

## **CUSTOMER EXPERIENCE ROLE IN MARKETING STRATEGY**

### **RELATIONSHIP BETWEEN SHOPPING EXPERIENCE ,LOYALTY, CUSTOMER LIFE-TIME VALUE AND AND CORPORATE PROFIT.**

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#### **Abstract**

In the last 15 years 'customer experience' has raised the attention of researchers in the fields of 'marketing strategy', 'consumer behavior' and 'retail management'. The issues of 'experience', the 'game' and the 'search for pleasure and excitement' are not new .

#### **PHILOSOPHICAL FRAMEWORK**

Greek classical approaches such as Epicurus and Aristotle portrayed the human being as a hedonistic creature. Later on 17<sup>th</sup> and 18<sup>th</sup> century philosophers such as Schopenhauer, as well as 19th c. schools of the Utilitarianism like Mill and Bentham still argued that pleasure and enjoyment were essential for human existence. The Dutch historian Johan Huizinga (1938) uses the term: 'Homo Ludens' ( The playing man) to suggest that the play is primary and necessary (though not sufficient) condition for the generation of culture .

#### **RESEARCH PROBLEM & OBJECTIVES**

While most of recent researchers agree on the determinant role of customer experience in the overall marketing strategic planning, we witness conclusive researches covering mostly single phases or angle of the 'experience – profit chain. Therefore, our determined objective was to lead a field research that will permit to generate a comprehensive model.

#### **THEORETICAL FRAMEWORK**

The cause-to-effect link between : customer evaluation of lived experience ,(hedonistic and utilitarian) , to create a highest 'customer value' that breeds a remarkable 'Customer Loyalty' , and 'customer life-time value' & equity that breeds profit, was widely discussed by Pine & Gilmore (The Experience Economy 1999). Pine & Gillmore argue about improving Customer Value to raise loyalty, competitiveness & profitability. Pine & Gilmore' argue that businesses must orchestrate memorable events for their customers, and that "*memory itself of the experience becomes the product*". This contributes to a competitive added-value

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This value chain was previously introduced by the pioneering study of Heskett, Sasser & Schlesinger (1997) and later approved by James L. Heskett, Earl Sasser' Joe Wheeler research (The Service Profit Chain 2008).

Previous researches like Reichheld, (The Loyalty Effect 2001), provide us with an excellent study guidance to link loyalty and profit.

### **RESEARCH OBJECTIVES**

Our research was conducted on a sampling of 1650 young users aged 18 to 24 years old in Israel during 2014-15.

Our study was performed on three levels of field research:

#### **Level A ( quantitative )**

Examined the relationship between the shopping experience mix which is critical for creating the best satisfaction level among young customers, and their purchase intention.

The study examines the impact of an external factor: the 'product type' purchased and an internal factor: the 'user's character' in terms of the 'consumer value orientation'. These relationships help us provide recommendations in various aspects of customer experience, sensual, emotional and rational to increase loyalty and competitive advantage. These recommendations help the business to increase 'purchase intent' by improving the 'focused shopping experience' adapted to its users.

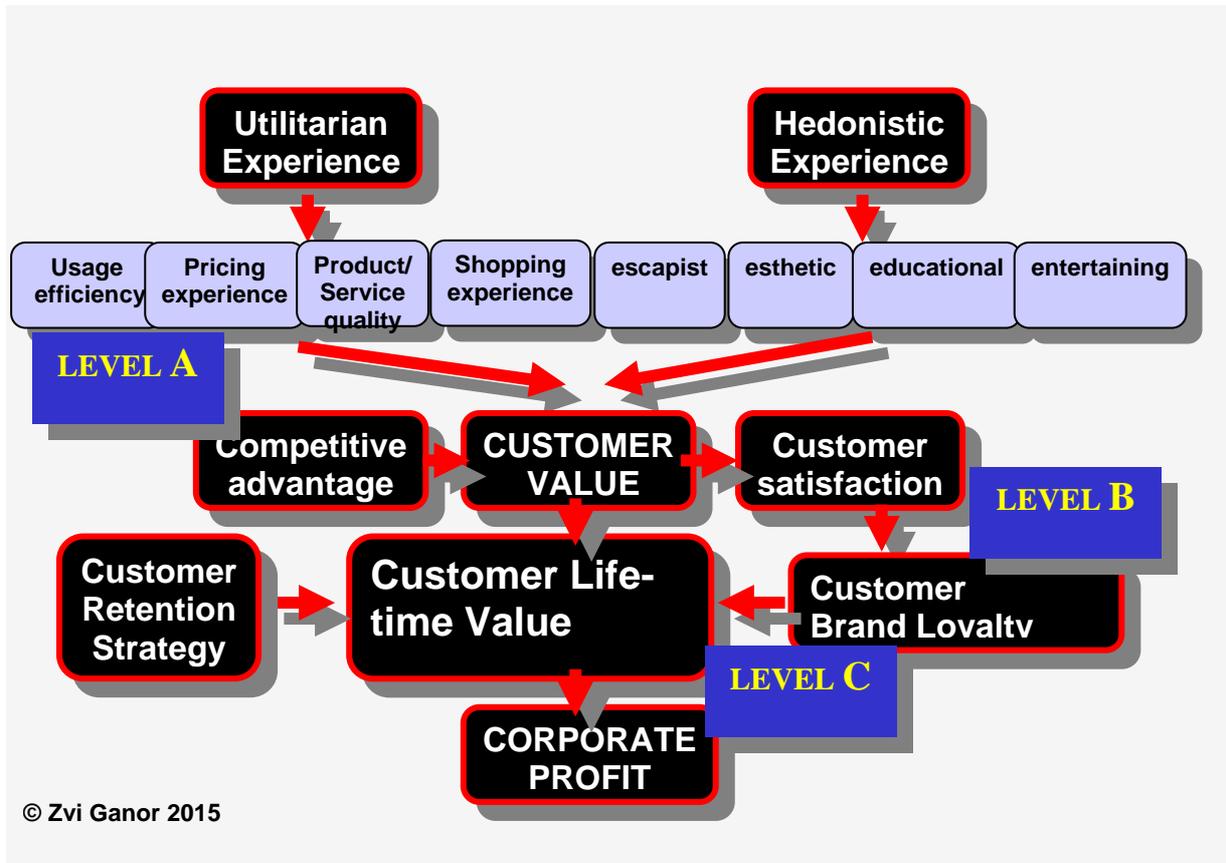
#### **Level B (quantitative)**

Examines the relationship between customers satisfaction level, their Brand loyalty intentions, and 'Customer life time value'.

#### **Level C ( qualitative )**

Was conducted on 35 stores located in 4 malls where the quantitative research was performed.

## RESEARCH MODEL



## OUTCOME & RECOMMENDATIONS

The difficulty of realizing competitive advantages in retail marketing against alternative marketing competitors triggers the need to find solutions to improve the competitiveness of the business. In order to achieve these goals, this study yielded the following practical recommendations:

1. A marketing strategy planner should regard the customer's fully satisfactory experience as part of his major goals to create an effective & emotional customer loyalty.
2. Creation of shopping experience within marketing efforts is required to create an adequate response to every one of the 5 factor of the experience: **security, enjoyment, value, convenience, and evaluation.**
3. In the process of shopping experience, the '**security**' factor should be emphasized and adequately addressed in order to meet the needs of customers as part of their buying experience. However, one should limit the extent of investment in this factor beyond due, in order to prevent decreasing marginal return in other factors (excessive emphasis on security, for example may detract purchasing experience and reduce **enjoyment**).
4. A particular effort in creating the experience required must be made by investing in the '**enjoyment**' factor during the 'purchasing-delivering-usage' process.
5. Combining the five factors of customer experience in the marketing strategy of the business can significantly improve:
  - \* The attractiveness of the purchase store.
  - \* The extension of customers' in store time spending

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\* The customer's loyalty by strengthening the emotional and rational attachment to the store brand. And finally customer loyalty & 'life=time-value' breed the increase of income and profit phase, This one year Level C' research is conducted on 35 stores. It started in January 2015. Our primary exploratory qualitative research gives hope to confirm our assumptions, © 2015 Prof. Zvi M.Ganor

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