VIRTUAL EXPERIENTIAL MARKETING ON ONLINE PURCHASE INTENTION

Josephine, Chu-chi, Liu
Graduate Institute of Business Administration
College of Management
Yuan Ze University, Taiwan
s938029@mail.yzu.edu.tw

Ja-Shen Chen
Department of Business Administration
College of Management
Yuan Ze University, Taiwan
jchen@saturn.yzu.edu.tw

ABSTRACT

In this study, the concept of experiential marketing is adopted for virtual environment practices. Characteristics of virtual experiential marketing are discussed and identified as involvement, sense, pleasure, flow, and community. A primitive research framework is provided and depicts the relationships among variables. We proposed that there is a positive impact of virtual experiential marketing on virtual purchase intention. Moreover, four variables – shopping orientations, prior purchase, gender, and information technology (IT) usage are brought to discussing their moderating effects between the impacts of virtual experiential marketing on online purchase intention.

Key words: experiential marketing, online shopping experience, online purchase intention

INTRODUCTION

Pine and Gilmore’s book “The Experience Economy” (1999), sparked instantaneous interest among service providers’ eager to differentiate their offerings in an increasingly competitive world. The economy alters the focus from products to experiences and emphasizes that consumption process is a complete experience. There have been more and more marketing communication approaches focusing on the aspects of personal life, about a type of situation, a common, sensibly dizzy (giddy/faint) and touching experience but no more about product, functions, and traits. For example, when people are buying books in Amazon.com, are they buying “books” or a wonderful book-purchasing course? While a businessman stays in a five-star hotel, does he/she consume a high-class suite or “a welcome business trip”? For one who buys Volkswagen Beetle, does he/she buys the means of transportation or “precious memory of 60’s regression”? In sum, commercial experiences are getting increasingly plentiful in their own right as a product offering and in conjunction with products and services as a means to provide value added to customers. Yet, there is scant understanding of what constitutes a commercial experience. The definition of an experience is little to be found in marketing literature.

Additionally, the World Wide Web (hereafter, the ‘Web’) has become increasingly popular among businesses and consumers for marketing, selling, and communication purposes (Hoffman & Novak, 1996) and its use is predicted to increase at a rapid rate (Rutkowski, 2001). Companies are spending substantial effort, time, and money in developing Web sites in the hopes of catching Web-users’ “eyeballs” (Berthon, Pitt, & Watson, 1996). In the 21st century, Internet will become an important channel for retailing and it presents a fundamentally different environment from retailing activities than traditional physical stores (Hoffman & Novak, 1996). Thus, marketing activities and consumer behaviors need to be re-evaluated in this context.

With the maturation of the Web and the recent explosion in the number of e-tailors, online browsing and shopping have grown in importance. It deserves to be mentioned that with the development of the information technology, and common use of computers, Internet marketing has been the new trend and popular issue currently. Whether the scale of a business is, they will utilize e-commerce as their marketing tool in addition to its original marketing channels. Besides, new technologies, in particular, encourage whole new genres of experience, such as Internet chat rooms, interactive
games, interactive image, virtual community, multi-players games — role-play games, virtual reality and so on. The growing processing power required to render ever-more immersive experiences now drives demand for the goods and services of the computer industry (Pine & Gilmore, 1998). For example, image interactivity technology (IIT) allows the viewer to alter a product’s design features, background, context, viewing angle or distance, and to simulate the product’s operation on a Web site, leading to enriched product information through visual (non-textual) cues. It provides an enriched environmental experience through visual or audiovisual cues.

The omnipresence of informational technology has inspired the emergence of the Internet marketing. And as we have known the fact that experiential marketing is one of the best methods to differentiate products and services of a company nowadays. Thus, by all means, marketers have tried hard to implement the experiential marketing into the virtual world — on the Internet. Therefore, the question is: could experiential marketing be put into practice on the Internet? It’s considerably a good question worth pondering on, seeing that experiential marketing requires a variety of forms of experiences.

The majority of scholars agree that experiential marketing can be or will be implemented on the web; none the less, we believe that with the improvement and progress of the information technology, the consuming situations can be made more real with techniques such as simulation and virtual reality, etc. For this reason, this research is aimed at examining the feasibility and effectiveness of the implementation the practices of experiential marketing on the Internet and how customers perceive experiences in the virtual world. We may realize how to touch customers’ heart by experiential marketing through the Internet. In other word, how does experiential marketing on the Internet influence customers’ attitude, even more, encouraging their purchase intention? Finally, above all, managers could get the clues about finding the way of how to improve experiential marketing in the virtual world and how to enhance e-loyalty or purchase intention through the practices of experiential marketing in the virtual environment.

**BACKGROUND STUDY**

**Experiential Marketing**

Recently, marketing researchers and real-world practitioners have paid great attention to the concept of experience and brought up a new idea that the new focus of economy has been transferred from product/service itself into the experience. Diversified relevant terminology or concepts are thereby proposed, such as “experience economy” (Pine II & Gilmore, 1998), “experiential marketing” (O’Sullivan & Spangler, 1998; Schmitt, 1999), “entertainment economy” (Wolf, 1999), “a dream society” (Jensen, 1999), “emotion economy” (Gobé & Zyman, 2001), “attention economy” (Davenport & Beck, 2002), and etc.

Pine II and Gilmore (1998) point that an experience happens “when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event.” Experiential value has been said to offer both extrinsic and intrinsic benefit (e.g., Holbrook, 1994). In a word, either being concerned as an output of participating in a consumption event or as an offering, an experience is different from a product and service owing to meeting with customers’ inherent, internal, personal, emotional, or psychic needs. In so called an oncoming “Experience Economy,” retailers were detected to redefine themselves as a source of memories, rather than goods, and as an “experience stager” rather than a service provider (Pine & Gilmore, 1999). The brick-and-mortar segment, for instance, is being transformed into “a retail interactive theater” (Forsester, 2000; Mahler, 2000).

Consumption situations can provide more meaningful or valuable experiences to customers comparative to product and service. Thus, the consumption experience itself can also be rich in value comparative to product or service. Consumers who approach retail environments to browse (Bloch, Sherrell, & Ridgway, 1986) or to enjoy the experiential aspects of shopping (Bellenger & Korgaonkar, 1980) are motivated by the process rather than by shopping goals or outcomes (Hoffman & Novak, 1996). In addition, “People don’t just want to be entertained. They want to participate. Thus, creating experiences is a good way to connect with customers” (Kruger, 2001).

The concept of experience, however, remains indefinite and lacks a theoretical framework. Only few academic researchers have attempted to carefully define and model the concept of experience (e.g., Grove & Fisk, 1992; Gupta & Vajic, 2000). Nevertheless, in general, authors claim that customers acquire experiences as long as they engage in consumption activities or events (e.g., Holbrook, 2000). Furthermore, Pine II and Gilmore (1998, 1999) argue that the best relationships with customers are affective or emotional in nature. Schmitt (1999) gives forth the opinions that experiential marketing is totally different from the traditional marketing because of its four key characteristics: a focus on customer experience, a focus on consumption as a holistic experience, customers are rational and emotional animals, and methods and tools are eclectic.
The value or utility in experience derives from the intensity of the experience and feelings of enchantment associated with the experience. Consequently, businesses have to create an experience that can effectively appeal customers. Accordingly, Poulsson and Kale (2004) discuss five elements of a successful experience and they are ones of the first to define the phenomenon and proceed to uncover the ingredients of a successful commercial experience: personal relevance, novelty, surprise, learning, engagement.

**Online shopping experience**

Internet shopping is one of the most popular forms of non-store retailing recently. As the number of websites increases rapidly, e-business marketing managers start to face severe competition. Marketing their websites attractive must be one of the first priorities for these marketers. Thus, it is better for them to understand how consumers evaluate the websites as well as their choices among the websites (Dallaert, 2000). The nature of consumer experience has been studied extensively in traditional offline settings (Havlena & Holbrook, 1986; Mano & Oliver, 1993). The internet shopping site in which products and/or services are purchased is equivalent to the retail store in that it allows the merchandise and communicates image to the consumers. Just as offline shopping experiences are influenced by factors such as time constraints (Bergadda, 1990; Kaufman, Lane & Linquist, 1991), the “shopping environment” (Darden & Babin, 1994), and perceived rewards (Babin, Darden & Griffin, 1994), these issues are certainly to play a role in the evaluation of the online shopping experience, as well.

Experiential value perceptions are based upon interactions involving either direct usage or distanced appreciation of goods and services. Thus, understanding consumers’ responses to web sites is another important focus and issue for marketers due to the pervasiveness of the web. By transforming Kotler’s (1973) definition of brick-and-mortar atmospherics, web atmospherics may be adjusted to be defined as “the conscious designing of web environments to create positive effects in users in order to increase favorable consumer responses (e.g. site revisiting, browsing, etc.)”. (Dailey, 2004). When marketers design web interfaces in order to entice consumers, they are utilizing web atmospherics

Exploratory browsing/shopping behaviors on the Internet where search may be motivated more by hedonic motives than by practical, goal-oriented purposes (Bloch et al., 1986). And such non-goal-oriented — undirected search activities are common on the Internet. A browsing and shopping experience on the Internet may be enjoyable and stimulating itself, just as regular store shopping is to some consumers. Browsing on the Internet not only provides cognitive, informational findings, but also provides a hedonic consumption experience. This is consistent with the discussion of “flow” that has often been mentioned in Internet contexts (Hoffman & Novak, 1996).

Past research has shown that in conventional retail stores, the shopping atmosphere or store environment can influence browsing, purchase intentions, and shopping time (Baker, Grewal, & Levy, 1992; Bellizi, Crowley, & Hasty, 1983; Kotler, 1973). Most of the studies correlated to this topic have focused on atmospherics such as colors, lighting, or music and have shown that these aspects can significantly influence the emotions (e.g., pleasure and arousal) of shoppers and thereby affect their behaviors. However, research on web atmospherics has been somewhat restricted primarily due to the newness of the topic. In e-commerce, a new type of “atmospheric” variable that may influence shopping behavior is the sequence of products or websites that a consumer encounters during a single shopping experience. For example, Dailey (1999) and Eroglu, Machleit and Davis (2001) introduce conceptual models illustrating the influence of web atmospherics on consumers. Limited empirical research suggests that web site atmospheres do, in fact, significantly influence behavioral intentions toward web sites through altering consumer affect, specifically pleasure (Dailey & Heath, 1999). Donovan, Rossiter, Marcolyn and Nesdale (1994) propose that when products or experiences initially encountered are judged to be more pleasant by consumers, they are more likely to exhibit greater “approach” behavior, that is, a greater willingness to linger or explore further on the net. Given the recent advances in the e-commerce arena, it is important to examine the characteristics of the computer-mediated shopping environment that can produce measurable effects on consumers’ emotional experiences (Hoffman & Novak, 1996).

The experience can be achieved to a state of “flow that” has been described as the cognitive state that in which people are so intensely involved in an activity that “nothing else seems to matter” (Csikszentimihalyi, 1990). Hoffman and Novak (1996) extend the concept of flow specifically to the use of computer-mediated environments, such as the web—Internet, and suggest that flow may occur during the act of web navigation—Internet surfing. Consequently, when users actively surf the web and are totally immersed in the act of navigation, they are experiencing the flow. Based on the aforementioned, we define the term “virtual experiential marketing” the practices of experiential marketing in the virtual world, i.e., the practices of experience economy in the Internet environment or online.

**Online purchase intention**
Purchase intentions are personal action tendencies relative to the brand. Whereas attitudes are summary evaluations, intentions represent “the person’s motivation in the sense of his or her conscious plan to exert effort to carry out a behavior” (Eagly & Chaiken, 1993). Thus, Spears and Singh (2004) address a concise definition of purchase intentions: “Purchase intentions are an individual’s conscious plan to make an effort to purchase a brand.” Social psychology theories such as the Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1975) and the Theory of Planned Behavior (TPB) (Ajzen, 1991), maintain that an individual’s intention to perform a particular behavior is an effective predictor of actual behavior. In other words, attitudes influence behavior through behavioral intentions. The Theory of Planned Behavior (Ajzen, 1985, 1991) postulates that both attitude toward a behavior and subjective norm are immediate determinants of intention to perform a behavior. It further proposes that it is the intention to perform a behavior that is the proximal cause of such a behavior. Intentions stand for motivational ingredients of a behavior, that is to say, the degree of conscious effort that a person will exert to perform a behavior. Other researchers, such as Howard (1989), revise Howard-Sheth Model and proposes “Consumer Decision Model” (CDM) which is composed of six fundamental variables: information, brand recognition, attitude, confidence, purchase intention, and purchase. He gives the definition to the purchase intention as the probability that a consumer plans to buy a certain brand or product during a certain period of time. Hence, we define the term “online purchase intention” as an individual’s tendency to buy a certain brand or product during a certain period of time via the Internet.

As Internet shopping is a new mode of shopping indicating various and ostensibly novel genera of perceived risks (Eastlick, 1996), traditional consumer behavioral researches should be revised or re-conducted in this new retail patronage mode. And many observers notice that an absence of research into consumer motivation to purchase via the Internet and other aspects of consumer behavior with regard to the medium (Donthu & Garcia, 1999; Hagel & Armstrong, 1997; Korgaonkar & Wolin, 1999). More specifically, no prior research has been specifically addressed the relationship with purchase intention via the Internet (Brown, Pope, & Voges, 2003).

**RESEARCH FRAMEWORK AND PROPOSITIONS**

![Figure 1. Research Framework](image)

According to the literature review and a focus group conducted, we address a research framework that the implement of virtual experiential marketing will have a positive impact on online purchase intention, which will be moderated by a numbers of variables, such as shopping orientations, prior purchase, gender, and IT usage. The virtual experiential marketing characteristics included in this study are involvement, sense, pleasure, flow, and community.

As with judgments of aesthetics, experiential shoppers appear to arrive at their decisions through an intuitive and spontaneous reaction rather than through deliberate decision-making (Hoffman & Novak, 1996) which indicates that experiential shopping, opposite to utility-oriented shopping, serves as a form of recreation for those motivated by the enjoyment of shopping rather than by any utilitarian purpose (Bellenger & Korgaonkar, 1980). In sum, we believe that people come to their purchase decisions by their emotion or mood (their subjective perceptions) but not by the rationality in most situations, especially in non-goal browsing behaviors. What is more, the attitude–behavior literature lends support to this argument by suggesting that attitudes can result in behavioral intentions and ultimately behaviors (Regan & Fazio, 1977; Eagly & Chaiken, 1993). On the basis of the above-mentioned reasons, we infer audaciously...
that positive attitudes toward the web atmospherics derive from consumers’ experience online, and the positive attitudes will eventually encourage desired behavioral intentions comprising purchase intention which contributes to our proposition 1 (P1) — there is a positive relationship between consumers’ experience online with the characteristics of experiential marketing and his/her online purchase intention. And we attempt to contradict the saying that some commentators have argued that people who enjoy the shopping process are unlikely to buy online and that purchasing via the Internet is a poor substitute for the leisure experience compared with conventional shopping (Rowley, 1996). In other words, it implies that individuals who dislike the shopping process may be more amenable to purchasing online.

As for the elements of virtual experiential marketing, we extract some crucial characteristics from several well-known papers in experiential marketing domain (Pine II & Gilmore, 1998; Schmitt, 1999; Otto & Ritchie, 1996; Pousson & Kale, 2004; Mathwick, Malhotra & Rigdon, 2001; Menon & Kahn, 2002). What is worthy of being paid attention to is that a single item operates itself may and mostly contains more than one virtual experiential marketing element. The depiction of the details comes as what follows.

Image interactivity technology (IIT) allows the viewer to alter a product’s design features, background, context, viewing angles or distance, and to simulate the product’s operation on a web site, leading to diversiform product information through visual (non-textual) cues. It provides an enriched environmental experience through visual or audiovisual cues.

The findings of many psychologists suggest that induced pleasure encourages more approach behaviors and a desire to seek higher stimulation in subsequent tasks (Isen, 1987). Pleasure is found to produce favorable attitudes towards future approach behavior (Menon & Kahn, 2002). In addition, we found evidence that pleasure creates a preference for more stimulating arousal in subsequent interactions (Menon & Kahn, 2002). Specifically, they find a main effect—carry-over effect—of the pleasure induced by initial exposure to the following websites. If consumers are exposed initially to pleasing websites, they are then more likely to engage in subsequent approach shopping behaviors. They will browse more, engage in more unplanned purchasing, and seek out more stimulating products and categories.

The experience of “flow” is a highly desirable goal because it is a self-motivating, enjoyable state (Ghani & Deshpande, 1994; Trevino & Webster, 1992). Flow has been associated with positive attitudes (Baronas & Louis, 1988; Csikszentmihalyi, 1977) as well as approach behaviors including increased exploratory behavior of the web site (Hoffman & Novak, 1996).

Community, on the other hand, connects business with customers in another method. For example, some of brand community members may eventually become brand admirers, whose interest in (and loyalty to) a specific brand goes beyond searching for information about its functional aspects. Factors dependent upon Web site interactivity, such as community building and three-dimensional virtual experiences, have been embraced by online marketers to entice the consumer to visit the site, purchase online, and be satisfied enough to become a repeat visitor/customer (Mathwick, 2002). Moreover, the interactive nature of web sites has been credited with enhancing positive attitude towards the online retailer, desire to browse or return to the web site, and online purchasing (Campanelli, 2004). One of the functions a community proffers, social identity in the virtual community, captures the main aspects of the individual’s identification with the group in the sense that the person comes to view himself or herself as a member of the community, such as a sense of belonging to it. Emotional social identity fosters loyalty and citizenship behaviors in group settings (Bergami & Bagozzi, 2000). In accordance with the researches conducted before, we come forward several sub-propositions of P1 (P1a, P1b, P1c, P1d, and P1e).

P1. Virtual experiential marketing is positively related to online purchase intention.

P1a. Involvement is positively related to online purchase intention.

P1b. Sense is positively related to online purchase intention.

P1c. Pleasure is positively related to online purchase intention.

P1d. Flow is positively related to online purchase intention.

P1e. Community is positively related to online purchase intention.

There are some moderating factors between the effects of implement of the virtual experiential marketing elements on the online behaviors. The most significant cause is people themselves—the Internet users. To cite an instance, shopping orientations refer to the general predisposition of consumers toward the act of shopping (Gehrt, Alpander and Lawson, 1992). They may be manifested in varying patterns of information search, alternative evaluation, and product selection. The orientations are operationalized by a range of attitude, interest, and opinion statements related to the topic of
shopping. Thus, it is logical that consumers possess different shopping orientations and these will affect their purchase behaviors even via Internet, especially when shoppers are more rational, such as price-oriented or convenience-oriented shoppers. Furthermore, web surfers’ IT usage degree may also have certain level of influence. Research related to the adoption of other technology-based shopping formats has also indicated that previous non-store experience may help predict intention to adopt interactive electronic formats (Eastlick, 1996) and that shoppers who use electronic shopping technology have more experience with these or related technologies (Weber & Roehl, 1999). It also has been suggested that there is an element of perceived risk variable existing in purchasing through the Internet (Pope, Brown & Forrest, 1999) and we have already noted evidence of gender differences in online purchasing. Darley and Smith (1995) find different responses to advertising across different levels of perceived risk between different genders in their study, as well.

Not only may an individual’s shopping orientation, his/her gender or personal IT usage degree influence purchase intention, but it is likely that intention to purchase online will vary for an individual with different prior purchase experience. For instance, though Ajzen (1985, 1991) did not include past behavior as a predictor in his Theory of Planned Behavior, other attitude-behavior researchers asserted that inclusion of past behavior in the model significantly improves the prediction of behavior (Sutton & Hallett, 1989). Furthermore, Liang and Huang (1998) found that consumers’ prior experience had a moderating effect in predicting their acceptance of Internet shopping. In other word, past online purchase experiences may have a direct impact on online purchase intentions (e.g., Eastlick, 1996; Weber & Roehl, 1999). For this reason, Internet purchasing intentions may be both directly and indirectly affected (through information search intentions) by consumers’ prior Internet purchase experiences. We could come to a sub-conclusion that the consumer—the Internet surfers themselves play the core roles in this study and also in the experiential marketing age. Accordingly, the following propositions are offered.

\[\text{P2a. Shopping orientations have a moderating effect on the relationship between online shopping experience and online purchase intention.}\]

\[\text{P2b. Prior purchase has a moderating effect on the relationship between online shopping experience and online purchase intention.}\]

\[\text{P2c. Gender has a moderating effect on the relationship between online shopping experience and online purchase intention.}\]

\[\text{P2d. IT usage has a moderating effect on the relationship between online shopping experience and online purchase intention.}\]

**DISCUSSION AND IMPLICATIONS**

In this study, two propositions are raised. We argue that the experiential marketing practices can be carried out in the virtual environment and suggest that websites with these characteristics are much more likely to catch Internet surfers’ attentions than traditional practices. Internet navigators absorbed in the simulated world and eventually promote their purchase intentions online. As the experience derives from an individual’s heart, each experience is totally different from others and is subjective. This explains the reasons why people are the most significant variable to moderate the main relationship in this study.

From a business perspective, marketers are suggested to design the websites sensibly attractive, at least to draw their attention. Further they are even asked to make the web interfaces more interactive to involve Internet surfers in, to make the websites more pleasing to delight the web navigators, to establish a flow experience to enchant consumers and make them immersed in the virtual environment, or build up a virtual community to interact, connect with or get closer to their members. Consequently, the marketers can influence consumers and their responses to the web sites by designing website atmospheres that promote the impressive and memorable experiences on the Internet. Thus, promoting, not inhibiting, the flow experience makes strategic sense for marketers.

As a matter of fact, experiential marketing still has much limitations and obstacles to be fully realized in the virtual world—Internet environment. Nevertheless, owing to the development of informational technology, many “castles in the air” in the past may be accomplished nowadays or in the future. Furthermore, what deserves notice is that it can still be done lots more in the virtual world than it can in the physical world, such as role play, online game, blog, simulation, and etc. Besides that, it is more easily to conduct the customization on net. For multi-channel retailers or pure e-tailors, these experiential marketing practices raise interesting questions. Does the Internet channel lacks the ability to deliver
sensory or experiential value (i.e., dull and lifeless) in its current form? Are the users of different channels looking for different value package? Or are there more significant contingencies else at work in addition to our moderators that are neglected? It goes without saying that these questions worth further researchers digging into!!

REFERENCES


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