

## Factors That Enhance In-Store Customer Experience: A Case Of IKEA (India)

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### Abstract

Experiential marketing has revolutionized the field of marketing as more and more brands are incorporating it as their marketing as well as a business strategy. It has been an area of interest for researchers since the concept was started in 1990. Whilst according to various studies, experiential marketing is mostly attributed to events and promotions; IKEA incorporates it as a business model. The study is an attempt to understand the dynamics of organised 'home improvement' retailers in an unorganised retailer dominant industry in India. The main objective is to identify the factors that play a role in experiential marketing. A factor analysis via SPSS is conducted to extract the primary constructs that affect the overall customer experience at IKEA. Four factors seem to be highlighted: Visual Appeal, Staff Handling, Floor layout and segregation, and Product Experience. These factors create a strong association with the brand, a desire to own the product, build trust in IKEA's product quality; whilst reducing price sensitivity among the customers. Considering literature and the findings of this study it can be stated that experiential marketing has varied implications for a different set of customers, different situations, industries or events which makes it a gruelling effort for marketers to have a set and well-defined strategy. Dynamism, innovation, customer engagement and constant adaptation are the key to success in experiential marketing.

**Keywords:** Experiential marketing, Factor analysis, IKEA, Home improvement, Décor, Furnishings

## Introduction

The field of marketing has seen a paradigm shift owing to rapid development in technology and communication (Grundey, 2008). It has seen variations from production, sales, societal, relationship marketing to experiential marketing (Kitchen, 2013). A strong wave of social media boom has led to lesser attention span and has made consumers demand more transparency. Marketers are widening their approach by emphasizing on consumer opinions and constant feedback. Furthermore, worldwide competition and varied range of products have made traditional marketing efforts ineffective.

Over time, marketers have been devising innovative promotional techniques to entice the customers and increase market share. Traditional marketing uses different medium to reach out to the consumer emphasizing on benefits and features of the product or service offering. Therefore, the purchase decision is mostly based on the information provided. On the contrary, emerging techniques combine consumer psychographics to create pleasurable experiences by enforcing consumer participation, to enable the consumer to make rationally informed choices. Such new practices have made traditional techniques of promotion redundant (Schmitt, 1999).

Experiential marketing has been developed as one of such emerging techniques to address the changing consumer dynamics in the marketing world. Experiential marketing aims to appeal the customer through emotions, logic and senses that helps in connecting the message (media information) and the actual interaction (product/service). Therefore, experience has become the key to creating a loyal and satisfied customer base.

In the process of keeping the consumer looped up into the buying process, it becomes challenging for the marketers to influence the consumer & close the deal. Therefore, it is imperative to understand the importance of experiential marketing in the new age marketing world for Home improvement, furnishings and décor sector.

## Literature Review

The concept of 'experience' was introduced by Holbrook and Hirschman in 1982. Experiential Marketing is backed by the same notion of experience and is considered an important development in the field of marketing (Grundey, 2008). Live brand experiences entail sensory activities that enable the customer to live, breathe and feel any brand (Smilansky, 2009). According to Schmitt (1999), there are five different experiences or Strategic Experiential Modules (SEM's) of experiential marketing that act as a catalyst in marketing communications. These are sensory (SENSE), affective (FEEL), creative cognitive (THINK), physical, behaviours and lifestyles (ACT) and social identity (RELATE). According to Moreira *et al.* (2016), sensory simulations influence the brand experience which further motivates and increases purchase intentions.

According to Liu (2006), experiential marketing ensures direct involvement of the customer that creates a feeling of satisfaction leading to trust and commitment on the part of the customer. Therefore, it can be stated that eye-catching memorable encounters that lead to an unbiased flow of information, can only be achieved through a well-designed experience system (McLuhan, 2008). These are institutionalized positive experiences inculcated within the system ensuring that all touchpoints strive to reduce the gap between what is promised and what is delivered (Shaw and Ivens, 2005). As a result, good customer experience will lead to customer satisfaction and enhance brand loyalty. Also, when customers believe that no other brand can give them such unique value-based experience, they are willing to pay more which further results in augmentation of brand equity (Xiao, 2004).

Various studies confirm that marketing communications and consequent consumer behaviour are interlinked. However, it is argued that effective marketing communication is done only by having information about purchase drivers which in turn facilitates and influences consumer decision making (Dahlen, Lang and Smith, 2010). Thus, it can be stated that experiential marketing is a communication promotional tool that acts as a stimulator to induce action of any kind from the consumer (Kailini and Ciobotar, 2015). Thus, experiential marketing can be defined as a distinguished marketing communication tool that combines various communication channels and lives experiences to create a positive impact while garnering attention from consumers.

A varied range of industries has been studied to understand the impact of experiential marketing on consumer experiences. For instance, symbolic resources produce more impact than any external stimuli (Lanier and Hampton, 2016). This is more applicable in case of national parks, museums, cruises and the likes; as these industries tend to use dramatization as a stimulus rather than symbolic resources (Lanier and Hampton, 2016).

A few studies have emphasized more on the service and retail sectors where the aspect of the experience has different dimensions. Ismail (2011) conducted a study on hotels in Egypt to understand the impact of service on consumer experience, and concluded that for such sectors SERVQUAL should be taken as a parameter rather than creating and solely depending upon providing better consumer experiences. Erida *et al.* (2016) studied the impact of experiential marketing on modern retail business in Jambi City, concluded in her study that feel, act, think, relate have a positive impact on Experiential marketing, which in turn has an impact on brand loyalty. Therefore, it can be stated that there is a relationship between these variables and experiential marketing in the retail context.

Furthermore, the components of store atmosphere, situation and the type of buying process (hedonic or rational), the role of the consumer in the buying process are some of the factors that go alongside the creation of overall experience (Farias *et al.*, 2014). Gender differences have also shown different results in experiential marketing. In one such study, Liang *et al.* (2013) concluded that females are attracted more by the store's appearance and aesthetics as compared to male counterparts.

Shafiee *et al.* (2019) studied the impact of experiential marketing on brand equity. Five dimensions (WoM, price, interaction, situation and experience) were studied. The results showed that all dimensions have a meaningful and positive impact on brand equity. Whilst experience had the highest impact and situation had the lowest impact.

Customer perception is a widely studied aspect of marketing. Instead of experiential marketing, there have been myriad of studies emphasising on the impact and implication of the same in consumer behaviour. Aronne and Vasconcelos (2009) studied customer perception of experiential marketing before, during and after the event by Innocent Drinks in London. The study concludes that experiential marketing has a positive impact and encourages positive WoM, stimulating buyer behaviour and enhancing brand loyalty. Therefore, it can be implied that experiential marketing does have an impact with certain impediments to its implementation to reach optimum efficiency.

Indian home furniture and décor market has been dominated by unorganised sector traditional wholesalers and retailers due to low prices and more brand visibility. The Indian unorganized home improvement, furnishings and décor sector comprises of 94% of the revenues generated whilst only 6% is generated by the organized sector. With the opening up of new retail chains and rise in disposable income the home furnishing market has seen tremendous growth (GlobeNewswire, 2019).

“The perception and outlook of the industry also need to change. It is still not open to innovation and experiment. The second major issue is the skyrocketing real estate price which makes it very difficult for new ventures to be profitable. Indian market is also susceptible to global economic volatility which makes an impact on the home furnishing players,” says, MD & Interior Stylist, SPACIO, Navin Kanodia (Sahni, 2017).

## **Research Question**

Although experiential marketing has been a widely used concept over the years, study revolves around IKEA which launched its first store in India in Hyderabad in August 2019. The organised home retail sector has seen a shift in demand and consumption patterns with setting up of Home centre, Godrej Interior and the likes. With IKEA being in its nascent stages in India and having a typical experiential marketing strategy it becomes apparent to study its emergence in the Indian context. In the case of home décor and furnishing wherein the product is the main highlight, what in-store experiential factors can enhance the overall customer experience?

## **Objectives**

### **To examine the role of experiential marketing in enhancing customer experience**

- To analyse consumer attitude towards experiential marketing at IKEA
- To identify factors which affect the in-store experience of customers visiting IKEA

## Research Methodology

### Methodology

The research incorporated exploratory and descriptive research design to fulfil the objectives. Exploratory research provides deeper insights into the topic for a better understanding and descriptive research describes the phenomenon under study. The study used the survey method for primary data collection. A structured undisguised questionnaire was constructed via Google Forms. Secondary data for the study comprises of literature from high-end journals and other credible sources.

A non- probability sampling technique i.e. convenience sampling method was used and the questionnaire link was sent out to the respondents. Owing to the primary limitation that the respondents must have visited IKEA, the sample size could be restricted to 150. As such study covers respondents from Hyderabad city only.

### Statistical Tool Used

For analysis, the study incorporated Factor analysis method using SPSS statistical software. The primary reason for running a factor analysis is to ensure the reduction of a large number of variable data set into a few variables. By identifying latent variables, factor analysis enables data reduction and summarization.

The extraction method of ‘Principal Component Factor’ analysis was conducted to identify core factors that play a role in experiential marketing. Further rotation matrix using ‘Varimax with Kaiser Normalization’ was done to create 5 point factor table. Varimax rotation is an orthogonal rotation, which loads more relevant factors, thus, ensuring easy interpretation (Field, 2005), especially in social sciences research.

A ‘Kaiser-Meyer-Olkin (KMO) Test’ measures the adequacy of sampling by indicating the variance of variables. A value between 0.5 and 1.0 generally indicates that factor analysis is useful for the collected data of the study. It is mainly used to highlight the appropriateness of factors rendering more reliability and validity to the analysis.

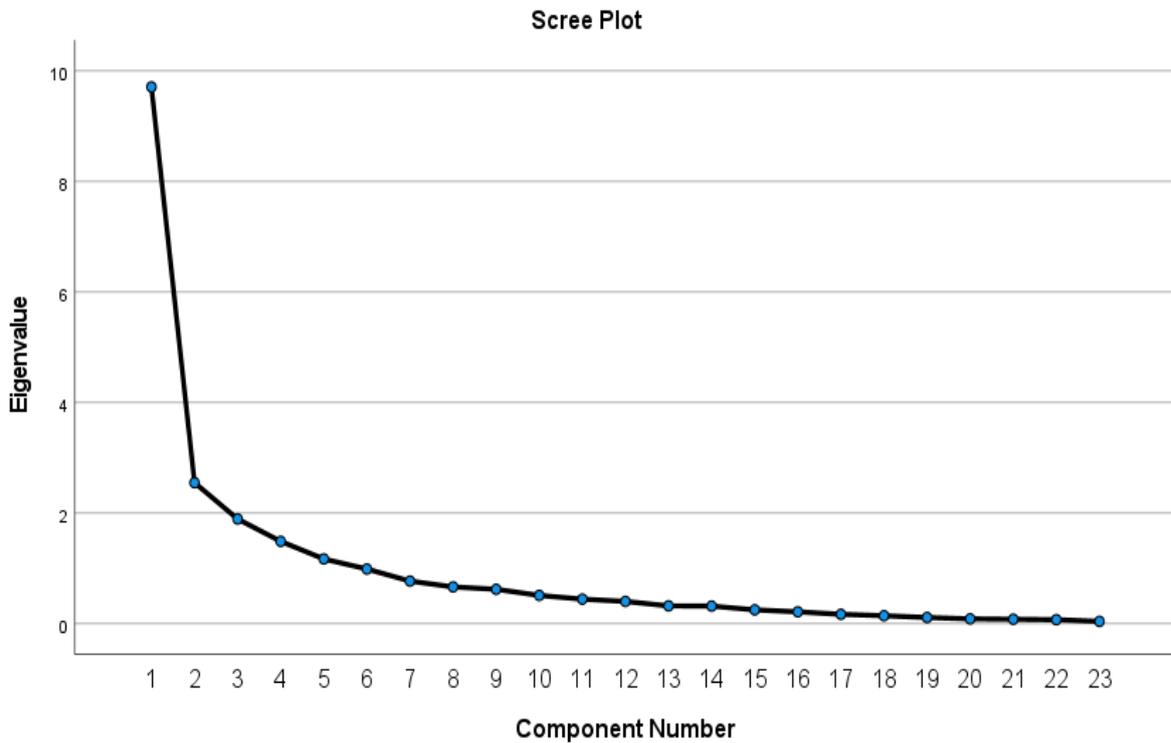
### Data Analysis and interpretation

#### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.779
Bartlett's Test of Sphericity	Approx. Chi-Square	2976.063
	df	253
	Sig.	.000

**Fig. 1 KMO and Bartlett's Test**

The above table indicates the suitability of data for structure detection. The value for KMO-Bartlett’s Test is almost .80 which indicates that the level of appropriateness of the sample is high. Therefore, factor analysis is suitable for this study.



**Fig. 2 Scree Plot**

The above ‘Scree Plot’ shows the Eigen Values on Y-axis and the number of factors on X-axis. Further below, a rotated component matrix classifies the various factors.

Rotated Component Matrix <sup>a</sup>					
	Component				
	1	2	3	4	5
10c. Model display of products for bedroom, kitchen, office etc	.875				
10e. Attractiveness of display of products in market mall section	.849				
10d. Usage of decorative items to complement the display of various products	.713				
10f. Uniqueness in displaying the products	.693				
10a. Elaborate description and setup of home furniture	.670				
13g. IKEA's staff handling your queries and way of addressing		.866			
13f. Home Delivery information		.824			
13b. Technical detailing and explanation		.748			
13a. Product demonstration		.691			
13c. DIY (Do it yourself) and installation inputs		.604			
13d. Valuable suggestions to select the right product		.555			
12e. Check out is easy and hassle free			.796		
12d. Store layout gives proper description of products to go with my current home needs			.789		
12a. I am happy with the floor plan map given in the beginning of the store			.706		
13e. Product usage and DIY function complexities		.614	.632		
14e. Product experience at IKEA creates a strong association with the brand				.805	
14b. Product experience at IKEA induces desire to own the product				.769	
14c. Product experience at IKEA overshadows the price sensitivity				.712	
14d. Product experience at IKEA enhances the confidence in product quality				.702	
14a. Product experience at IKEA makes me buy the product				.584	
12c. I never get lost while moving around IKEA Store's different product sections					.746
10b. LED TV's for explaining technicalities of a particular product					.663
12b. Well segregated shop floors					.519

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization. <sup>a</sup>

a. Rotation converged in 6 iterations.

**Fig. 3. Factor-Rotated Component Matrix**

The factor analysis highlighted mainly 23 factors that play a role in experiential marketing w.r.t. IKEA. The factors with an Eigenvalue less than .4 do not render a significant impact. Only factors with an Eigenvalue higher than .4 are considered. Hence, in totality, only composite five factors seem to enhance the consumer experience. These were further reduced

to 5-factor model- Factor 1, Factor 2, Factor 3, Factor 4, Factor 5 as depicted in the above-rotated component matrix table.

## Findings

### General Findings

1. The respondents are well segregated under all kinds of employee category but private employees are dominant with approx. 47% of the total respondents.
2. 53% of respondents fall under the income group of 4-6 lakhs followed by above 10 lakhs income group (27%). Therefore, this can be implied that IKEA customers belong to middle income as well as high-income group level.
3. Approx 39% and 24% of the respondents belong to 26-35 and 36-45 age group respectively. Thus, it can be stated that people visiting IKEA are mainly 'The Millennial' generation.
4. Majority respondents are interested in buying all kinds of products with home furniture being the most preferred (75%) product category.
5. Although 61% of customers choose IKEA for their home needs there is a sharp inclination towards traditional retailers and wholesalers, with approximately 58% of customers preferring the same. Therefore, it can be stated that good customer experiences may not necessarily enhance brand loyalty which is typically in contradiction with the previous literature wherein results indicated high brand loyalty due to better experiences.
6. When asked about the likely reasons for customers to visit IKEA 50% of the respondents would like to visit experience showcasing the products (product presentation), followed by IKEA's range of products.
7. Home furniture and home décor are the most preferred category choice at IKEA standing at 60% and 44% respondents respectively. Considering the same DIY (Do it yourself) doesn't seem to be a hurdle for the majority of its customers.
8. The major shortcoming reflected is that the overall experience is not encouraging enough to for the customer to buy the product as opposed to majority literature stating that experiential marketing leads to change in buying patterns and consumer perception. Only 38% of respondents agree that product experience makes them buy the product, which is lesser than respondents (40%) who are neutral about the whole product experience.

9. 50% of the respondents agree that product experience at IKEA induces the desire to own the product, creates a strong association with the brand and increases confidence in the product quality.
  
10. Around 50% of the respondents relate highly to IKEA’s international presence and its stylish, sophisticated product range.
  
11. Literature states that experiential marketing increase brand value but as per the findings of the study, the relativity for Brand Value is very less amongst the respondents as only 18 respondents associate with the same. This is very less percentage, thus, contradicting the studies that in-store experience enhances brand value.

**Factor Analysis Findings**

The following four factors and sub-factors have been derived from the factor analysis. The sub-factors have been mentioned in descending order of their Eigen Values:

<b>Factor Analysis Findings</b>	
<b>Factors</b>	<b>Sub-Factors (constructs)</b>
Visual Appeal	Model Display Attractiveness of Products Usage of complementary Decorative items Uniqueness in product display Elaborate description LED displays explaining product technicalities
Staff Handling	Queries Home Delivery Information Technicalities Product Demonstration Valuable Suggestions DIY function
Layout and Floor Plan	Hassle-free checkout Store layout Floor plan map
Product Experience	Product experience at IKEA <ul style="list-style-type: none"> <li>▪ Creates a strong association with the brand</li> <li>▪ Induces the desire to own the product</li> <li>▪ Overshadows the price sensitivity</li> <li>▪ Enhances the confidence in product quality</li> </ul>

	▪ Makes me buy the product
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**Table 1. Factors That Enhance In-Store Experience**

The above factors emphasize the most impact making constructs of the in-store experience for IKEA. Thus, IKEA has an edge in terms of attracting the customer through the right usage of product display which is supported by its high-quality products. Moreover, to enhance the whole experience IKEA staff contributes with second-highest levels of Eigen Values (refer Fig. 3) in the creation of satisfying experiences for its customers. These factors create feelings and desire of owning the product, strong association with the brand; whilst reducing price sensitivity among the customers.

### **Recommendations**

- Traditional wholesalers and retailers carry a legacy that serves generations of customers and can affect brand loyalty for IKEA. With such kind of competition, branding should concentrate on the creation of utility and differentiation at foundation levels. Also, combining strategies to influence emotions and hedonic benefits in the customers can ensure likability for IKEA to a great extent.
- Product differentiation strategies that focus more on customisation i.e. Customer Dominant Logic, are a gainer in today's competitive environment. Customisation is still not a widely used customer service strategy in the Home improvement and decor sector. IKEA can enhance the overall experience and positive in-store impact by reaching out to the consumer, thus, ensuring the creation of value by customers themselves.
- There is a lack of segmentation and positioning, thereby, limiting the scope for IKEA. Only experience cannot be dependable and impact generating factor for IKEA. As millennial generation seems to be dominant, efforts should be made to create a niche market, strategies for advertising and catering to different other segments. Also, the young couples representing DINK (Double Income No Kids) should be a different target segment as these customers have income at the expense and tend to be more brands cautious.
- Whilst IKEA's sole aim may be to provide a memorable customer experience, the definition of memorable customer experience and how to achieve it still seems to be unidentified when it comes to the Indian market. Therefore, cultural adaptation is the key to ensure consumers to think beyond traditional retailers and wholesalers which score high in consumers mind till date.
- Customer engagement, in-store promotions, a combination of blitz sales are a few other factors that can boost sales as well as increase the existing pool of IKEA's customer base.

## Conclusion

IKEA is a well known established brand with a vast international presence. As its presence in the Indian market is just one year old, it still has a long way to go. The fact that traditionally maintained retailers who have long carrying legacy are so ingrained in the minds of Indian makes it difficult for a brand like IKEA to break-through customer's preconceptions and beliefs. The consumers place high trust in IKEA's product quality, range, customer service which in turn ensures customer satisfaction on various levels. Considering the results of the study IKEA does seem to have made a positive impact on the Indian consumer. The unique representation and one of a kind experience have grabbed the eyeballs of Indian consumers. Having said that brand confidence and loyalty being on the lower side, IKEA needs to devise ways and go beyond its experiential model in connecting with the Indian consumer.

## Future Scope of the Study

This study focuses on identifying the factors of experiential marketing at IKEA that influence the customers. The study leaves future scope to analyse the impact of such factors on buying behaviour or to analyse the transformation process in the consumer in-store experiences. Further, reasons for experiential marketing not being able to influence buying behaviour and change buying patterns of the consumers despite IKEA being on a very high pedestal can be studied.

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