

# A Conceptual Model of AR Based Experiential Marketing

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***Abstract:** Augmented Reality Experiential Marketing (AREM) is one of the essential tool for businesses to sustain their customer using the Augmented Reality (AR) technology. Recently, many companies include AR technology to their advertising and marketing strategy to make it more enjoyable and interactive to their customer. Despite the increasing adoption of AR technology and has been around for the past six years, research in AREM is still limited. In this paper, a conceptual model of AREM to improve customer satisfaction is presented. The proposed model comprises of three main components: AR experience, attitude and customer satisfaction. Convenience and enjoyment which make up the AR experience components could lead to positive attitude and customer satisfaction as it may provide the best experience to the customer. Our proposed conceptual model emphasizes the concept of customer's attitude resulting from AR experience which may lead to customer satisfaction. The customer attitude is described based on their cognitive response, affective response and behavioural response. The model forms the basis as guideline to businesses towards increasing customer satisfaction through AR technology based experiential marketing*

**Keywords:** AR, Experiential Marketing, Customer Satisfaction, Emotion, AR Experiential Marketing

## 1. INTRODUCTION

AR Experiential Marketing (AREM) expected to become a big thing on the market (Kavran, Lončarić, & Dlačić, 2016). The researchers also claimed that the use of AR in marketing can increase brand awareness through improve involvement of customer by providing experience. Holbrook (2000) believed that we already entered the experiential marketing era.

The focus will shift from the product or service performance to the customer's experience or emotion towards the product or service. Basically, consumer's demand is more likely toward fantasy, feeling and fun. According to Schmitt (1999), this experiential marketing provide joys, memorable experience, excitement and satisfied mood.

In the recent year's attention, AR technology had been very popular due to the ability to sustain enjoyable interaction and gauge user's emotion

(Shankar, Venkatesh, Hofacker, & Naik, 2010). The introduction of AR in the marketing sectors provide high impact in marketing area (Bulearca & Tamarjan, 2010). Most of the giant brands such as Nivea, Pokémon Go, Pepsi & Co and Ray-Ban used AR technology as their marketing tools (Ooi & Yazdanifard, 2015).

The term AREM has been introduced six years ago; despite that there is still lack of research studies in this area, thus there is need to provide new insights (Kavran et al., 2016). Several researchers (Bulearca & Tamarjan, 2010; Kavran et al., 2016; Ooi & Yazdanifard, 2015) had conducted work related to AREM, but none of them proposed a conceptual model of AREM. In this paper, a conceptual model of AREM to improve customer satisfaction by identifying the necessary components in the AR experience is proposed. The proposed model emphasizes the concept of customer's attitude resulting from AR experience which may lead to customer satisfaction.

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This paper is structured as follows. Section 2 provides some background and literature review on AREM, customer's attitude and AR. Section 3 illustrate the proposed conceptual model of AREM. Finally, section 4 conclude this paper and propose future work.

## 2. BACKGROUND AND LITERATURE REVIEW

### 2.1 Experiential Marketing

Customer do not focus solely on the product/service but on experiential consumption as on pre-purchase experience (Denegri-Knott & Molesworth, 2010). According to Lee, Hsiao, and Yang (2010), experiential marketing is defined unforgettable memory or experience that may became rooted deeply in people's mind. The memory will allow customers with sentimental and impressive emotion to jack up the customer's purchase desire and intensify addictive value of products. The experience is not only within the purchasing time but also pre-purchase and post-purchase (Schmitt, 1999).

Experiential marketing need to deliver the experiential value such as emotional and functional values, and customer satisfaction (Schmitt, 1999). According on Srinivasan and Srivastava (2010), experiential marketing is all about something to feel, relate and act. Moreover, human interaction is becoming the crucial component of marketing for generating the memorable experiences for customer which in turn, may affect the customer's purchasing behaviour.

### 2.2 AR Experiential Marketing (AREM)

AR Experiential Marketing (AREM) act as essential tool for the company to sustain their business by using AR technology (Ooi & Yazdanifard, 2015). AREM is very beneficial for small or big companies in order to create customer satisfaction through technology (Dohutia, 2012). Besides, Dohutia (2012) also mentioned that the main objective of AREM is to encourage repetitive purchasing and positive word of mouth which lead to greater market share.

The use of AR in marketing can increase the ROI through brand awareness and increase customer's involvement through experiences

(Kavran et al., 2016). According to Yuan and Wu (2008), many companies and businesses had used AR in marketing campaign as experiential marketing strategy that not only solely focusing on product/services but also memorable experience for customers.

Companies use AR to give their customer a different perspective. For examples companies that use AREM includes Ray-Ban (FIT3D Apps (O'Brien)), Pokémon Go (Location based AR game (Clark & Clark, 2016)), Jaguar Land Rover Virtual Reality Showroom (Lawson, Salanitri, & Waterfield, 2016), IKEA (IKEA Catalogue Apps (Baier, Rese, & Schreiber, 2015)). Besides, the use of AR as one of experiential marketing tool for the past two years has been raising some controversies relating its long-term benefits (Bulearca & Tamarjan, 2010). The author also mention the relationship between AR values and customer satisfaction need to be discovered. In this paper, a conceptual model of AREM to improve customer satisfaction by identifying the necessary components in the AR experience is proposed.

### 2.2 Customer Satisfaction

The importance of experiential marketing is to create value for the customer (Pine & Gilmore, 1998) and this will encourage customer to make faster and positive purchasing decision (Williams, 2006). According to (Schmitt, 1999), experiential values includes such as emotional and functional values towards customer satisfaction.

The creation of experiential value is referring to customer's perception toward product (Mathwick, Malhotra, & Rigdon, 2001) since the experiential value may contribute to customer satisfaction (Yuan & Wu, 2008). Regarding the experiential value, Schmitt (1999) claimed experiential marketing must deliver the experiential value which are functional value and emotional, and customer satisfaction.

Many researchers believe that customer satisfaction play a crucial role in the success of a company and brand and it is useful for increasing profitability (Yuan & Wu, 2008). If the customer satisfied with the product, generally they will have a repetitive purchase, promote the product to other people and refuse to purchase from competitor (Yuan &

Wu, 2008).

### 2.2.1 Consumer Attitude

According to Lazarus (1991) attitude is involves the affective, behavioural and cognitive response of customers. Lazarus further suggested that Cognitive, Affective and Behavioural response are influenced by a range of factors such as emotional intelligence, previous experience and disposition. The relationship between cognitive, affective and behavioural response is illustrated Figure 1.

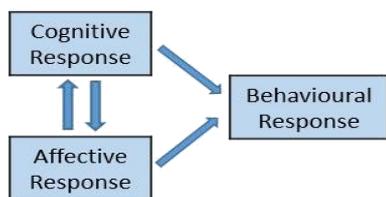


Figure 1: The attitude's relationship

#### 2.2.1.1 Cognitive Response

Cognition is a process of acquiring knowledge through thought that a person first aware of stimuli, appraises significance of those and considers the behavioural response (Scherer, 1999). Based on Ross and Harrison (2016), the cognitive response is the knowledge and perception toward a technology or something. According to Lazarus (1991), emotion does influence cognition and cognition does elicit emotion. The researcher further explain the cognition does not lead to emotion while emotion cannot occur without cognition. The direction between emotion and cognition is bidirectional (Lazarus, 1991).

Cognitive and affective response create the attitude of the consumer to change; the attitude could be positive and negative (Piderit, 2000) and will be influenced by various factors, including the processes of decision making and communication, favourability and fairness of the outcome (Weiss, Suckow, & Cropanzano, 1999).

#### 2.2.1.2 Affective Response

The affective response is a supplement of cognitive response (Batra & Ray, 1986). The researcher also mentioned the affective responses are not evaluation response but it is more representation of mood and feelings

toward a technology or something. Based on Ross and Harrison (2016), the affective response is the user attitude toward technology. Reaction or feeling can be in the form of responses such as 'Oh Wow' and 'That's so cool'. However, according to Lazarus (1991) the cognitive response is impact on and impacted by the affective response.

#### 2.2.1.3 Behavioural Response

Figure 1 shows that the cognitive and affective response influence the behavioural response. Before the behavioural response can occur, people usually consider the implication and perception of the choice (Lazarus, 1991). Cognitive, Affective and behavioural response are influenced by range of factors like emotional intelligence, previous experience and disposition. According to Ross and Harrison (2016), the behavioural response does impact on consumer's purchase behaviour and likelihood of use. In the study, the purchase behaviour also can be influenced by other factors such as budget.

### 2.3 Augmented Reality

AR was introduced a few decades ago and the concept of AR and its technology has evolved until today. Based on Javornik (2014), the novelty that brought by AR have merged deeply in the marketing. The researchers had shown that AR technology is relevant to marketing as it has the ability to establish innovative and have enjoyable interaction (Shankar et al., 2010; Varadarajan et al., 2010).

Based on Azuma (1997), AR is an technology that allow user to see the real environment, with the virtual object superimpose upon the real environment. AR role in the experiential marketing is its contribution in creating customer satisfaction which can lead to customer loyalty, repetitive purchasing and positive word of mouth (Bulearca & Tamarjan, 2010).

#### 2.3.1 Convenience

Convenience is defined as the functional values that is offered by product/services to the customer before buying it. Ross and Harrison (2016) had investigated on consumer's perception on AR's usefulness and ease of use.

When they asked on how useful and easy to use the technology, the respondent gave positive reaction to it. Moreover, Kazmi, Hai, and Abid (2016) believed that perceived ease of use of the technology may resulting a great impact toward user satisfaction. When user feel pleasant toward the technology and have interesting experience that will gain their user experience and satisfaction.

### 2.3.2 Enjoyment

Enjoyment is considered by many researchers as the most important emotional value. (Sweeney & Soutar, 2001). It acts as a primary link between experiential marketing outcomes and customer satisfaction (Yuan & Wu, 2008)

Perceived enjoyment was defined as the extent of activity using computer is enjoyable in its own right, excluding any performance consequences that expected to happen (Davis, Bagozzi, & Warshaw, 1992). Regarding this matter, enjoyment is one of the intrinsic motivation and which derive pleasure and

satisfaction from the specific activity.

### 3. THE PROPOSED CONCEPTUAL MODEL

The high level view of the proposed conceptual model is as shown in Figure 2.



Figure 2: The high level of conceptual model

For AR Experiential Marketing (AREM), the role of AR technology is to evoke positive attitude through AR experience. This will further led to customer satisfaction which may influence customers' purchase intention. According to Bulearca and Tamarjan (2010), AREM is beneficial for a company and brand in long-term and contributing to the customer satisfaction which can lead to greater purchase intention, loyalty, repetitive purchasing and positive word of mouth.

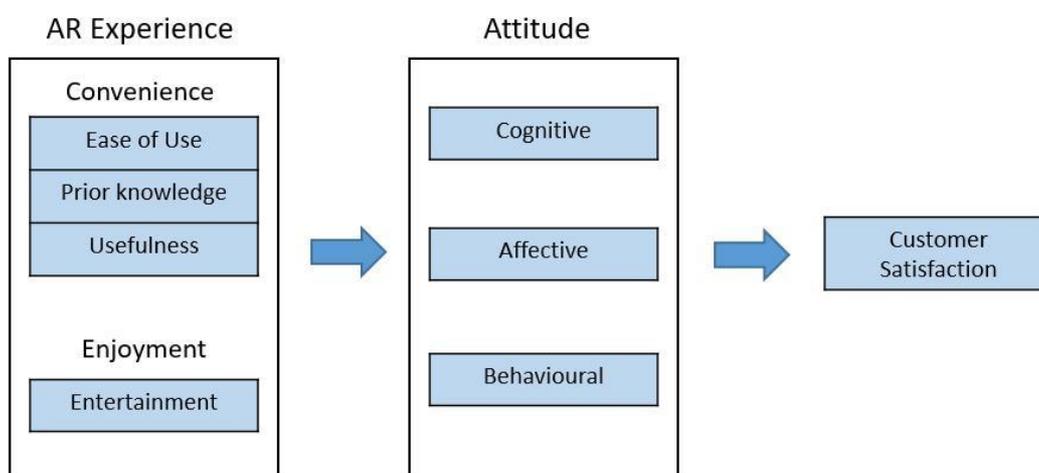


Figure 3: A Conceptual Model of AR Based Experiential Marketing

Figure 3 further highlights the elements within each components of the proposed conceptual model which are AR experience, attitude and customer satisfaction. According to Mathwick et al. (2001); Schmitt (1999); Sweeney and Soutar (2001), the main components of experiential value are functional and emotion. With respect to AR Experience, convenience refers to functional, while enjoyment refers to emotion of the experiential value. Thus, AR experience is about providing convenience

and enjoyment to the customer which could induce positive attitude in them.

The first element of AR experience is convenience which consist of ease of use, prior knowledge and usefulness. Convenience has been suggested as the key factor on increasing the purchase intention (Bulearca & Tamarjan, 2010), while having a major contribution towards customer satisfaction (Sweeney & Soutar, 2001). Based on Bulearca and Tamarjan (2010), convenience is defined

as the functional value offered to experiencing the product before buying it. Thus, convenience can be seen as the functional aspect of the product that can be experienced by customer through AR.

A study on the convenience aspect of EM by Bulearca and Tamarjan (2010) indicate that the customer receive their functional benefit such as practicality, time saving and convenience by using AR technology. In contrast, it was reported that AR technology could be a drawback especially when dealing with ease of use and usefulness. For example, if the customer is required to perform installation; some of the respondent perceived that these steps as being difficult and annoying.

Another study on convenience conducted by Ross and Harrison (2016) reported AR technology as being useful and easy to use. Based on the study, the customer must have prior knowledge on the AR technology in order to have a good experience and perception towards the technology. The second element of AR experience is enjoyment. Enjoyment is considered by many researchers as the most important emotional values (Sweeney & Soutar, 2001). According to Yuan and Wu (2008) enjoyment also act as a primary link between experiential marketing outcomes and customer satisfaction. Based on Ooi and Yazdanifard (2015), the use of AR in marketing is to make the experience interactive and highly entertaining as the main purpose of AR is to create an element of surprise. In addition, the AR technology may add the fun, interactive and fascinating features toward the product. However, from the experiential learning perspective. Sung and Cho (2012) believed that the AR technology do not provide entertainment values to the customer.

Experiencing convenience and enjoyment in AR product may result in positive customer attitude (Balog & Pribeanu, 2010; Bulearca & Tamarjan, 2010). Attitude can be observed through customer's cognitive response, affective response and behavioural response. The positive attitude of the customer may lead to customer satisfaction (Tornow & Wiley, 1991). Many researchers believe that customer satisfaction play a crucial role in the success of a company and brand and it is useful for increasing profitability (Yuan & Wu, 2008). If

the customer is satisfied with the product, generally they will have a repetitive purchase, promote the product to other people and refuse to purchase from competitor (Yuan & Wu, 2008).

Figure 2 illustrates that AR experience of convenience and enjoyment may lead to positive attitude. On that basis, the customer will experience the AR in the best way and will induce customer satisfaction. When the customer is satisfied with the product/service, the customer will have a positive purchase intention and decision. Thus, AR Experience contributes to experiential marketing through development of customer satisfaction which can lead to customer loyalty, repetitive purchasing and positive word of mouth (Bulearca & Tamarjan, 2010).

#### 4. CONCLUSION AND FUTURE WORK

AREM is very crucial to businesses in creating customer satisfaction through AR. It has been shown to give authentic product experience for the customer. The proposed model comprises of two components which are AR experience and attitude. AR experience consist of two elements. The first element of AR experience is convenience which contain of ease of use, prior knowledge and usefulness. The second element of AR experience is enjoyment that list out the entertainment item. Convenience acts as a functional aspect of experiential value while enjoyment as emotional aspect. Thus, this will increase the customer loyalty, repetitive purchasing and positive word of mouth.

Our proposed conceptual model places emphasize on the concept of customer's attitude resulting from AR experience that may lead to customer satisfaction. It is postulated that when a customer has positive attitude and satisfaction toward product/service, it will lead to purchasing intention, loyalty, brand awareness and powerful word of mouth. Attitude of the customer can be observed through cognitive response, affective response and behavioural response. Future works would include conducting studies to validate the proposed model.

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