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The Evolution of Experiential Marketing: Effects of Brand Experience among the Millennial Generation

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Abstract
The purpose of this paper is to review the concepts of brand experience in relation to experiential marketing. Traditional marketing views consumers as rational decision-makers who are more concerned with the product's functional features and benefits, whereas experiential marketing views consumers as rational and emotional human beings who are concerned with achieving pleasurable experiences. The theoretical importance of this study comes into view through discussing and conceptualizing the concept of brand experience and brand equity among the Millennial generation which consists of 2 billion new customers worldwide. Therefore, by getting to know the Millennial high-tech savvy consumer, electronics companies can learn how to meet customers' expectations by providing positive brand experiences to the Millennial high tech buyers. As a result Consumers will continue to purchase these electronic devices after they have had a positive brand experience with a certain electronic gadget of this kind. The practical importance of this study comes into view through identifying the strategic importance of brand experience in contemporary brand management. As a result marketers can gain competitive advantage through successful brands. Hence, this study will provide suggestions for future research to empirically measure the influence of brand experience on Brand equity among the Millennial generation.

Keywords: Experimental Marketing, Brand experience, Brand Equity, Millennial Generation.

1. Introduction

According to Grundey (2008) the recent rapid growth in new technologies and communication, is influencing changes in marketing. It seems that worldwide countries are overfilling with products and services. Accordingly, competition is high among marketers, therefore, principles and actions of traditional marketing are no more effective. Marketers wanted to find new opportunities to attract customers, and that is when the notion of experiential marketing came into view. Holbrook and Hirschman (1982) were the first pioneers in introducing the notion of experience in the field of consumption and marketing. Twenty years later, this notion has gained solid recognition and is considered essential for what it can contribute to marketing knowledge (Grundey, 2008). As a result, the notion of experience is considered to be a pillar of the so called experience economy and experiential marketing.

Furthermore, Schmitt Bernd (1999) is considered a great initiator of experiential marketing. Specifically, Schmitt considers that traditional marketing is only concerned with the features and benefits. In the traditional marketing model, consumers are thought to go through a considered decision-making process, where each of the features or characteristics of a particular product or service are seen to convey certain benefits, and these are all assessed by the potential purchaser. Therefore, Schmitt Bernd (1999) considers traditional marketing focuses on purchase decision, and exaggerates in emphasizing on the rational and logical elements of the decision, without paying enough or any attention on the emotional and irrational aspects involved in the purchase.

In marketing, proper branding can result in higher sales of not only one product, but on other products associated with that brand. Hence, a brand is the person personality that identifies a product, service or company (name, term, sign, symbol, or design, or combination of them) and how it relates to customers. Hence, under the experiential notion in marketing the psychological aspect are distinguished so for example; brand associations like thoughts, feelings, perceptions, images, experiences, beliefs, attitudes, and so on that become linked to the brand from the experiential aspect. The experiential aspect consists of the sum of all points of contact with the brand and is known as the brand experience. Hence, brand experience is a brand's action perceived by a person (Ha and Perks, 2005).

However, although past studies has shown the impact of brand experience, both directly and indirectly, on short-term consequences, such as satisfaction and loyalty, the question arises whether brand experiences affect customer lifetime value (Brakus et al., 2009). That is, can brand experiences build brand equity? No study has investigated the influence of brand experience on brand equity of high-tech electronic products among the Millennial generation. Thus, investigating the influence of brand experience on brand equity of high-tech electronic products among the Millennial generation is in great demand.

1.2 Literature Review

1.2.1 Brand Experience

According to Brakus et al. (2009) most of the research on experiences to date has focused on utilitarian (usefulness) product attributes and category experiences, not on experiences provided by brands. When consumers search for, shop for, and consumer brands, they are exposed to utilitarian product attributes. However, they are also exposed to various specific brand-related stimuli, such as brand-identifying in the branding literature Alsem and Kostelijk (2008) explained the concept of brand identity and defined it as a unique set of brand associations that a firm can create or maintain. It may involve a value-proposition with functional, emotional or self-expressive benefits. It does not matter whether the associations are tangible emotional/symbolic or both. For example, colors (Bellizzi and Hite, 1992; Gorn et al., 1997; Meyers-Levy et al., 1995), shapes (Veryzer Jr and Hutchinson, 1998), typefaces, background design elements (Mandel and Johnson, 2002), slogans, mascots, and brand characters (Keller, 1987). These brand-related stimuli appear as part of a brand's design and identity (e.g., name, logo, signage), packaging, and marketing communications (e.g., advertisements, brochures, Web sites) and in environments in which the brand is marketed or sold (e.g., stores, events). These brand-related stimuli constitute the major source of subjective, internal consumer responses, which we refer to as "brand experience."

Moreover, Ha and Perks (2005) define experience as display of a relatively high degree of familiarity with a certain subject area, which is obtained through some type of exposure (Braunsberger and Munch, 1998). For example, a consumer who has been through the process of information search, decision making and/or product usage would be considered to be experienced. Padgett and Allen (1997) argue that consumer experience is an association of symbolic meaning combined with behavior, thoughts and feelings that occur during the service or product consumption. Consumers' brand experience refers to their knowledge of and familiarity with a brand or brand category (Alba and Hutchinson, 1987). Experience with a brand has more impact than product features and benefits. It can produce a deeper meaning and be more memorable, which can yield greater customer trust in the brand. In addition, In addition, according to Brakus et al. (2009) brand experiences vary in strength and intensity; that is, some brand experiences are stronger or more intense than others. As with product experiences, brand experiences also vary in valence; that is, some are more positive than others, and some experiences may even be negative. Moreover, some brand experiences occur spontaneously without much reflection and are short-lived; others occur more deliberately and last longer. Over time, these long-lasting brand experiences, stored in consumer memory, should affect consumer satisfaction and loyalty (Oliver 1997; Reicheld 1996). From the above literature this study adopts Brakus et al. (2009) conceptualization of brand experience. Brand experience is conceptualized 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, packaging, communications, and environments.

1.2.2 Brand Equity

According to Atilgan et al. (2005) one of the most popular and potentially important marketing concepts which have been extensively discussed by both academicians and practitioners over the past decade is brand equity. One of the reasons for its popularity is its strategic role and importance in gaining competitive advantage and in strategic management decisions. The competitive advantage of firms that have brands with high equity includes the opportunity for successful extensions, resilience against competitors' promotional pressures, and creation of barriers to competitive entry Farquhar (1989) is which is considered a critical in developing marketing strategies for goods and services. Brand equity, when correctly and objectively measured, is the appropriate metric for evaluating the long-run impact of marketing decisions (Simon and Sullivan, 1993). Positive customer-based brand equity, in turn, can lead to greater revenue, lower costs, and higher profits; and it has direct implications for the firm's ability to command higher prices, customers' willingness to seek out new distribution channels, the effectiveness of marketing communications, and the success of brand extensions and licensing opportunity (Keller, 2003). Generally, there are several other definitions of brand equity from different perspectives, (Farquhar, 1989) defined brand equity as the "added value" with which a given brand endows a product. While Aaker (1991) defined brand equity as a set of brand assets and liabilities linked to a brand, its name and symbol, which adds to or subtracts from the value provided by a product or service to a firm or to a firm's customers. In addition, Srivastava and Shocker (1991) defined brand equity as the aggregation of all accumulated memories in the extended minds of consumers, distribution channels and influence agents, which will enhance future profits and long-term cash flow.

Furthermore, Wood (2000) argued that brand equity involves the value added to a product by consumer's associations and perceptions of a particular product. While Simon and Sullivan (1993) define brand equity as the incremental cash flows which accrue to branded products over unbranded products. Moreover, Keller (1993) defined customer based brand equity as the differential effect of brand knowledge on consumer response to the marketing of a brand. However this study conceptualizes brand equity according to Lassar et al. (1995), brand equity is the enhancement in the perceived utility and desirability a brand name confers on a product, it is the consumers' perception of the overall superiority of a product carrying that brand name when compared to other brands (Lassar et al, 1995).

1.2.3 The Relationship between Brand Experience and Brand Equity

Paste studies have studied brand experience in relation to different variables such as satisfaction, and loyalty (Brakus, et al., 2009). However, other researchers studied brand experience in relation to brand equity by including other variables to influence brand equity for example Berry (2000) argued that customer experience with a company influenced brand equity through brand meaning which refers to the customer's dominant perceptions of the brand, and what immediately comes to the consumers mind if a certain brand is mentioned. Therefore, as customers experience the company's total products these experiences become influential because customer experience- based beliefs are powerful, because customers tend to rely on their own experiences more than relying on advertising (Berry, 2000). Furthermore Cobb-Walgren et al. (1995) studied brand equity in relation to brand preference and purchase intention, and found that brands with higher equity generated significantly greater preferences and purchase intentions.

Moreover, according to Krishnan (1996) consumers learn about products from a variety of sources. One reasonable position according to Aaker and Biel (1993) is that for various reasons, associations from sources are more important components of equity, since they lead to differences in associations' strength (Haugtvedt et al., 1993). One distinction in sources is between direct experience (e.g. trial, usage) and indirect experience with a brand (e.g., advertising, word of mouth). Compared with indirect experiences, associations based on direct brand experiences are likely to be more self-relevant (Burnkrant and Unnava, 1995) and held with more certainty (Smith and Swinyard, 1983). Hence, a brand that has high proportion of associations based on direct experience should be in a relatively strong position and posse's high equity. Furthermore, Xu and Chan (2010) found that Hotel guests establish their brand knowledge through direct and indirect experiences. Hence, they conclude that a better understanding of how these experiences contribute to brand equity has important implications for brand managers. While Berry (2000) established a service-branding model that emphasized the important role of customers' service experiences in brand formation. In addition Berry (2000) discussed and explained four primary strategies that excellent service firms use to cultivate brand equity. Aaker and Biel (1993) considered creative advertising as a powerful tool for building strong brands; they also stressed the urgency to advance marketer's commitment to the importance of brand equity.

Furthermore, Burnkrant and Unnava (1995) found that increasing self-referencing (e.g. one's own personal experience) increases message elaboration and can increase message persuasion when message arguments are strong. According to Ambler (1997) brand equity is made up of memories of different kinds. Which are identified by (Rose, 1993) as procedural, or reflexive (responsive), memory that records how we do things? It includes programmed behavior patterns (habits) and is largely unconscious leading to the alarms, which proved unfounded, about the possibility of subliminal advertising declarative memory takes two forms: semantic, which records meanings and associations, and episodic, which records facts and events. Declarative memory can be cognitive (thinking-related) and affective (feeling-related). Awareness is cognitive, as is our knowledge of a brand's functional performance characteristics and price. Attitudes towards the brand are primarily affective, in another words the concept of evaluation in emotion links emotion to 'attitude' in that attitude measures reflect an evaluation" (O'Shaughnessy, 1992). In addition, Smith and Swinyard (1983) studied the role of direct versus indirect experience on attitude-behavior consistency, their results show that when attitudes are based on direct experiences purchase behavior was predicted very well. Therefore, from the above literature obviously stated that brand experiences arise in a variety of settings, and these experiences can influence behavior which in turn can affect brand equity.

However, recent studies suggest that customers are inclined to choose one brand over others for its experiential benefits, this indicates the possibility of a direct causal relationship between brand experience and its ability to generate consumer-based brand's equity (Brembeck and Ekstro¨m, 2004; Hulte´n, 2009; Ratneshwar and Mick, 2005; Zarantonello and Schmitt, 2010). Nonetheless, a limited attempt was made in the past to identify some of the possible consequences of brand experience such as satisfaction, loyalty and brand commitment (Brakus et al., 2009; Iglesias et al., 2011; Morrison and Crane, 2007; Zarantonello and Schmitt, 2010). Furthermore, past studies failed to incorporate the most important marketing construct such as brand equity as a potential outcome of brand experience in a single model. Therefore, this study will shed the light on the structural relationship between brand experience and brand equity. Consequently this study will provide a better understanding on how positive brand experience can affect brand equity.

1.2.4 Providing Brand Experience to the Millennial Generation

According to Vân Nguyen (2010) Generation Y or the Millennials are considered marketers' latest nightmare. This age group grew up with the worldwide web, the latest technology, and numerous communication channels, ranging from cell phones to Facebook and Twitter, leaving Generation X and the more elderly far behind. However, the Millennials have been targeted with extravagant advertising and commercials since a very young age; as a result, this generation is quite suspicious towards all marketing campaigns. Furthermore, Williams and

Page (2010) suggest that many names has been given to Generation Y they are referred to as; Millennials, Echo Boomers, Why Generation, Net Generation, Gen Wired, We Generation, Dot Net, Ne(x)t Generation, Nexters, First Globals, iPod Generation, and iYGeneration.

The Millennials were born between 1977 and 2000, and are the children of the baby boomers (persons born between 1946 and 1964). This group includes several age cohorts: tweens ages 10 between 12, teens ages between 13 and 18, and young adults ages between 19 and 33, their purchasing power is $733 billion (Philip Kotler and Gary Armstong, 2012). Hence, the Millennials are a huge attractive market; they grew up in a time of immense and fast-paced change including virtually full employment opportunities for women, dual-income households as the standard, wide array of family types seen as normal, significant respect for ethnic and cultural diversity including a heightened social awareness, and computers in the home and schools. Gen Y individuals are well grounded and wise for their age. They were born into a technological, electronic, and wireless society with global boundaries becoming more transparent. They are accustomed to a diverse universe where anything seems possible (Dietz, 2003; Li, 2010). The characteristics, lifestyles, and attitudes of the millennials include older teens and young adults. They are self-absorbed and self-reliant with a strong sense of independence. They want results and are not as concerned with the why of it (Himmel, 2008). They are image-driven and use the image to make personal statements (Himmel, 2008). They have a greater need to be accepted, constantly connected with their peers, fitting in, and social networking (Dickey and Sullivan, 2007; Donnelly, 2008).

The Millennial individuals are highly motivated toward their perceptions of success; they are open-minded, optimistic, goal oriented. Eight key values have been described for Gen Y: choice, customization, scrutiny, integrity, collaboration, speed, entertainment, and innovation (Williams and Page, 2010). Therefore, traditional mass marketing approaches do not work well with younger consumers. The Millennials reacts strongly to real life examples, they favor the truth and what is real. In essence, all the Millennials generation care about is the experience itself (Williams and Page, 2010). According to Vân Nguyen (2010) generation Y or Echo-boomers, are marketers' latest nightmare. This age group grew up with the worldwide web, the latest technology, and numerous communication channels, ranging from cell phones to Facebook and Twitter, leaving Generation X and the more elderly far behind. Not to mention the fact that millennials have been targeted with plentiful ads and commercials since they were young, resulting in a suspicion towards all marketing campaigns.

As with every age group, generation Y has its own viewpoints, beliefs and habits, causing challenges for marketers. As the older generations age, marketers have to shift their attention to the new consumer group and decide their approach in order to create loyalty and engage the consumers in their products. This task seems to have become more difficult to accomplish with all the available communication channels. Other than that, these youngsters have had access to all the information they needed through the internet since their teen years. Therefore, marketers have stay up-to-date with this quick pace of technology, and the phenomenon of new trends as they occur, As a result it is crucial that the marketers keeps up with this fast-developing world and ever-increasing demands of consumers.

Therefore, Williams and Page (2010) concluded that given the selective nature of the Millennial generation, this generation values "experience", therefore, the Internet alone is not sufficient enough to capture their attention. Informing them what they should like or what to do is an ineffective way to break through to them. The Millennials want to experience the world firsthand and pass their own judgment, and they like to do so with their peers. Marketers must become involved with the experiences of the Millennials in order to be taken seriously and respected enough for them to buy the product or service (Williams and Page, 2010). Hence from the above mentioned reasons this study intends to zoon on Gen Y or the Millennials as the population of the study.

Therefore, since this research focuses on the relationship between brand experience and brand equity among the Millennial generation. Hence, Williams and Page, (2010) concluded that given the selective nature of the Millennial generation, this generation values "experience", therefore, by getting to know the Millennial high-tech savvy consumer electronics companies can learn how to meet the customers' expectations by providing positive brand experiences to the Millennial high tech buyers, high tech products such as ; i-phones, i-pads, i-tabs…etc. Consumers will continue to purchase these electronic devices after they have had a positive brand experience with a certain electronic gadget of this kind. As a result, positive brand experiences will enable electronic industries to successfully build strong brand equity among the Millennial population which is estimated to account for 2 billion customers worldwide. The sheer size of this generation and their spending power require companies, producers, marketers and advertisers to reconsider their business and marketing models (Michael Rendell et al., May 2011).

1.3 Conclusion

The main objective of this paper is threefold; firstly, to review the concept of brand experience in relation to experiential marketing; secondly, to discuss and conceptualize the concepts of brand experience and brand equity and identifying the direct relationship between brand experience and brand equity; thirdly, to shed the light on the Millennial generation and their relation to high-tech electronics and how this consumer segment can increase brand equity through positive brand experience. The practical importance of this study comes into view through identifying the influence of brand experience on brand equity, as a result this will help marketers gain a better insight into providing positive brand experiences that in return will help increase brand equity which is regarded as a very important concept in business practice as well as in academic research because marketers can gain competitive advantage through successful brands. Finally, the results of the study will provide suggestions for future research to empirically measure the relationship between these two variables, which will provide valuable insight into the mechanism between brand experiences and brand equity.

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