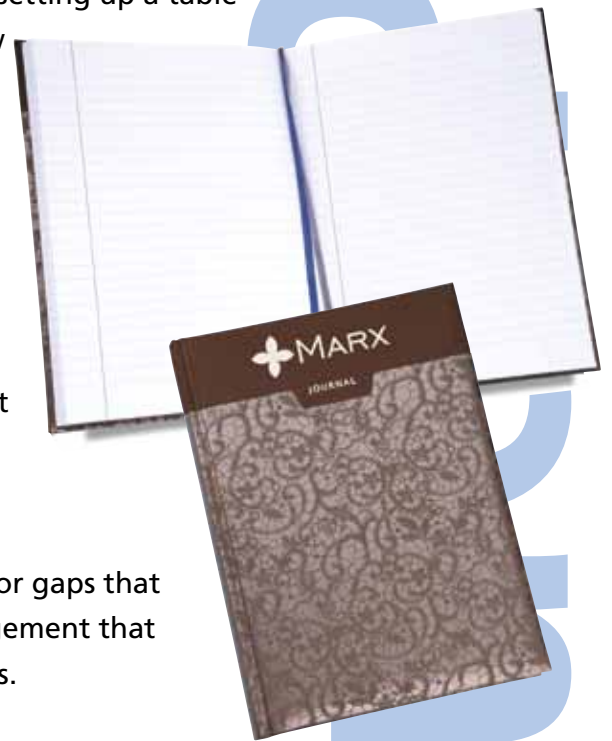
In order to reach the level of understanding that Duffy is referring to you must conduct research on target audiences and segment appropriately:

- Know who your target audiences are;
- Know what they care about, what they want and what they need;
- Know what their current experience is with your brand; and
- Know if there are questions that they need answered or gaps that need filling throughout any phases of customer engagement that can be achieved through experiential marketing tactics.

Like all other areas of marketing, the research phase of experiential marketing also takes a look at what is going on internally. This is done through

⁷ "Experiential Marketing - A Special Look." *Ad Week*. Web. 14 Feb. 2011. <<http://www.adweek.com/law/custom-reports/images/1005-exptiamktg.pdf>>.

⁸ "Experiential Marketing - A Special Look." *Ad Week*. Web. 14 Feb. 2011. <<http://www.adweek.com/law/custom-reports/images/1005-exptiamktg.pdf>>.



SWOT analysis, considerations to what the competitor is doing and how they are communicating and engaging with similar audiences.

A great example of a brand that, through customer experience research, recognised an opportunity for experiential marketing is American Express. The credit card company reached out to tennis fans through its longstanding sponsorship of the U.S. Open. Working with experiential marketing firm, Momentum Worldwide, American Express introduced a new U.S. Open iPhone app and invited fans to join in activities including a “Play with the Pros” virtual tennis match.⁹

“We constantly ask ourselves, ‘How do we enhance customers’ love of the sport?’” says Momentum’s Chris Weil. “Experiential marketing is like any form of great communication. Unless you truly understand the needs and desires of your target audience, then your brand is just ‘there.’”¹⁰

Exploring strategies & tactics

Once the time has been put in to research the audiences and establish goals, implementation - or “the how” of experiential marketing - can begin. For a bit of initial inspiration, take a cue from other big brands using experiential marketing:

At tradeshows

Tradeshows offer the perfect opportunity for marketers to try experiential marketing tactics because they provide an ideal venue for testing new products and services. Consider car shows where, for years manufacturers have used national shows to unveil the latest in concept cars. By allowing visitors to sit in the cars, feel them, touch them, all but drive them away, they’re able to create an emotional tie to a new product - one that hopefully gets people talking, too.

In advertisements

Advertisements have actually laid the foundation for other tactics of experiential marketing. Think perfume ads in magazines, or coupons in the Sunday paper both of which make consumers interact with the advertisement to receive a fuller product experience.

While online has taken over much of the modern marketing share, traditional channels of communication can work just as well when experiential marketing is



9 “Experiential Marketing - A Special Look.” *Ad Week*. Web. 14 Feb. 2011. <<http://www.adweek.com/law/custom-reports/images/1005-exptiamktg.pdf>>.

10 “Experiential Marketing - A Special Look.” *Ad Week*. Web. 14 Feb. 2011. <<http://www.adweek.com/law/custom-reports/images/1005-exptiamktg.pdf>>.

executed. Take billboards, for one. In April 2010, the Ministry of Internal Affairs Netherlands, in partnership with Bitmove, introduced an interactive billboard in Amsterdam to challenge people's lack of response in regards to acts of public aggression. The billboard used technology to pick up images of people walking by and placed them into a pre-recorded violent situation, which was streamed on the billboard as though it were happening at that very moment. When people realised that they were actually on the billboard, they stopped to watch themselves (vanity works every time) and were then lured into the campaign's powerful message. Not only did this billboard attract the attention of passersby, it also provided four key tips people could use should they find themselves in a similar situation.¹¹

Through product demonstrations

What better way to show consumers how your product is different and superior to the competitor's than by letting them find out firsthand? When marketing agency id experiential was asked to position Alpro soya products as a tasty choice for breakfast and highlight the benefits of its range of fresh milk and yogurt alternatives, they created the Alpro Soya Breakfast roadshow – a year-long experiential campaign to give consumers the opportunity to sample a variety of products from the Alpro soya breakfast menu.¹²

The breakfast bar transforms in the evenings into an indulgent 'Little Treat Bar' to allow consumers to try Alpro soya's delicious dessert range.

Consumers were also invited to join the Alpro soya Facebook group by having their photo taken via a bespoke internet pod on the stand.

The results were impressive:

- 330,000 samples were delivered across key environments including - Shopping Centres, The Boat & Caravan Show, Train Stations, The Malvern Show, and In-Store.
- 54% of consumers who sampled the product during the activity went on to purchase Alpro soya 4 weeks after the campaign.
- 43% of engagers each told 3 friends/family about Alpro soya, generating additional brand awareness by 430,000.



¹¹ "Cause Marketing Campaigns | Experiential Tactics." *Experiential Marketing*, Digital Marketing Agency | Antler | Boston. Web. 15 Feb. 2011. <<http://www.antleragency.com/cause-marketing-campaigns-use-experiential-tactics-to-gain-awareness/>>.

¹² <http://www.idexperiential.co.uk/Clients/Alpro#content>

Using guerilla tactics

There is an overlap between experiential marketing and guerilla marketing in some cases - it can be an aggressive, in-your-face experience to evoke some sort of action in a target audience. For example, in July 2010, UNICEF installed “Dirty Water” vending machines in Manhattan to create public awareness about the dangers of not having clean drinking water. There were eight flavours available, representing the eight common diseases affecting impoverished communities around the world: *malaria, cholera, typhoid, dengue, hepatitis, dysentery, salmonella, and yellow fever*. Many people donated their cash on-the-spot, and UNICEF also offered a mobile component that allowed consumers to donate later via text.¹³

Tips for Doing Better Experiential Marketing¹⁴

1. Give people something to talk about (e.g., a unique feature, benefit, value proposition, etc.).
2. Let people experience the product and facilitate their talking about their experience publicly.
3. Use traditional media to drive people to talk about their experience so their collective feedback is accumulated and publicly visible for others to use in their own purchase decisions.
4. Be prepared to hear what you don't want to hear; be prepared to acknowledge questions, complaints and suggestions, and openly carry on the dialogue.
5. Use the ideas contributed by real users to innovate as fast as possible to give people something more to talk about, such as adding new features that users say they want. Repeat the cycle often.



Measuring experiential marketing

Experiential marketing can be measured in a similar way to other marketing and

¹³ “Cause Marketing Campaigns | Experiential Tactics.” *Experiential Marketing*, Digital Marketing Agency | Antler | Boston. Web. 15 Feb. 2011. <<http://www.antleragency.com/cause-marketing-campaigns-use-experiential-tactics-to-gain-awareness/>>.

¹⁴ “Experiential Marketing | ClickZ.” *ClickZ | Marketing News & Expert Advice*. Web. 16 Feb. 2011. <<http://www.clickz.com/clickz/column/1708324/experiential-marketing>>.

communications efforts. The key is that you do need to measure it!

Use indicators like Web analytics, social media monitoring metrics, media relations impressions and more to gauge the success of your experiential marketing campaign(s). Additionally, experiential marketing expert, Craig Wilde, suggests taking the ART approach to measurement:

ACTIVITY – Consider your experiential marketing efforts. How did it engage? Did it achieve goals and objectives?

RELEVANT - Why did your experiential marketing efforts connect with the audience, was it in the way it was planned or the execution?

TARGET – Did those who interacted with your experiential marketing efforts belong to the original target audience identified?

Experiential is an **ART**, and the science of it and understanding best how to measure it will come from understanding what you want to achieve. Ask yourself: Why are we pursuing an experiential activity in the first place, over more traditional marketing?¹⁵

Experiential marketing is ... well, an experience! It can be an extremely efficient means of cutting through the clutter and encouraging target audiences to not only hear your marketing messages but share them with others.



¹⁵ "Experiential Marketing Forum - The ART of Measuring Experiential." Experiential Marketing Forum - Welcome to the Experiential Marketing Forum. Web. 10 Feb. 2011. <<http://www.experientialforum.com/content/view/181/50/>>.

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