

**APPLICATION OF EXPERIENTIAL MARKETING IN THE
REVIVAL STRATEGIES OF TRADITIONAL FOOD MARKETS.
THE CASE OF MERCADO DE SAN MIGUEL**

Ekaterina Kushnir

Project submitted as partial requirement for the conferral of
Master of Science in Business Administration

**Supervisor:
Professor Gavin Eccles**

April 2013

APPLICATION OF EXPERIENTIAL MARKETING IN THE REVIVAL STRATEGIES OF
TRADITIONAL FOOD MARKETS. THE CASE OF MERCADO DE SAN MIGUEL

Ekaterina Kushmir

ACKNOWLEDGEMENTS

The present study would not have been possible without dedication and support of a number of very special persons.

First I would like to thank my father, mother, grandmother and grandfather for their support, patience and continuous encouragement.

Furthermore, thanks to Afonso Quadros for his support, patience, for his assistance on the technical side and his linguistic input.

I also thank my supervisor Professor Gavin Eccles for his support, the time he spent for reading and discussion, his advises and guidance which made this study possible.

Besides that I would like to thank Begonia Ubierna, Hans Redhammer, Senen Gonzalez, Sandra de Almeida, and Edgar Fonseca, the interviewees for the time they spent to answer the questions and for the information they provided to me.

Finally, I thank all my friends and family members for their patience and unending support.

ABSTRACT

The present study investigates the appliance of Experiential Marketing (EM) in the revival strategies for traditional food markets on the example of Mercado de San Miguel, a traditional food market in Madrid, Spain. Having placed an increased focus on the delivered customer experience the case company avoided the decline stage and achieved a pre-downturn performance.

The present study is an in-depth single holistic case study, which utilizes qualitative research. The investigation included a literature review on organizational lifecycle and the reasons leading to the decline stage; possible strategies to avoid it; strategic differentiation; shift from traditional marketing approach to experiential marketing; aspects of the evolution of customer experience; and strategic experiential modules.

Further, a qualitative research, carried out by creating interviews, was performed in order to investigate possible differentiators for the traditional food markets and customer experience as a possible key strategic differentiator; and to determine what strategic experiential modules that can be used in the chosen industry.

The research showed that customer experience can be a key strategic differentiator for the traditional food markets since it provides the company with a competitive advantage; and that different dimensions of experiential marketing should be applied in order to achieve holistic experience.

The implications of the study focus on the recommendations that can help traditional food markets to avoid decline stage through developing a differentiated strategy which uses customer experience as a main strategic differentiator.

Key words: customer experience, experiential marketing, traditional food markets, revival strategy.

JEL Classification System: M10, M31.

ABSTRACTO

O presente estudo investiga a aplicação do Marketing Experiencial (ME) na estratégia de revitalização dos mercados tradicionais, como por exemplo o Mercado San Miguel, um dos mercados mais tradicionais de Madrid, Espanha. Tendo dado cada vez mais importância à oferta de experiências ao cliente, a empresa em questão conseguiu evitar a fase de declínio e alcançou uma gestão pré-crise.

Este case-study utiliza uma abordagem profunda e abrangente, e tem também uma base qualitativa.

A investigação incluiu uma consulta literária sobre os ciclos organizacionais e as razões que levam à fase de declínio; possíveis estratégias para o evitar, a diferenciação estratégica, mudança de abordagem do Marketing Tradicional para o Marketing Experiencial; aspectos da evolução da experiência ao consumidor e modelos estratégicos experienciais. A pesquisa qualitativa tem como base dados recolhidos por entrevista, de modo a investigar os possíveis factores diferenciadores em relação a outros mercados tradicionais, se a experiência do consumidor é um factor determinante, e também se os modelos experimentais poderão ser alargados dentro da mesma indústria.

A pesquisa demonstrou que a experiência do consumidor pode ser um factor chave determinante na diferenciação dos mercados tradicionais já que lhes confere uma vantagem competitiva, e as diferentes vertentes do marketing experiencial poderão ser conjugadas de modo a atingir uma experiência total.

As conclusões deste estudo focam as recomendações que poderão ajudar os mercados tradicionais a evitar o declínio aplicando uma estratégia diferenciadora que utiliza a experiência do consumidor como ponto central.

Palavras chave: experiência do consumidor, marketing experiencial, mercados comida tradicionais, estratégia de revitalização.

Sistema de classificação JEL: M10 e M31

INDEX

Acknowledgements	III
Abstract	IV
Abstracto	V
Index	VI
List of abbreviations	IX
List of tables	X
List of annexes	XI
Executive summary	XII
Sumário executivo	XIV
Chapter I: Introduction	1
1.1. Background.....	1
1.2. The purpose of the study and research questions	3
1.3. The structure of the study	4
1.4. Reasons for choosing the topic	6
Chapter II: Literature overview	7
2.1. Organizational life cycle, incremental changes and strategic drift	7
2.1.1. Organizational life cycle: main concepts, stages	7
2.1.2. Incremental changes and strategic drift	10
2.2. Competitive strategy, repositioning and strategic differentiation	11
2.2.1. Defining strategy	11
2.2.2. Competitive strategy	13
2.2.3. Repositioning and strategic differentiation.....	15
2.2.3.1. Positioning and repositioning: main concepts	15
2.2.3.2. Strategic differentiation	18
2.3. Customer experience, experiential marketing and customer experience management	20
2.3.1. Customer experience: correlation with marketing mix	20
2.3.2. Customer experience: evolution and definition of the concept	21
2.3.3. Experiential marketing: comparison with traditional marketing, definition, SEMs, ExPros.....	24
2.3.3.1. Traditional marketing vs. Experiential marketing	24

2.3.3.2. Experiential marketing: definition and overview	26
2.3.3.3. Strategic experiential modules (SEMs)	28
2.3.3.4. Experience providers (ExPROs)	31
2.3.3.5. Customer satisfaction, customer loyalty and experiential marketing.	32
2.3.4. Customer experience management (CEM)	33
2.4. Summary of the theoretical overview and definition of the research problem	35
2.4.1. Conclusion	35
2.4.2. Objectives of the study and research questions	36
Chapter III: Research design and methodology.....	38
3.1. Identifying an appropriate marketing research strategy: the case study	38
3.2. Research sequence. Problem formulation	40
3.3. The research design	41
3.4. Data collection methods and forms	42
3.4.1. Primary and secondary data.....	44
3.5. Analysis and interpretation of the data; Reporting case study	47
3.6. Quality of the research design	47
3.7. Conclusion on the Chapter III	49
Chapter IV: Findings	50
4.1. The case company: Mercado de San Miguel.....	50
4.1.1. The lifecycle of Mercado de San Miguel	50
4.1.2. The revival of Mercado de San Miguel	51
4.2. Differentiation of Mercado de San Miguel	53
4.2.1. Traditional marketing approach	53
4.2.2. Experiential marketing approach and customer experience as a strategic differentiator in Mercado de San Miguel	55
4.3. Dimensions of experiential marketing (SEM) used in Mercado de San Miguel.....	58
4.3.1. Sensory experiences (sense)	58
4.3.2. Creative cognitive experiences (think)	60
4.3.3. Affective experiences (feel)	61
4.3.4. Physical experiences and entire lifecycles (act)	61
4.3.5. Social identity experiences (relate)	62

4.4. Experiential hybrids of Mercado de San Miguel.....	62
Chapter V: Answering to the research questions and conclusion	63
Chapter VI: Managerial implications of the study	67
Chapter VII: Limitations to the study.....	68
Chapter VIII: Recommendations for the future research.....	69
Bibliography.....	70
Annexes	75

LIST OF ABBREVIATIONS

EM – experiential marketing;

ExPros – experiential providers;

CEM – customer experience management;

OLC - organizational life cycle;

RBV - resource based view;

SEMs – strategic experiential modules;

TMA – traditional marketing approach.

LIST OF TABLES

Table 1. The structure of the study.....	5
Table 2. Relevant situations for different research strategies/methods.....	38
Table 3. The list of the interviewees – owners of the stores in Mercado de San Miguel.....	46
Table 4. Summary table of findings and recommendations.....	65

LIST OF ANNEXES

Appendix 1. Questions for the interview with the manager of Mercado de San Miguel (English version).....	75
Appendix 2. Questions for the interview with the manager of Mercado de San Miguel (Spanish version).....	77
Appendix 3. Questions for the owners of the stores in Mercado de San Miguel (English version).....	78
Appendix 4. Questions for the owners of the stores in Mercado de San Miguel (Spanish version).....	79

EXECUTIVE SUMMARY

Traditional food markets around the world always played an important role in the life of the society. They generated of economic activity and employment, being a place that has civic, social and cultural cohesion; a place where people were meeting and relating to one another, etc. Even today traditional food markets can contribute to the life of the modern cities, providing channels for the local trade which encompasses both traditional producers and artisans; bringing together local and regional excellence and variety; regenerating the cities` historical centers and other districts and leading rehabilitation projects; being an element of their integration for neighborhoods; contribution to generation of the city tourism; and gathering the symbols of culture and traditions.

However nowadays traditional food markets loose their positions in the life of the cities not being able to keep pace with the changing environment. The rapid globalization, excessive brand clutter, increased competition from the supermarkets and restaurants, changes in the preferences and demands of the customers led to the necessity for the traditional food markets to employ some innovative strategies in order to keep pace with the changing competitive environment, differentiate themselves and avoid decline.

However, traditional marketing approach with its focus on the functional benefits is no longer a source of differentiation, therefore achieving the competitive advantage is the key issue for the companies. That explains the tendency for organizations to shift from traditional marketing approach towards application of experiential marketing techniques in order to turn around the declining stage. Experiential marketing became a new way of reaching differentiation through the focus on customer experience which affects customers` attitude, satisfaction and loyalty and provides the company with clear advantages over competitors.

Therefore, the aim of the present study is application of experiential marketing in the revival strategy for traditional food markets; defining how can traditional food markets differentiate themselves; investigating if customer experience can be a strategic differentiator for the traditional food markets; and what kind of dimensions of experience (SEMs) influence the performance of traditional food markets. In order to meet the research objectives the researcher used the case of Mercado de San Miguel as an example of a successful revival.

The present study is an in-depth single holistic case study, which utilizes qualitative research. The investigation included a literature review on organizational lifecycle and the reasons leading to the decline stage; possible strategies to avoid it; strategic differentiation; shift from

traditional marketing approach to experiential marketing; aspects of the evolution of customer experience; and strategic experiential modules.

Further, a qualitative research, carried out by creating interviews, was performed in order to investigate possible differentiators for the traditional food markets and customer experience as a possible key strategic differentiator; and to determine what strategic experiential modules that can be used in the chosen industry.

The research conducted in the study showed that due to the nature of traditional food markets the differentiation strategy is the most appropriate of competitive strategies; and there are several differentiators which the traditional food markets can implement, namely product, place, or people. However none of them appears to be of strategic importance. Therefore, the research revealed the necessity for the traditional food markets to switch from the traditional marketing approach to experiential marketing approach; delivering a unique customer experience, and thereby differentiating the company.

Besides that, the researcher determined through the investigation that customer experience can be a strategic differentiator giving traditional food markets a competitive advantage and encompassing all traditional differentiators to the certain extent. The example of Mercado de San Miguel illustrated that application of customer experience as a strategic differentiator even without a concrete purpose of doing that allow traditional food markets to attain new customers, improve financial performance, increase customers' loyalty, and exceed the pre-downturn success.

Finally, the research revealed that creation of different types of experiences for the customers through implementation of several strategic experiential modules improves the overall experience and ensures customer satisfaction and loyalty. The investigation showed that the most relevant strategic experiential modules for traditional food markets are sensory, physical, and social identity experiences, which form experiential hybrid of the individual/shared nature. However this experience can be enriched through adding other strategic experiential modules like affective experiences and creative cognitive experiences. By adding new modules traditional food markets can overcome incremental changes, avoid the decline stage and create the ultimate goal of experiential marketing - holistic experiences which can ensure traditional food markets with the ability to differentiate them in future.

The study was concluded by the recommendations for traditional food markets and future researches.

SUMÁRIO EXECUTIVO

Os mercados de alimentação do mundo inteiro representaram sempre um papel importante na vida das sociedades. Estimularam a economia e criaram emprego, sendo um local de coesão cívica, social e cultural; um local onde as pessoas se encontravam, se relacionavam entre si, etc. Ainda hoje, os mercados tradicionais contribuem para a vida das cidades modernas, sendo um canal abastecedor do comércio local e que engloba tanto os produtos típicos como também os locais, a qualidade e a variedade; regeneram os centros históricos das cidades integrados em projectos de reabilitação inovadores; são um local de encontro de pessoas dos bairros; contribuem para a atracção do turismo nas cidades; são local onde se unem os símbolos da cultura e tradições.

Contudo, actualmente, os mercados tradicionais perderam alguma dessa essa posição na vida das cidades, não sendo capazes de acompanhar o ritmo do desenvolvimento. A rápida globalização, o aglomerado excessivo de marcas, a concorrência feroz dos restaurantes e supermercados, as mudanças nas preferências e hábitos de consumo, originaram a necessidade destes mercados tradicionais criarem estratégias inovadoras para se manterem integrados neste ambiente competitivo, tentando diferenciar-se, evitando o declínio.

A abordagem dos mercados tradicionais baseada somente nos benefícios funcionais já não é fonte de diferenciação, e por isso, obter vantagens competitivas é o elemento fundamental para os mesmos. Esta razão explica a tendência da mudança de abordagem do Marketing Tradicional para a aplicação de técnicas de Marketing Experiencial para inverter a fase do declínio. O Marketing Experiencial tornou-se numa maneira alternativa de atingir diferenciação, através do focus na experiência do consumidor, que leva a uma mudança na sua atitude, nos níveis de satisfação global, na lealdade, e isso dá-lhes uma clara vantagem sobre os seus concorrentes.

Por isso, o objecto deste estudo é a aplicação do Marketing Experiencial no renascimento dos mercados tradicionais, definindo como poderão estes obter factores diferenciadores; se a experiência do consumidor pode ser esse factor diferenciador; quais as dimensões de experiência (SEM's) que têm influencia na performance dos mercados tradicionais; Para obter informações sobre este tópico, foi utilizado o caso do Mercado San Miguel, um exemplo de revitalização bem sucedido.

.A investigação incluiu uma consulta literária sobre os ciclos organizacionais e as razões que levam à fase de declínio; possíveis estratégias para o evitar, a diferenciação estratégica, mudança de abordagem do Marketing Tradicional para o Marketing Experiencial; aspectos da

evolução da experiência ao consumidor e modelos estratégicos experienciais. A pesquisa qualitativa tem como base dados recolhidos por entrevista, de modo a investigar os possíveis factores diferenciadores em relação a outros mercados tradicionais, se a experiência do consumidor é um factor determinante, e também se os modelos experimentais poderão ser alargados dentro da mesma indústria.

O estudo revelou que dada a natureza dos próprios mercados tradicionais, a estratégia de diferenciação é a mais adequada, e dentro desta, há vários factores distintivos que podem ser implementados, nomeadamente, produtos, localização, pessoas, etc. Ainda assim, per si, nenhum deles parece ter importância estratégica determinante. O que o estudo revela é a necessidade dos mercados tradicionais mudarem do Marketing Tradicional para o Marketing Experiencial, dando aos consumidores uma experiência completa e única, obtendo assim a diferenciação do mercado.

Para além disto, o estudo revelou que a experiência do consumidor pode ser um factor estratégico diferenciador, dando aos mercados tradicionais a vantagem competitiva que complementa todos os outros factores distintivos. O exemplo do Mercado San Miguel ilustra bem esta aplicação da experiência do consumidor como factor diferenciador e distintivo, que mesmo sem ter sido feito com esse objectivo específico, permitiu atrair novos clientes, melhorar a performance financeira, aumentar a lealdade dos clientes e ultrapassar a situação de pré-crise.

Finalmente, o estudo demonstrou que a criação de diferentes tipos de experiências ao cliente e a sua implementação em modelos experienciais estratégicos melhora e assegura a satisfação e lealdade dos consumidores. Demonstra ainda que os modelos experienciais mais relevantes para os mercados tradicionais são as experiências sensoriais, físicas e sociais, que formam uma experiência global e híbrida entre o individual e o colectivo. Contudo, esta experiência pode ser enriquecida aplicando outros modelos, como experiências efectivas e a criação de experiências cognitivas. Através da introdução de novos modelos, os mercados tradicionais poderão superar as crescentes mudanças, evitar o declínio e atingir o objectivo máximo do Marketing Experiencial – uma experiência holística que assegura que os mercados tradicionais tenham a capacidade de se diferenciarem no futuro.

O estudo foi concluído com as recomendações para os mercados tradicionais de alimentação e pesquisas futuras. .

CHAPTER I: INTRODUCTION

1.1. BACKGROUND

The present study has been done in the context of the traditional food markets industry.

Traditional food markets around the world have had a great importance during thousands years being key actors in the generation of economic activity in the cities; a structural element of commerce generating employment; a place that has a civic, social and cultural cohesion; a place where people were meeting and relating to one another, etc.

However, with the time society in general was continuously changing, the environment was changing and traditional food markets started losing their positions in the life of the cities. Thus, since nowadays in a very competitive market the offer is very wide and all products have very sustainable competitive advantages, it became very difficult for the companies to differentiate themselves. Food markets were losing the competition with two groups of competitors, namely restaurants and supermarkets, which were oriented for different customer segments.

Besides, the rapid globalization, excessive brand clutter, increased competition from the supermarkets and restaurants, changes in the preferences and demands of the customers, economic slowdown, changes in the urban landscape have led to the fact that traditional food markets became smaller and less important. All that led to the necessity for the traditional food markets to employ some innovative strategies in order to keep pace with the changing competitive environment and avoid decline.

However, due to the fact that traditional marketing approach with its focus on the functional benefits as price or quality is no longer a source of differentiation, and customers' expectations nowadays go beyond those, achieving the competitive advantage became the key issue for the companies.

Thus, since late 1990s lots of organizations started their shift from traditional marketing approach towards application of experiential marketing techniques in order to turn around the declining stage, create an image and identity for a corporation, improve sales, develop new products, communicate with customers, differentiate a product from competition, induce trial, purchase and loyal consumption, etc.

Experiential marketing became a new way of reaching differentiation through the focus on customer experience which makes the customers living it through the creation of emotions. These emotions are aimed to affect customers' attitude, satisfaction and loyalty. Unique experience can provide the company with clear advantages over competitors: differentiation

Application of experiential marketing in the revival strategies of traditional food markets

and memorability in a marketplace; the ability to maintain price integrity despite commoditization and recessionary caution; and increased brand awareness through resulting earned media and word of mouth.

As so investing in building and continually improving how people experience and interact with company became a point of differentiation from competitors and a reason for consumers to become customers and advocates.

Therefore, organizations began to adapt themselves to the new trends through the attempt to manage and provide their customers with the unique experiences. As these experiences differ from company to company, the focus on them differentiate the organizations ensure them with a specific strategic tool against rivalry and provides them with competitive advantage, creating in consequence positive results for companies.

Thus, in several countries traditional food markets like Mercat de la Boqueria¹, Barcelona, Spain; Mercato Centrale (Mercato di San Lorenzo)², Florence, Italy; Mercato Di Sant’Ambrogio, Florence, Italy; Grand Bazaar³ and Spice Bazaar, Istanbul, Turkey; Mercato Orientale⁴, Genoa, Italy; Mercado de San Miguel⁵, Madrid, Spain and others, have employed revival strategies. Most of them not only offer a big variety of local products, including fruits, meat, fish, vegetables, seafood, drinks; but also they offer ready-to-eat meals, have bars, restaurants and cafes on their territories. In some of the markets there are also shops offering souvenirs, local hand-made products as ceramics, carpets, etc.

One of the most successful revivals was shown by Mercado de San Miguel which is situated in Madrid, Spain. The old market place which was built in the beginning of the XX century and was one of the oldest covered markets in Madrid, was acquired and reconstructed by a group of individuals, who formed a society called “El Gastrónomo de San Miguel” with the aim of the reconstruction and adaptation of the market to the 21st century. Thus, in 2009 renewed market started its new life having opened 33 shops selling fresh products of a high quality as fish, pasta, meat and even cookbooks in a beautiful and pleasant atmosphere. Besides the shops there are also several cafes, mini-restaurants which offer specialty food, from tapas to foreign food and several bars offering everything from coffee or beer to wine and Champaign.

¹ <http://www.boqueria.info/mercat-benvinguts.php>

² <http://www.florence-on-line.com/markets/mercato-santambrogio.html>

³ http://www.grandbazaaristanbul.org/Grand_Bazaar_Istanbul.html

⁴ <http://www.mercatoorientale.org/en/our-tradition.html>

⁵ <http://www.mercadodesanmiguel.es/>

The new concept of Mercado de San Miguel represents a gastronomic place with unique, friendly and enjoyable atmosphere, offering the products of a high quality, seasonal and ready-to-eat products; with the possibility to taste typical Spanish products, dishes and drinks, and buy some local produced items in flexible working hours. Therefore, it is attractive for local people, internal and external tourists, being a substantial part of cultural life of Madrid.

Mercado de San Miguel occupies 1200 square meters and has flexible working hours: from 10 a.m. to 2 a.m. The popularity of the market grows very fast both among local people and tourists. According to the classification on the www.tripadvisor.co.uk Mercado de San Miguel is ranked as the #1 shopping place in Madrid⁶ and is called “a traditional market for the 21st century”⁷.

Thus, Mercado de San Miguel carries out several functions, namely: a traditional market place; a food court with typical Spanish food and food from the other countries; a touristic point.

Considering all mentioned above, Mercado de San Miguel was chosen as a case company in order to investigate its positive experience of application of revival strategy.

1.2. THE PURPOSE OF THE STUDY AND RESEARCH QUESTIONS

As discussed above nowadays lots of traditional food markets are entering decline phase not being able to adjust to the changing environment and compete with constantly increasing amount of rivals. All these irrevocably lead to the possibility of disappearance of traditional food markets.

However even today they can contribute to the life of the modern cities. Thus, they develop a model of commerce introducing order to the urban framework of the cities, based on the local trade which encompasses both traditional producers and artisans. This distribution model guarantees quality and variety of product, brings together local and regional excellence and variety, and provides channels for small/scale producers.

Besides that, it offers a professional and personalized service which can easily adapt to new urban needs and lifestyles.

Apart from that traditional food markets can still play a civic, social and cultural function and contribute to the regeneration of cities` historical centers and other districts, producing economic activity and leading rehabilitation projects. Traditional food markets represent a

⁶ http://www.tripadvisor.co.uk/Attraction_Review-g187514-d1520183-Reviews-Mercado_San_Miguel-Madrid.html

⁷ http://travel.nytimes.com/2009/07/26/travel/26heads.html?_r=0

point for exchange, a place for meeting, and therefore also play the role of unifying constituent of the cities or neighborhoods, being an element of their integration.

Besides that, traditional food markets, being cultural actors and representing the gastronomy sector, can make a significant contribution to generating the city tourism.

Moreover, traditional food markets have a social support role justifying the ever/increasing commitment of local authorities to strengthen them and convert them into promoters of civic values among citizens⁸. They gather the symbols of culture and traditions and thereby embody a cultural and historic legacy.

Considering all mentioned above, it seems important and interesting to investigate possible ways for the traditional food markets to avoid decline stage, improve competitiveness, achieve a pre-downturn performance or even exceed it. That will be achieved through the analysis of the revival strategy of the chosen case company, Mercado de San Miguel, since it has been successful.

Therefore, bearing in mind contemporary trends of transition to experiential marketing, the aim of the present study is application of experiential marketing in the revival strategy for traditional food markets using the example of Mercado de San Miguel. This will be reached through answering the following research questions:

1. How can traditional food markets differentiate themselves in order to avoid decline stage?
2. Is customer experience a strategic differentiator for the traditional food markets and does it add value to the revival strategy?
3. How and what kind of dimensions of experience (SEMs) influence the performance of traditional food markets?

These questions will be answered basing on the findings pulled out from the review of existing literature and analysis of primary and secondary data collected by the researcher. Basing on the findings the researcher will give recommendations to the traditional food markets for them to implement revival strategy.

1.3. THE STRUCTURE OF THE STUDY

The present study is an in-depth single case study, which utilizes methods of qualitative research.

Thus, the general structure of the study will be as shown in the Table 1.

⁸ <http://www.medemporion.eu/index.php/contents/details/the-barcelona-manifesto-on-markets>

Table 1. The structure of the study

Chapter #	Title of the Chapter	Contents of the Chapter
Chapter I	Introduction	An overview of the background of the study. Research questions and objectives. General structure of the study.
Chapter II	Literature overview	Analysis and review of existing literature and researches of main concepts of the study, namely: organizational lifecycle, strategic drift, competitive strategies, differentiation and repositioning, customer experience, experiential marketing and customer experience management.
Chapter III	Research design and methodology	Description of the research design and methodological approach chosen by the researcher in order to achieve the aim of the study. Description of the process of the collection of the primary data and of analyzing the results of the research.
Chapter IV	Findings	Description and analysis of the results of the primary data research, linkage of those to the main findings from the literature overview.
Chapter V	Answering to the research questions and conclusion	The findings from the literature overview and qualitative research are connected in order to give the answers to the research questions and provide the general conclusion to the study.
Chapter VI	Managerial implications of the study	List of the general recommendations for the traditional food markets pulled out from the findings resulted from the analysis of the performance of the chosen case company.
Chapter VII	Limitations to the study	List of the limitations to the study revealed by the researcher.
Chapter VIII	Recommendations for the future research	Researchers' suggestions for the future studies related to the main topics of the present study.

Source: Researcher's own

Prior to the research a literature overview was performed through the review of related books, scientific articles, previous studies on the main topics of the present study, in order to ensure the researcher with the understanding of the topic and existing trends in the sphere, and define the necessary elements to seek answers to in the further qualitative research. The primary data for the qualitative research was gathered in the form of interviews with the manager of the chosen case company and the owners of the shops inside the Mercado de San Miguel. The interviews were aimed for deep understanding of the reasons of the revival strategy of the chosen case company and the new concept of Mercado de San Miguel. The analysis of the findings from the literature review and qualitative research allowed the author to answer the research questions and draw the conclusions and recommendations for traditional food markets.

1.4. REASONS FOR CHOOSING THE TOPIC

The researcher had several reasons for choosing the topic of the present study.

First of all, the topic is connected to tourism and application of experiential marketing which is relevant for a wide range of companies, and since the researcher would like to develop her professional career in that field, she had professional interest in the topic.

Besides that, after visiting the chosen case company the researcher became very interested by its' success, motivated for finding the explanation of it and for gaining a deeper knowledge about the chosen field. Therefore, the researcher had personal reasons for choosing the topic.

Finally, since the current topic is not very well studied and there is a lack of researches about the issues related to it, the choice of the researcher was driven also by the academic reason.

CHAPTER II: LITERATURE OVERVIEW

As was mentioned above lots of traditional food markets nowadays are entering the stage of decline. Therefore, this chapter will provide the theoretical basis and literature overview of the of the concepts related to the organizational life cycle, its stages, and the reasons of decline, paying attention to the topic of strategic drift as one of the reasons the companies enter decline stage. This will be followed by a summary of theoretical approaches to the concepts of repositioning and strategic differentiation as a part of competitive strategy applied in order to avoid death of the organization as the result of strategic drift followed by decline. Finally, since the main topic of the present work is application of experiential marketing, the author will provide an overview of literature regarding customer experience as key strategic differentiator, theoretical basis of customer experience management and experiential marketing, showing the benefits of its application in the context of the study, and the role of strategic experiential modules in the building of holistic experience.

2.1. ORGANIZATIONAL LIFE CYCLE, INCREMENTAL CHANGES AND STRATEGIC DRIFT

2.1.1. ORGANIZATIONAL LIFE CYCLE: MAIN CONCEPTS, STAGES

The OLC is the cycle of an organization from its creation to its termination, a model which proposes that companies move through a fairly predictable sequence of developmental stages over the time.

The concept of life cycle its' has roots in different disciplines: in biology with a focus on animals and plants; in anthropology with an emphasis on social evolution; in developmental psychology stressing on human ontogenetic progress; in sociology focusing on individual aging, family life cycle and subsequently giving birth to concept of OLC (Hassan, et al., 2011).

One of the first theorists to use biological model for organizational growth was Haire (1959) who argued that organizational growth and development follows a regular sequence, some uniform pattern. Chandler (1962: 385) stressed that "although each company has a distinct and unique history, nearly all of them follow along this general pattern".

The concept of OLC suggests that organizations are born, grow old, and eventually die (Daft, 1992). The organizations that do not successfully resolve the problems associated with transitions through life cycle stages are restricted in their growth or may even fail.

As the organization evolves through the stages of the cycle, alterations take place in strategies, structure, control systems, innovation, goals and objectives, etc. (Daft, 1992). There are relationships among the stages of OLC and different traits of organizational culture (Hassan, et al., 2011).

The literature suggests different models illustrating organizational development, which vary in the number of stages. However, in most of the models the OLC are comprised of four or five stages: start-up, growth, maturity, decline, and death (or revival).

Thus, Chandler (1962: 385) proposed four chapters or phases “that can be discerned in the history of the enterprise: the initial expansion and accumulation of resources; the rationalization of the use of resources; the expansion into new markets and lines to help assure the continuing full of resources; and the development of a new structure to make possible continuing effective mobilization of resources to meet both changing short-term market demands and long-term market trends”.

Adler and Swiercz (1997) stress that a business has a bell-shaped, life-cycle curve divided into four stages: start-up, growth, maturity, and decline. Quinn and Cameron (1983) having performed a comprehensive review of several previous models defined four general stages of organizational lifecycle: entrepreneurial, collectivity, formulation and control stage and elaboration of structure stages. However, Quinn and Cameron (1983: 40) pointed out that “none of the models is concerned with organizational decline and death, so the lifecycle is not complete”. Smith, Mitchell and Summer (1985) proposed a three stage life-cycle model: organizational inception and mobilization; growth; and maturity. Dodge and Robbins (1992) developed another model, consisting of the following stages: formation; early growth; later growth; and stability.

During the first or start-up stage the emphasis is on accumulation of the capital, creation a product and surviving in the marketplace, organization is informal and non-bureaucratic. However, according to Daft (1992) as the organization starts to grow, the larger number of employees causes problems, because business opportunities exceed infrastructure and resources. Therefore, there is a need for leadership. Quinn and Cameron (1983) explain that in entrepreneurial stage an organization is typified by innovation, creativity, niche formation, and marshalling of resources.

The second or the growth phase is characterized by high commitment and cohesion among members (Quinn and Cameron, 1983), increasing resources and workforce, improvement of financial situation, informal structures, emerging sense of collectivity, growth of company's

Application of experiential marketing in the revival strategies of traditional food markets

revenues, establishment of a strong customer base, and development the goals and direction. As during this stage lower-level employees find themselves restricted by the strong top-down control, there is a need for delegation and for the mechanism to control and coordinate departments without direct supervision (Daft, 1992).

Formalization stage, the midlife, involves the addition of internal systems such as rules, procedures and control systems. Thus, organization becomes more institutionalized and stable (Quinn and Cameron, 1983), bureaucratized, innovation may be restricted (Daft, 1992). The maturity stage is characterized with security and a slight slowdown, as companies have amassed assets and solid profits.

During the structure elaboration and adaptation stage formal systems may be simplified, and domain expansion and decentralization may evolve (Quinn, Cameron, 1983). There is a need for revitalization, which typically occur every 10 to 20 years (Daft, 1992).

Pearce and Robbins (1993) proposed a model which pays attention to decline and turnaround, where strategic turnaround is represented as set of efforts of a financially troubled company to pursue a return-to-growth strategy, which typically consists of manipulating strategy components.

According to Pearce and Robbins (1993) companies which faced decline had three possible outcomes, namely: they were reorganized or liquidated; they achieved moderate improvement in performance but would never be able to regain their pre-downturn level of performance; and finally, they recovered to match or even exceed their most prosperous periods of pre-downturn performance.

In order to avoid the decline stage, mature companies often take a variety of actions to renew their growth, such as changing management styles, organization structure, corporate strategy; launching downsizing or reengineering campaigns; or acquiring other companies and expanding product lines. Some business theorists consider the foray into new markets a separate stage, namely, the diversification stage.

Kimberly et al. (1981) discuss four sources of decline being organizational atrophy connected to a decrease in responsiveness and building on the past success; vulnerability; loss of legitimacy; and environmental entropy which comes from the reduced capacity of the environment to support the organisation. They also point out the existence of other causes as not responding to change, taking unnecessary risks, etc.

However, Kimberly, et al. (1981: 7) argues that “there is nothing about organisational life in itself the, of necessity, implies organisational death. Death is not an inevitable feature of

organization”. They stress that all organizations face the possibility of decline, however, not all of them face the possibility of termination. Thus, there are several possible responses to decline: generating (proactive), reacting (reactive), defending (reactive), and preventing (proactive).

Companies can bypass decline phase by focusing on product or service positions and implementing new methods of attracting and retaining customers.

Decline may result from companies becoming habituated to doing business a certain way, implementing only incremental changes and being unable to break these business habits when they cease to be fruitful. If a company’s strategy has been successful, companies tend not to make changes until it is too late.

2.1.2. INCREMENTAL CHANGES AND STRATEGIC DRIFT

As external and market factors drive changes all businesses are impacted in some way or another. Thus, most of the organizations which have long histories with time face the problem of strategic drift. Johnson, et al. (2008: 216) define strategic drift as “the tendency for strategies to develop incrementally on the basis of historical and cultural influences, but fail to keep pace with a changing environment”, which explain why organizations often run out of steam.

Nowadays “the rate of the change in business world has accelerated to the point that initiatives capable of achieving incremental performance improvements cannot keep up” (Manganelli and Klein, 1994: ix). Some changes in the market place are gradual and aren’t immediately obvious, while others are clear blatant warnings that internal strategy needs to be refocused to accommodate them. Alignment with environment, unwillingness to change a strategy if it has been successful in the past, and experimentation around a theme without moving too far from the organization’s capability base usually make the organizations to remain the chosen or established strategies unchanged or to change them incrementally (Johnson, et al., 2008). Incremental change is a logical and relatively small part of the organizations’ past strategic portfolio, also sometimes referred to as “evolutionary” change (Ansoff, 1988).

However, while the organization’s strategy changes incrementally, it may not change in line with the environment which leads to strategic drift which if continued with time can provoke a loss in the market share, downturn in financial performance, loss of customers’ loyalty and other symptoms. According to Johnson et al. (2008) the reasons for that are: the problem of

hindsight; building on the familiar; core rigidities (taken-for-granted core competences); relationships with customers become shackles; and lagged performance effects. Thus, the problem is that drift is not easy to see before performance suffers.

This phase is usually followed by the period of flux when strategies change but not in a clear way, such as management changes, internal rivalry as to which strategy to follow, etc. That results in the further deterioration of confidence in the organization; downturn in performance; further drop in performance or share price, or a further loss of customers' loyalty (Johnson, et al., 2008).

Described above is likely to lead to one of three possibilities: the organization may die; it may get taken over by another organization; or it may go through a period of transformational change, which may take form of a change related to the organization's strategy (Johnson, et al., 2008: 220). The most significant changes to a company's strategy occur at the strategic perimeter of the firm where new types of capabilities are developed, new clients are engaged, new markets are penetrated, and experiments are pursued.

Thus, organizations try to reinvent themselves after realizing that traditional hierarchical structure and analytical intended strategy are not effective any longer to cope with the ambiguity and the change in the current environment (Tsuchiya, 1998). Authors define different techniques that can be applied in order to "respond to the evolving trends in the business environment where more traditional incremental programs fail" (Manganelli and Klein, 1994: ix). For example, Obolensky (1994) proposes business reengineering as a natural evolution and practical strategic application, which includes Total Quality Management, Time-Based competition, Customer focus and Business Process Reengineering.

As was mentioned above in order to avoid strategic drift leading to decline organizations often change their strategies. Some of the companies develop and implement repositioning and a strategy of differentiation in order to be able to obtain a sustainable competitive advantage in its industry.

2.2. COMPETITIVE STRATEGY, REPOSITIONING AND STRATEGIC DIFFERENTIATION

2.2.1. DEFINING STRATEGY

There are a number of different definitions and approaches to strategy in the literature.

Thus, Ansoff (1965) defines strategy as a set of decision-making rules. According to Mintzberg's five P's (1994: 23) "strategy is a plan, or something equivalent – a direction, a guide or course of action into the future,... as plan, strategy can be a ploy, too... strategy is also a pattern, that is, consistency in behavior over time...strategy is a position, namely the determination of particular products in particular markets... strategy is a perspective, namely an organization's way of doing things". Quinn defines strategy as "a pattern or plan that integrates an organization's major goals, policies and action sequences into a cohesive whole" (Mintzberg, et al. 1995: 5). Thompson, et al. (2008: 4) state that a company's strategy consists of the competitive moves and business approaches that managers are employing to grow the business, attract and please the customers, compete successfully, conduct operations, and achieve the targeted levels of organizational performance". Thompson, et al. (2008) stressed that the crafting of a strategy represents a commitment to pursue a particular set of actions in competing successfully, conducting operations, and improving performance.

Thus they defined strategy as the way each functional piece is operated, how performance is boosted (Thompson, et al. 2008). Strategy is about analyzing, experimenting, trying, learning, and experimenting some more" Thompson, et al. 2008. Pearce and Robinson (1988: 6) state that strategic management is "a set of decisions and actions resulting in formulation and implementation of strategies designed to achieve the objectives of the organization".

Among different definitions of strategy there are different relationships, "in some ways, these definitions compete..., but in perhaps more important ways, they compliment" (Mintzberg, et al., 1995: 20). Mintzberg et al. (1995) argues that each definition adds important elements to the understanding of general areas strategy deals with, namely: establishing the direction for organizations, setting them on predetermined courses of action; taking the company into direct competition in order to gain advantage; focusing on action; finding organization's position and protecting it in order to meet competition; and finally rising the questions about the intention and behavior in a collective context (Mintzberg, et al. 1995).

Thompson et al. (2008) stressed that strategy development has no worth if strategy execution or implementation does not take place; and propose a process wherein strategy making and strategy executing are addressed through one process consisting of five interrelated and integrated phases, namely:

"1. Developing a strategic vision of where the company needs to head and what its future... product/market/customer/technology focus should be;

2. Setting objectives to spell out for the company how much of what kind of performance is expected, and by when;
3. Crafting a strategy to achieve the objectives and move the company along the strategic course that management has charted;
4. Implementing and executing the chosen strategy efficiently and effectively;
5. Evaluating performance and initiating corrective adjustments in vision, long-term direction, objectives, strategy, or execution in light of actual experience, changing conditions, new ideas, and new opportunities” (Thompson et al. 2008: 46-47).

2.2.2. COMPETITIVE STRATEGY

According to Porter (Competitive advantage. 1998) competition is at the core of the success or failure of companies. Defining competitive strategy as “the search of favorable competitive position in an industry” Porter (Competitive advantage. 1998: 1) puts it in the context of competitiveness and market changes, presenting positioning as the heart of strategy. Porter (1996: 68) defines strategy as “...creation of a unique and valuable position, involving a different set of activities. If there were only one ideal position, there would be no need for strategy”.

Thompson et al. (2008) stressed that in choosing a strategy among all the different business approaches and ways of competing it is important to employ a particular combination of competitive and operating approaches in order to move the company in the intended direction, strengthening its market position and competitiveness, and boosting performance. According to Thompson et al. (2008: 133) “competitive strategy concerns the specifics of management’s game plan for competing successfully and securing a competitive advantage over rival”, therefore without a strategy that leads to competitive advantage, “a company risks being outcompeted by stronger rivals” (Thompson et al., 2008: 7).

Porter (Competitive strategy. 1998: 34) defines competitive strategy as “taking offensive or defensive actions to create a defensible position in an industry, to cope successfully with five competitive forces and thereby yield a superior return on investment for the firm”. According to Porter (Competitive strategy. 1998) there are three potentially successful types of generic strategies that can be pursued the organization in order to outperform other firms in the industry: overall cost leadership; differentiation; and focus.

Overall cost leadership implies the intention to be a low-cost producer compared to its competitors and thereby to win the largest market share. However, it requires aggressive

Application of experiential marketing in the revival strategies of traditional food markets

construction of efficient-scale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead control, cost minimization in the areas like service, sales force, advertising, high relative market share or other advantages as favorable access to raw materials (Porter. Competitive strategy. 1998).

Another generic strategy is differentiation of the product or service, creating something that is perceived industrywide as being unique (Porter. Competitive strategy. 1998). There are several forms of differentiating, namely design or brand image, technology, features, customer service, etc. According to Porter (Competitive strategy. 1998: 37) “differentiation, if achieved, is a viable strategy for earning above-average returns in an industry because it creates a defensible position for coping with the five competitive forces... Differentiation provides insulation against competitive rivalry because of brand loyalty by customers and resulting lower sensitivity to the price.”

Another type of generic strategy is focusing on a particular buyer group, segment of the product line, or geographic market (Porter. Competitive strategy. 1998). As a result of serving narrow strategic target more effectively than competitors the firm achieves either differentiation or lower costs.

Thompson, et al. (2008) extend Porter’s three-strategy classification pointing out five generic competitive strategies which are linked to company’s persuasion of competitive advantage either through low costs or product differentiation, namely a low-cost provider strategy; a broad differentiation strategy; a best-cost provides strategy; a focused (market niche) strategy; and a focused (market niche) strategy based on the differentiation.

“Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value” (Porter, 1996:64). According to Pearson (1990) competitive strategies specify the means by which a business can achieve its competitive advantage, i.e. the most profitable long term position it can in the industry in which it operates. Pearson (1990: 99) stressed that “highest profitability can be achieved by accepting the average market price and achieving the lowest costs, or by accepting industry average costs and achieving the highest product price”.

Porter (Competitive advantage. 1998) pointed out that the only way the higher price can be sustained is having a product that is differentiated from the industry average.

2.2.3. REPOSITIONING AND STRATEGIC DIFFERENTIATION

According to Kotler (2003: 308) companies must pursue meaningful and relevant positioning and differentiation, as “each company ... must represent a distinctive big idea in the mind of the target market; and ... dream up new features, services and guarantees, special rewards for loyal users, and new conveniences and enjoyments”.

2.2.3.1. POSITIONING AND REPOSITIONING: MAIN CONCEPTS

As was mentioned above, Porter (Competitive strategy. 1998) presents positioning as the heart of strategy. Trout (2010) defines positioning as the way to differentiate a company in the mind of customers. According to Myers (1996) positioning refers to the problem of differentiating one's own product/service from other competing entries in the marketplace. Porter (1996: 62) states that “strategic positioning means performing different activities from rivals' or performing similar activities in different ways”.

Eisenhardt and Sull (2001) define three approaches to develop and implement strategy: establish position; leverage resources; and pursue opportunities.

Positioning approach, which includes identification of an attractive market, location of a defensible position, and fortifying and defending, can be applied if the strategic aim of an organization is its position in the market or in the industry. The source of advantage in this case would be a unique and valuable position with tightly integrated activity system. According to Eisenhardt and Sull (2001) this approach is the best for slowly changing, well-structured markets and for the companies with the profitability as the performance goal. The risk in this approach is that it might be too difficult to alter position as conditions change.

The resource based view (RBV) is applicable if an organization wants to establish and build their resources towards long-term dominance in their market or industry. In this case the company has to establish its vision, build unique, valuable and inimitable resources, and leverage across the markets. This approach works best in moderately changing, well-structured markets, but the risk is that a company will be too slow to build new resources as conditions change.

When the organisation's goal is growth through pursuing opportunities in the market, the simple rules approach is applicable. According to Eisenhardt and Sull (2001) in order to implement this approach the company needs to jump into the confusion, keep moving, seize opportunities, and finish strong. It works best in the rapidly changing, ambiguous markets.

Application of experiential marketing in the revival strategies of traditional food markets

Mintzberg, et al. (1995) stressed that strategic plan of action may include “(1) positioning the company so that its capabilities provide the best defense against the competitive force; and/or (2) influencing the balance of the forces through strategic moves, thereby improving company’s position; and/or (3) anticipating shifts in the factors underlying the forces and responding to them, with the hope of exploiting change by choosing a strategy appropriate for the new competitive balance before the opponents recognize it”.

Pearson (1990: 123) points out that “the product’s position identifies the way customers perceive it in terms of its most critical attributes”, thus identifying the competitive strengths that result from the firm’s distinctive competence.

According to Padgett and Mulvey (2009) effective positioning helps organizations to attract new customers in the short run, and to build customer-brand relationships in the long run. Moreover, “effective positioning by the set of firms in an industry essentially decreases direct competition and offers potential customers choices in the market” (Padgett and Mulvey. 2009: 87). However, executing an effective positioning strategy can be difficult due to several reasons defined by Padgett and Mulvey (2009). Thus, rapid flow of information exposes similarities between competitive offerings, and provides firms with opportunities to more quickly copy successful product or service improvements, resulting in difficulties in establishment and maintenance of long-term brand-customer relationships. In order to avoid this situation companies started to shift their strategic focus from product or service features to offering consumers holistic experiences (Schmitt, 1999), which will be addressed later on. Due to that fact some of the authors started to develop frameworks for positioning that consider experience as its key construct. Thus, Padgett and Mulvey (2009) suggested the concept of experiential positioning as a systematic approach for differentiating the company’s offering in the marketplace. According to Padgett and Mulvey (2009: 87) “experiential positioning is the strategic process of understanding consumer desires, creating and delivering a particular form of experience, and communicating the firm’s proposed experience to consumers in a way that differentiates the brand from competitors in the consumer’s mind”. Padgett and Mulvey (2009) point out several critical implications for effective implementation of experiential positioning: companies must understand the range of possible general experiences associated with the consumption of their particular product or service, and develop some mechanism for assessing the relative importance to consumers of the different general experiences for the category; as customers play an active role in producing the experience, companies have to think more carefully about the nature of the customer-brand

interaction as it affects the experience; as experience is a private event for each consumer, organizations must take into consideration the likelihood of multiple interpretations of their experiential positioning strategy; and finally, as experiential positioning is based on delivering experiences consumers desire, companies have to change their experiential offering as consumer desires for different experiences change.

Pearson (1990) also points out that having multiple products each of which may have different attributes which are perceived as being the reason why customers buy it, makes positioning a difficult task. Therefore, organizations have “to adopt a consistent approach, exploiting the same or compatible specialisms on every product” (Pearson. 1990: 121), otherwise the customer will tend to be incoherent and confused. According to Pearson such incompatibilities in the competitive specialisms of the products can be corrected by repositioning.

Trout (2010) states that repositioning is the way to adjust perceptions, whether those perceptions are about the organization itself or about its competition. “Repositioning is not about changing people’s minds. It’s about adjusting perceptions in their minds” (Trout, 2010: 18). Trout (2010) proposes five ways or successful strategies to reposition and thus create that unique selling proposition. The first way is to identify product or service and to communicate why people should look for these identifications. The second strategy is to personify product or service, for example through giving it personified name. Another way is creation of a new generic. The fourth strategy is changing the name if the original one does not sound like it would be something one would want to put in mouth. “Sometimes your name can be an anchor as you try to move forward” (Trout, 2010: 64). And finally, the fifth way is reposition the category. Trout (2010) stresses that it is crucial to avoid a competitor’s strength and exploit its weakness, thus, when a competitor is known for one thing, the organization should be known for something else.

Authors define several types of repositioning: increasing relevance to the consumer; increasing occasions for use; making the brand serious; falling sales; bringing in new customers; making the brand contemporary; differentiate from other brands; and changed market conditions. These types are not mutually exclusive, as one can lead to another.

Trout (2010) stressed that every repositioning program has to start with the competition in mind, however, points out that repositioning a competitor being very expensive cannot keep pace with the strategy of differentiation. “By definition, being different should be worth something” (Trout, 2010: 36).

2.2.3.2. STRATEGIC DIFFERENTIATION

Differentiation in the literature often has been regarded as the best way for companies to isolate themselves from the pressure of competitors and thus obtain superior performance.

As described above Porter (Competitive advantage. 1998) refers to differentiation as to one of the types of competitive advantages the organization may possess. “Differentiation allows the firm to command a premium price, to sell more of its product at a given price, or to gain equivalent benefits such as greater buyer loyalty during cyclical or seasonal downturns” (Porter. Competitive advantage. 1998: 120). Kotler (2003) refers to differentiation as to the process of adding a set of meaningful and valued differences to distinguish the company’s offering from competitors’ offerings. Thompson et al. (2008) state that the essence of broad differentiation is to be unique in the ways that are valuable to a wide range of customers. Johnson et al. (2008: 61) define differentiation as “providing a product or service with higher perceived value than the competition” and, thus, differentiation strategy is the one that seeks to provide products or services that offer benefits that are different from those of competitors and that are widely valued by buyers.

Porter (Competitive strategy. 1998) points out that differentiation grows from the company’s value chain, as any value activity is a potential source of uniqueness, and argues that the inputs can affect performance of the end product and hence differentiation. Besides that uniqueness can be created through other primary and support activities. According to Porter (Competitive advantage. 1998) a company can also differentiate through the breadth of its activities, or its competitive scope.

Pearson (1990) stresses that differentiation may be to do with the product, its quality, customer service; it may also be combined with aspects of cost leadership, etc. Porter in Competitive strategy (1998:37) states that differentiation “provides insulation against competitive rivalry of brand loyalty by customers and resulting lower sensitivity to price”.

Porter (Competitive advantage. 1998: 124-127) defines drivers of company’s uniqueness, without which an organization cannot fully develop means of creating new forms of differentiation, namely: policy choices; linkages; timing; location; interrelationships; learning and spillovers; integration; scale; and institutional factors. According to Porter (Competitive advantage. 1998) these drivers have to interact to determine the extent to which activity is unique.

Pearson (1990) points out that in order to be strategically valid the point of differentiation must be the one where customers perceive it as being worth a premium price. “Differentiation

on its own sake has no strategic value whatsoever” (Pearson. 1990: 104). Therefore, in order to be successful differentiation strategy has to be the one where the point of differentiation perceived and valued by customers, coincides with the organization’s distinctive competence. Porter (Competitive advantage. 1998) stresses that in differentiation strategy the company selects one or more attributes that many customers in the industry perceive as important and thus it uniquely positions itself to meet those needs which results in reward being a premium price.

According to Thompson, et al. (2008) in order to succeed through differentiation companies must study customer’s needs and behaviors, learn what they consider to be important, what they think has value and what they are willing to pay for it. Thompson et al. (2008) stress that successful differentiation allows a company to command a premium price for its product; and/or increase unit sales as additional buyers are won over by differentiating features; and/or gain customer loyalty to the brand. Thompson et al. (2008) point out that differentiation strategies work best in several circumstances: firstly, when the customer needs and uses of the product are diverse; secondly, when there are many ways to differentiate the product or service and many buyers perceive these differences as having value; thirdly, when few rivals are following a similar differentiation approach; and finally, when technological change is fast-paced and competition revolves around rapidly evolving the product features.

The success of a differentiation approach is likely to be dependent on two key factors, namely: identifying and understanding the strategic customer; and identifying key competitors (Johnson et al., 2008).

According to Porter (1996) differentiation arises from the choice of activities, which are the basic units of competitive advantage; and how they are performed. Besides that, Porter (Competitive advantage. 1998: 130) stresses that “uniqueness does not lead to differentiation unless it is valuable to the buyer”.

Authors define several groups of strategic differentiators like product, price, service, delivery channels, technology, processes, people, etc. Kotler (2003) names product, services, personnel, channel, and image as possible differentiators.

However, more and more attention is being paid to customer experience as the main strategic differentiator. Thus, Kumar (2004) stressed that nowadays customers have so many choices that differentiation based on products becomes unsustainable as customers are willing to pay more for demonstrated value. According to Vargo and Lusch (2004: 15) “the focus is shifting

away from tangibles and toward intangibles, such as skills, information, and knowledge, and toward interactivity and connectivity and ongoing relationships”.

According to the 2011 Customer Experience Impact Report it becomes impossible to sustain differentiation based solely on price or product as nowadays competitors can leapfrog feature/function advantages more quickly than ever and differentiation based on price kills profitability. At the same time according to the results of survey revealed in 2011 Customer Experience Impact Report 86 percent of consumers would be willing to pay more for a better customer experience; 89 percent of consumers began doing business with a competitor following a poor customer experience. Therefore, customer experience becomes the key differentiator because no one can successfully compete on products and/or price alone.

2.3. CUSTOMER EXPERIENCE, EXPERIENTIAL MARKETING AND CUSTOMER EXPERIENCE MANAGEMENT

2.3.1. CUSTOMER EXPERIENCE: CORRELATION WITH MARKETING MIX

As described above customer experience, being the sum of all the interactions a customer has with a brand during their customer lifecycle, is becoming the critical differentiator in today’s global marketplace. Customer experience is closely linked to services marketing in an organisation and marketing mix. There is a correlation between the elements of the customer experience and the elements of the marketing mix.

Kotler (1997: 92) defined marketing mix as the set of marketing tools that the firm uses to pursue its marketing objectives in the target market; and as one of the main marketing-mix tools referred to 4Ps i.e. product, price, place, promotion. Thus, marketing mix was a list of categories of marketing variables. However, Vargo and Lusch (2004) stressed that at the late 1990s the validity of the 4Ps was questioned and regarded as merely a framework. A 7Ps framework consisting of product; price; place; promotion; people; process; and physical evidence, became widely applicable to products and services. In literature all 7Ps are referred to as the elements of total customer experience and possible differentiators. Kumar (2004) argued that the relevance of the 4Ps and 7Ps has evolved into 3Vs, namely: valued customer (who to serve); value proposition (what to offer); and value network (how to deliver). The evolution of marketing-mix elements shows the evolution of customer-centric approach and the evolution of a total customer experience.

According to Kotler (1997) “product” is the company’s offer to the market, including goods and services. Some authors stress that the type of product signals the type of customer buy it.

Zeithaml and Bitner (2003:4) identify customer service as the service provided in support of company's core products. Therefore, approaching the topic of customer experience it is important to understand the product of the organization. According to Hoffmann and Bateson (2001) goods or products can be defined as objects, devices or things, and services can be defined as deeds, efforts or performances. Authors define four properties on the basis of which goods and services can be differentiated, namely: tangibility; perishability; separability; and standardization. According to Lovelock (1991) there are seven differences distinguishing services marketing from goods marketing, namely: nature of the product; greater involvement of customers in the production process; people as part of the product; greater difficulties in maintaining quality control standards; absence of inventories; relative importance of the time factor; and structure of distribution channels. It is possible to see the relative goods/services composition of total product on a goods and services continuum. In the context of the study the product of the organization is represented by combination of both service (intangible components) and goods (tangible components) such as the actual food and the packaging.

2.3.2. CUSTOMER EXPERIENCE: EVOLUTION AND DEFINITION OF THE CONCEPT

Berry et al. (2002) stressed that offering products or services alone became no longer enough, therefore organizations must provide their customers with satisfactory experiences. Thus, companies must gain an understanding of the customer's journey — from the expectations they have before the experience occurs to the assessments they are likely to make when it's over (Berry et al., 2002). In order to achieve a competitive advantage companies have to focus on the design and management of customers' experiences which are inherently emotional and personal (Pullman and Gross, 2004). According to Pullman and Gross (2003) authors indicate that the service economy has been transformed into an attention economy, entertainment economy, a dream society, emotion economy, or an experience economy.

During the 1980s the pivotal concern was mainly attaining quality in products and services, and customer satisfaction and a competitive advantage could be achieved through quality of service as differentiator. (Berry et al., 1985). Vargo and Lusch (2004) argue that during that period marketing has moved from a goods-dominant view with tangible output and discrete transactions in its' center to a service-dominant view. In 1990s the focus shifted to customer service as companies started to realize that satisfied customers as measured in terms of quality

is not enough to create differentiation. And thus by the end of 1990s the beginning of 2000s there was another shift towards customer experience focus.

Customer experience was defined by a variety of authors in various ways. Thus, Schmitt (2003: 17) states that the total customer experience “focuses not only on the functional product features and functional transactions but also on anything else that provides value during decision making, purchase and usage. It would enable managers to create products and services that consistently delight customers and provide profits for the firm”. According to Schmitt (2003) customer experience management (CEM) is the process of strategically managing a customer’s entire experience with a product or a company. “It is a process-oriented satisfaction idea (not an outcome oriented)” (Schmitt, 2003: 18).

Wyner (2003) stated that experience occurs when a customer has any sensation or knowledge acquisition resulting from some interaction with different elements of a context created by a service provider; therefore it is very important to distinguish between the physical delivery of the experience and the way the customer feels about customer’s emotional state. Berry et al. (2002) stress that customers always have an experience — good, bad or indifferent — whenever they purchase a product or service from a company. The key is how effectively the company manages the experience.

Pullman and Gross (2003) admit that efforts to create emotional connections with guests or customers through careful planning of tangible and intangible service elements, or experience design, has gained popularity in many hospitality and retail businesses. Pullman and Gross (2004) stress that as experiences can be inherently emotional and personal, lots of factors are beyond the control of management such as personal interpretation of a situation based on cultural background, prior experience, mood, sensation seeking personality traits, and many other factors. However, it is possible to design an experience and facilitate an environment by manipulating key elements (Pullman and Gross, 2004).

According to Schmitt (2003) customers are the organization’s most valuable asset as it can survive only when it can retain them and recruit new ones, therefore companies should be structured around the customer.

According to Shaw (2005) customer experience is an interaction between a company and a customer; a blend of an organization’s physical performance, the senses stimulated and emotions evoked, each intuitively measured against customer expectations across all moments of contact. Great customer experiences are created by consistently exceeding customers’ physical and emotional expectations. Pine and Gilmore (1999: 12-13) stress that experience

“are events that engage individuals in a personal way... while the work of the experience stager perishes..., the value of the experience lingers in the memory of individual who was engaged by the event”.

Shaw (2005) admits that as nowadays product, price, people and technology became all so similar; the customer experience provides a source of sustainable differentiation. The meaningful things that customers remember, over and above your product, such as the feel and perception of your organisation and your brand, are derived through the customer experience. Pullman and Gross (2003) mention that successful experiences are those that the customer finds unique, memorable and sustainable over time, would want to repeat and build upon, and enthusiastically promotes via word of mouth.

According to Berry et al. (2002) a company's first step toward managing the total customer experience is recognizing the clue it is sending to customers, which is anything that can be perceived or sensed — or recognized by its absence. The clues make up a customer experience and fit into two categories: the first concerns the actual functioning of the good or service and is interpreted primarily by the logical circuitry of the brain; and the second category concerns the emotions and includes the smells, sounds, sights, tastes and textures of the good or service, as well as the environment in which it is offered. The second category of clues includes two types: "mechanics" (clues emitted by things) and "humanics" (clues emitted by people). Thus, companies must manage the emotional component of experiences the same way they manage product and service functionality (Berry et al., 2002).

Smith and Wheeler (2002) argue that the experiences that their customers have with their products and services redefine the concept of customer loyalty. Smith and Wheeler (2002) stress that managing the customer experience making people ambassadors for the brand, truly differentiating it in the eyes of the customers.

According to Shaw (2005) a total customer experience consists of elements the following elements: strategy, culture, customer expectations, processes, channel approach, marketing and brand, systems, people and measurement. Thus, customer experience directly or indirectly incorporates all the elements of the marketing mix mentioned above.

Schmitt (2003) stated that an experience project offers great value to a company requiring the same or considerably lower costs than those of comparable marketing and management initiatives. “The key to company growth and profitability can be summarized in a simple formula: analyze the customer experience, then develop an experience-focused strategy, and

add value through integrated implementations that focus on customer experience” (Schmitt, 2003: 23).

According to Shaw (2005) customer experience spans over different stages, namely: pre-experience, the actual experience and post-experience. All these stages are considered as part of the whole customer experience.

2.3.3. EXPERIENTIAL MARKETING: COMPARISON WITH TRADITIONAL MARKETING, DEFINITION, SEMS, EXPOS

2.3.3.1. TRADITIONAL MARKETING VS. EXPERIENTIAL MARKETING

Schmitt (2003) stresses that marketing concept, customer satisfaction, and customer relationship management, are three misguided approaches as in fact they are not oriented on the customer. According to Schmitt (2003) traditional marketing instead of focusing on the customer stays product-focused and sales oriented as it misses the consideration of all the experiential dimensions of product consumption that matters to customer. “These dimensions may include how the product (or service) makes customers feel, what emotional associations they may have with it, and how the product or service may help customers relate to other people or groups of people” (Schmitt, 2003: 13).

According to Schmitt (1999) and Kotler (2003) the key characteristics of traditional marketing and experiential (modern) marketing are different.

Thus traditional marketing has a focus on functional features and benefits (Kotler, 2003), where features are characteristics that supplement the product basic function, sometimes being viewed as “a key tool for differentiating a company’s offerings” (Schmitt, 1999:14); and benefits are performance characteristics that customers seek for products. “Traditional marketers assume that customers in a variety of markets weigh functional features in terms of their importance, assess the presence of product features, and select the product with the highest overall utility” (Schmitt, 1999:12). The relation between features and benefits in traditional marketing is typically not one-to-one, offering one feature for one benefit. One of the purposes of traditional marketing is to find out the importance of weights and underlying dimensions of functional features and benefits. On the other hand experiential marketing focuses on holistic customer experience (Kotler, 2003). These experiences “are triggered stimulations to senses, heart and mind” (Schmitt, 1999:25) and occur as a result of living or encountering through situations, providing sensory, emotional, cognitive, behavioral, and relational values that replace functional values (Schmitt, 1999).

Application of experiential marketing in the revival strategies of traditional food markets

Another difference is that in traditional marketing product category and competition are narrowly defined, whereas experiential marketing creates synergies moving away from thinking about an isolated product. Thus, experiential marketing examines the consumption situation as “most powerful opportunities for influencing a brand occur in the post-purchase period, during consumption” (Schmitt, 1999:26), which is the key determinants of customer satisfaction and brand loyalty.

Besides that, in traditional marketing customers are viewed as rational decision makers, involving following steps in their decision-making processes: need recognition; information search; evaluation of alternatives; purchase and consumption (Schmitt, 1999). In experiential marketing customers may be frequently engaged in rational choice as well as frequently driven by emotions, thus being both rational and emotional (Kotler, 2003).

Furthermore, there is a difference in methodologies and tools used in traditional and experiential marketing. Thus, traditional marketing methods and tools are analytical, quantitative, and verbal (Kotler, 2003), using regression models, positioning maps, conjoint analysis. In contrast to which, the methods and tools of an experiential marketer are eclectic, diverse and multifaceted (Schmitt, 1999).

Besides that, in traditional marketing brands were treated as identifiers which guarantee quality and signify ownership, whilst experiential marketing offers an approach to brand as to important providers of experiences and “rich source of sensory, affective, and cognitive associations that result in memorable and rewarding brand experiences” (Schmitt, 1999:21).

Another difference defined by Srinivasan, Srivastava (2010. *Journal of Retail & Leisure Property*, 9) is that in the traditional approaches customer turnover and satisfaction can be measured, while such parameters typical for experiential approach as delight are difficult to measure which can lead to difficulties while implementing the experiential model, and determining its effectiveness.

As nowadays customers perceive functional features and benefits of the product and its` quality as something given, the ability of an organization to deliver a desirable customer experience can determine its success in the market. However, “experiential marketing never ignores the quality of rationality and claim of functions” (Lee, Hsiao, Yang, 2010. *The International Journal of Organizational Innovation*); rather, “it enhances customers’ emotions and sense stimulation” (Maghnati, F., Ling, K. C., Nasermodeli, A. 2012. *International Business Research*). Thus, the main point of experiential marketing is to relate with customers in a multiple level approach.

2.3.3.2. EXPERIENTIAL MARKETING: DEFINITION AND OVERVIEW

According to Schmitt (1999) there are three phenomena signaling experiential approach to marketing: the omnipresence of IT; the supremacy of the brand; and the ubiquity of integrated communications and entertainment.

As discussed above, marketing practices evolved from focusing on product and brand management to focusing on service and building customer relationship marketing and finally to focusing on creation of customer experience through experiential marketing strategy (Maghnati et al., 2012).

Schmitt (1999) defines experiential marketing as the customers' recognition of and purchasing of goods or services from a company or brand after they experience activities and perceive stimulations and argued that experiences enhance the value of a product, a brand, or a company. Kaul (2010) points out that in experiential marketing the focus is on the experience rather than on the offering being a product or a service. "There is only one valid definition of the purpose of marketing: to create a valuable customer experience" (Schmitt, 1999:60). Experiential marketing "aims to emphasize the overall experience quality for consumers passed by brands, including rational decision-making and sentimental consumption experience" (Lee et al., 2010) being a memorable memory that goes deeply into the customer's mind. Being based on providing good experiences and ensuring consumer delight, experiential marketing involves consumer participation by addressing not simply the wants and needs, but the self-image, social goals, dormant emotions, values and deeply ingrained desires of the consumer (Srinivasan and Srivastava. 2010). Drier (2010) stated that "a proper experiential/engagement marketing campaign does not simply put a product in the hands of the consumer or persuade the consumer to fill out a survey. Instead, it creates an emotional response from the consumer that eventually will lead to a purchase, brand loyalty, and a referral". Experiential marketing creates memorable experiences which are remembered and shared by the consumer with peers and family, generating increasing sales through the power of word of mouth and consumer loyalty. Srinivasan and Srivastava (2010) point out that "the price point is a function of the value of remembering the experience. Hence, businesses must strive to create memorable experiences".

According to the research conducted by Global brand experience agency Jack Morton Worldwide in 2011 80% of consumers agree (60% strongly) that overall experience with a brand is the single biggest factor in determining future purchase; 78% of consumers agree (44% strongly) that they would pay a premium for a brand that offers a unique experience.

Among those willing to pay a premium for a unique experience, nearly four out of five (79%) strongly agreed that experience is the #1 factor in their purchase decision. Besides that respondents ranked experiential marketing as the #1 medium most likely to result in purchase; 82% agreed that participating in experiential marketing is more engaging than other forms of communication; 80% of respondents agreed that experiential marketing is more likely to give them information than other forms of communication.

Kemp and Murray (2007) provided theoretical explanation for the phenomena of successful experiential marketing using the Interaction Ritual Theory. According to Collins (2004) an interaction ritual is an emotional transformer which takes emotions as ingredients, and turns them into other emotions. There are four ingredients that produce an Interaction Ritual: co-presence of individuals; ecological barriers; common focus of attention; and common emotional mood among present individuals (Collins, 2004). Collins (2004) defines a primary component of an Interaction Ritual as the creation of physical barriers to outsiders, stressing that the more effective boundaries are in separating people from external stimuli, the greater is the likelihood that a successful interaction will occur. Thus, organizations should be aware that creating an environment that appeals to the senses is paramount in creating an experience for the consumer (Kemp and Murray, 2007). Besides that Collins (2004) points out that Interaction Rituals can transform negative emotions into positive emotions. If several individuals are gathered together and separated from the surrounding environment, a mutual focus of attention and common awareness can lead to a shared mood among the group. Thus, according to Kemp and Murray (2007) basing on the values and interests of the target group, activities can be planned to stimulate interaction among consumers and get them to share in carrying out the same activities including involving them in a recreational activity, enjoying a live music performance or eating and drinking. There are four outcomes of the Interaction Ritual: symbols marking the social relationship, including objects, persons, gestures, words, and ideas; a sense of moral righteousness about symbols marking group membership; group solidarity; and enhanced emotional energy (Collins, 2004). Kemp and Murray (2007) stress that it is possible to create successful experiential marketing experiences through focusing on the ingredients of an Interaction Ritual. According to the Interaction Ritual Theory (Collins, 2004) symbols can become the focus of attention of emotionally entrained people. These symbols can be objects, ideas, themes and are closely connected to brand. Since the most popular brands usually have a strong emotional connection with consumers, experiential marketing efforts should be designed in a way that the brand's image is always visible or

present, as placing the brand on other objects “that may be of both utilitarian and hedonic benefit for the consumer might help to create additional symbolic representations of the brand” (Kemp and Murray, 2007). Applying the Interaction Ritual Theory to experiential marketing, if a marketing event is successful, the identity of the brand will be enhanced in the minds of consumers, which should help to cause future consumption of the brand or product, leading to development of strong emotional ties to a brand or product which, in turn, can provoke a sense of belonging to the community of consumers that also share strong loyalty for the product (Kemp and Murray, 2007).

2.3.3.3. STRATEGIC EXPERIENTIAL MODULES (SEMS)

Kaul (2010) stresses that experiences are too complex to be enumerated as comprising any list of elements, and the attractiveness of experiential marketing is explained by the capacity of the experiences to embody the whole set of direct and indirect interactions between a brand and a consumer. According to Schmitt (1999: xiii) “one of the core ideas of experiential marketing is the creation of different types of experiences for customers”. As experience is a complex structure, private events that occur in response to some stimulation, there are no identical experiences, however, they may be categorized into different types. Schmitt (1999) refers to these types of experiences as to Strategic Experiential Modules (SEMs), which have their own distinct structures and marketing principles. SEMs include sensory experiences (SENSE), affective experiences (FEEL), creative cognitive experiences (THINK), physical experiences and entire lifecycles (ACT), and social identity experiences that result from relating to a reference group or culture (RELATE) (Schmitt, 1999). “In today’s global marketplace, it is all about feel, relate and act” (Srinivasan and Srivastava. 2010: 193).

Appealing to the senses - sight, sound, touch, taste, and smell - sense marketing is aimed on creation of sensory experiences. “The overall purpose of SENSE marketing campaigns is to provide aesthetic pleasure, beauty, and satisfaction through sensory stimulation” (Schmitt, 1999: 99). Often brand’s visual identity is one of the most important components for invoking associations and customer responses. Schmitt (1999) points out Four P’s of visual identity elements, which are Properties including buildings, offices; Products including sensory aspects of the physical product and of the core of a service; Presentations that including packaging, uniforms, etc.; and Publications including brochures, ads, etc. Primary elements create blocks of styles which “may be analyzed according to several style dimensions: complexity (minimalism vs. ornamentalism); representation (realism vs. abstraction);

movement (dynamic vs. static); and potency (loud/strong vs. soft/weak)” (Schmitt, 1999: 106); and themes which add content and meaning to styles serving as mental anchors and reference points. Together styles and themes create overall customer impressions. Sense marketing can be motivated by several objectives: differentiate the product through stimulation of senses; motivate; and provide a unique value to customers. Thus, applying S-P-C model (Stimuli, Processes, Consequences of sensory stimulation) (Schmitt, 1999) in order to differentiate the product there is a need to choose most appropriate stimuli for creating it; in order to motivate customers the process principles need to be identified; and in order to provide value there is a need to understand the consequences of sensory appeal. Yuan and Wu (2008) refer to sense experience as to a message that customers formed towards products or services by their sense. According to Vargo and Lusch (2004) through sensory experience, consumers develop experience logic and subsequently form personal value judgments to differentiate the products and services being experienced by them.

Feel marketing appealing to customer’s feelings and emotions has an objective of creating affective experiences ranging from mild moods states (unspecific affective states) to strong emotions (intense, stimulus-specific affective states) linked to a brand. The same experience may take diverse forms. As feelings are most powerful when they occur during consumption, in order to be successful, feel marketing requires a clear understanding of how to create feeling during the consumption experience and what stimuli can trigger certain emotions (Schmitt, 1999). Feel marketing works particularly well for complex, involving products that present plenty of opportunities to reinforce feelings during face-to-face interactions. It creates an affective bond and makes the experience personally relevant and rewarding. Maghnati et al. (2012) stress that feel experience is referred to the customer’s inner emotion, mood and feeling that customer derived from the consuming of products and services

Having the objective of creating cognitive, problem-solving experiences that engage customers creatively, think marketing appeals to the intellect in order “to engage customer’ convergent and divergent thinking through surprise, intrigue, and provocation” (Schmitt, 1999: 67). Thus, think marketing uses a sense of surprise as it is essential for setting up the customer to engage in creative thinking; a dose of intrigue it can go beyond surprise reaching “out of the box” and arising customer’s curiosity; and a smack of provocation which stimulates the discussion and create controversy. It stimulates curiosity and appeal to the consumers’ creative thinking adding a permanent cognitive interest to the experience through stimulation, focus and utilization the intelligence of the consumer. Maghnati et al. (2012)

admit that think experience emphasizes on the intelligence of the consumer in generating cognitive experience.

Act experience enables customers to develop experiences that deal with the consumer's physical body, behavior and lifestyle and the experience gained from the social interaction with other people (Schmitt, 1999). Act marketing has the aim of affecting lifestyles, longer-term patterns of behavior, bodily experiences, and interactions enriching customer's lives. Besides that, experiences are key for creating the right training atmosphere and image among employees (Schmitt, 1999). Therefore the physical environment needs to be structured appropriately to facilitate the right perceptions and interactions. As through the experience of action, consumers develop a sense of sensation, influence and relationship with the products or services offered, act marketing induces a behavioral commitment, loyalty, and a view to the future (Schmitt, 1999).

Relate marketing contains aspects of sense, feel, think, and act marketing, appealing to the individual's desire for self-improvement, relating the person to a broader social system, and establishing strong brand relations and brand communities. Thus, relate implies a connection with other people, other social groups, or a broader more abstract social entity such as a nation, society or culture. Schmitt (1999) defines four steps to be accomplished in order for customers to feel good about them due to group membership (real, imagined, or implicit): to create or allude to a certain social category X; to get customers to apply the label "I am X"; to persuade them that labeling themselves as "part of X" provides a positive experience; and to show them that they can create this positive experience by consuming a certain brand. One of the key challenges of relate marketing is "the selection of the right reference group and reference that creates a differentiating social identity for customers by celebrating the group or culture that customers want to be part of" (Schmitt, 1999: 188). Chang et al. (in Maghnati et al. 2011) points out that relate experience allows consumers to build their connection with the social communities and social entities through the process of purchasing and consuming the products and services.

All SEMs described above can be divided into two categories: individual experiences represented by sense, feel, and think; and shared experiences represented by act and relate (Schmitt, 1999).

2.3.3.4. EXPERIENCE PROVIDERS (EXPROS)

The experiences are created by using experience providers (ExPros) which are tactical implementation components. ExPros include communications (advertising, external and internal company communications); visual and verbal identity (names, logos, signage); product presence (product design, packaging and product display, and brand characters that are used as part of packaging and point-of-sales materials); co/branding (event marketing, sponsorship, alliances, partnerships, licensing, product placement in movies, co-op campaigns); spatial environments (buildings, offices, factory spaces, retail and public spaces); web sites and electronic media, and people (salespeople, company representatives, service providers, customer service providers).

Any SEM may be instantiated via any ExPro, however, certain ExPros fit certain SEMs better than others. Experiential grid provides the possibility of better identifying appropriate ExPros. The key strategic issues of the grid are intensity (Intensifying vs. Diffusing); breadth (Enriching vs. Simplifying); depth (Broadening vs. Shrinking); and linkage of experiences (Connecting vs. Separating) (Schmitt, 1999).

Strategic decisions on which SEMs to choose are to be made after a careful consideration of customer and competitive issues and trend analysis. According to Kaul (2010) in experiential marketing the focus is to make consumer experiences richer and more involving by employing multiple faculties and senses in the entire consumption experience. Thus, when a company's current corporate identity, product presence, or communications are no longer appropriate for its customers, it can decide to extend its experiential approach beyond a single SEM through employment of experiential hybrids that combine two or more SEMs in order to broaden the experiential appeal and move from mono-experiential brands and marketing campaigns to multi-experiential brands and marketing campaigns. Thus, hybrids may come in the forms of individual-experience hybrids such as sense/feel, sense/think, and feel/think; individual/shared hybrids which combine individual appeals to sensation, feelings, and thinking with shared actions and broader social/cultural appeals; and shared-experience hybrids that combine a relational appeal with an opportunity for individual action (Schmitt, 1999). Therefore, hybrids add a new experiential appeal resulting from interaction of SEMs. Schmitt (1999) defines the Experiential Wheel as a strategic tool for building hybrids. The key issue in experiential wheeling is the identification and the use of experiential connectors. However, SEMs and hybrids are the starting points of experiential marketing. By adding new SEMs to the products or brand the company overcomes incremental changes (Johnson et al.,

2008) and creates the ultimate goal of experiential marketing - holistic experiences (Schmitt, 1999). Holistic experiences can be created in different ways: using the Experiential Wheel as a step-by-step planning tool, as a tool for new product development and for launching the new product, and using one given.

Lots of market-oriented companies are unable to launch breakthroughs products and innovate campaigns due to the fact that they are too functionally oriented and focused on strategic planning, and lack the culture to promote creativity and innovation within the organization. As the experience-oriented organization treats the creativity and innovativeness displayed by its employees, training, experiential growth, and attention to the physical environment are the key human resource and “internal marketing” requirements (Shmitt, 1999). The experience-oriented focuses on creativity and innovation, focusing on long-term trends, paying attention to its physical environment, and views employees as human capital.

2.3.3.5. CUSTOMER SATISFACTION, CUSTOMER LOYALTY AND EXPERIENTIAL MARKETING

Zeithaml and Bitner (2003) stress that satisfaction is the customer’s fulfillment response; a judgment that a product or service feature or the product or service itself provides a pleasurable level of consumption related fulfillment. According to Zeithaml and Bitner (2003) customer satisfaction is influenced by specific product or service features, by perceptions of quality, by customers’ emotional response, their attributes and their perceptions of equity. According to Lee et al. (2010) customer satisfaction mainly derives from the physiological response with the perceptual difference gap between expectation before consumption and practical experience after consumption of service or products, which means accumulated temporary and sensory response.

Kim, Lee, and Yoo (in Lee et al., 2010) propose that satisfied customers exhibit loyalty and provide positive word-of-mouth. Thus, customer satisfaction is the antecedent of customer loyalty and cause positive influence on loyalty.

In turn, loyalty is a deeply held commitment to consistently re-buy or re-patronize a preferred product or service, thereby causing repetitive same-brand-set purchasing despite the potential of situational influences and marketing efforts to cause switching behavior. According to the characteristics indicated by Piotr (2004) loyal customers spend more money in purchasing products or service of a company; encourage others to purchase products or service of a company; and believe it is valuable to purchase products or service of a company. Thus, they

show the intention to continue the relationship with a certain brand or a company. Customer loyalty being composed of customers' repurchase intention, tolerance to prices, the willing to recommend a brand or a company and the willing to conduct cross purchase (Lee et al., 2010) may have forms of attitude loyalty, meaning the loyalty in attitude and the tolerance to price; and behaviour loyalty meaning continuous purchase and recommendation behaviours (Chaudhuri and Holbrook, 2001). Therefore, customer loyalty can be measured considering re-purchase willing, derivatively positive oral administration, recommendation willing, tolerance to price adjustment, and consumption frequency (Lee et al., 2010).

The results of research conducted by Lin, Lin and Lee (in Lee et al. 2010) which was aimed to explore the relationships among experiential marketing, customer satisfaction and customer loyalty, showed that feel experience and relation experience have significantly positive influence on customer satisfaction; customer satisfaction has a significantly positive influence on customer loyalty; the relation experience has a greatest influence to customer satisfaction. Another research conducted by Huang, Huang and Su (in Lee et al. 2010) showed that experiential marketing and service quality have significantly positive influence on customer satisfaction; customer satisfaction has a significantly positive influence on customer loyalty; sense experience of experiential marketing has the most influence on the satisfaction.

The experimental results of the study conducted by Lee et al. (2010) showed that experiential marketing has a significantly positive effect on customer satisfaction; and since customer satisfaction has a significantly positive effect on customer loyalty, experiential marketing has a significantly positive effect on customer loyalty. Thus, the evaluation and perception of consumers arisen from experiential marketing is an important factor to influence customer satisfaction and customer loyalty. Therefore, there is causation existing between satisfaction and loyalty wherein the influence degrees vary with different experimental subjects.

2.3.4. CUSTOMER EXPERIENCE MANAGEMENT (CEM)

Schmitt (2003) proposed a customer experience management (CEM) framework, which includes the following steps:

- Analyzing the experiential world of customer which includes following: identify the target customer for the planned experience; divide the experiential world into four layers (namely: the broad-based experience associated with the customer's sociocultural context; the experience provided by the usage or consumption situation of the brand; the experience provided by the product category; and the experience provided by the brand); track the

experience along the touchpoints between the customer and the company; and survey the competitive landscape including direct competitors, new entrants, and players outside the industry. Companies need customer insight as it enables a company to position a product with the right features, appeal, communications, and customer interface. “The experiential research needs to occur... in the consumer’s natural environment; we need to ask customers to respond to realistic stimuli that successfully simulate the real world, and we need to encourage them to look into the future and imagine a different reality” (Schmitt, 2003: 79).

- Building the experiential platform through using the understanding of experiential world of the customers to formulate an experiential positioning (depicting what the brand stands for), an experiential value premise (EVP) for them (specifying what customers gets in terms of sensory, affective, cognitive, physical, and social-identity experiences), and an overall implementation theme (linking positioning and value promise). The experiential platform articulates the positioning of the company, brand, or product, providing the strategic connection between analysis and implementation. Padgett and Mulvey (2009) admit that as experience is a private event for each consumer, companies must take into consideration the likelihood of multiple interpretations of their experiential positioning.

Designing the brand experience includes the product, the look and feel surrounding it (also referred to as “brand identity”), and experiential communications. According to Schmitt (2003) the experiential platform is developed to provide differentiation and value to customers, therefore the brand experience must follow straight from this platform. Kumar (2004) also states that branding is the differentiating mechanism separating company’s products and services from those of its competitors, and shaping customer experience. Smith and Wheeler (2002) stress that customers are looking for brands that give them experiences that fit their personality and values, defining two routes the companies can get the “Branded Customer Experience”, namely: experiencing the brand starting from the values of the brand which are then turned into a promise for the target customers which after should be delivered (best for an established company in a mature market); and branding the experience by giving an experience that is far beyond what the competition does (best for new companies). The results of a global study by Jack Morton Worldwide showed that top experience drivers are: initial impression the company makes; products and services that meet customers’ needs; understanding of the customers’ needs; continuation of serving and engaging the customers after they become customers; exceeding customers’ expectations; making it easy to find information and buy the products, wherever and whenever customers want.

- Structuring the customer interface including all kinds of exchanges between the company and customers (face-to-face, personal-but-distant, electronic) which raise issues related to the right mix of essence and flexibility, the right mix of style and substance; and the use of customer's time. This can be addressed through attracting and training the right staff and employing the right technology.
- Engaging in continuous innovation including any improvement to the customer experience whether it results from breakthrough new products, small innovations, or marketing innovations.

According to Kiska (2002) CEM is a new approach to gauge customer satisfaction and to build unshakable customer- supplier relationships. "CEM directly captures the voice of the customer, so that all parts of the organization work towards the common goal of meeting the customer's needs" (Kiska, 2002: 28).

Schmitt (2003) and Kiska (2002) state that CEM is an integrative approach to managing customer experience which provides deep connection with customers, engaging them intellectually and emotionally; saves costs; and finally, provides differentiation.

2.4. SUMMARY OF THE THEORETICAL OVERVIEW AND DEFINITION OF THE RESEARCH PROBLEM

2.4.1. CONCLUSION

This Chapter provided the description and analysis of key theoretical concepts as organizational life cycle, its stages, strategic drift, competitive strategy, repositioning and differentiation, customer experience, customer satisfaction, customer loyalty, experiential marketing, and customer experience management.

Basing on the literature it can be concluded that the organizations' incapacity of keeping pace with the changing environment resulting in strategic drift which often leads it to decline stage. The latter although being natural stage of the organizational lifecycle can be avoided if the organization takes actions aimed on the renewal of its' growth and revival. According to the theorists one of these actions is changing the strategy in order to achieve sustainable competitive advantage in the industry through developing and implementing repositioning and a strategy of differentiation.

Among the classic groups of possible strategic differentiators authors name product, price, service, delivery channels, technology, processes, people, etc. However, in the modern competitive marketplace it is hard to find difference between products, and traditional

marketing approaches are no longer providers of strategic differentiation and competitive advantage. Therefore, lately theorists turned to customer experience, which in the literature is referred to as an important determinant of purchase, customer satisfaction and loyalty, driving consumer choice, providing the company with clear advantages over competitors, such as differentiation and memorability in a marketplace; the ability to maintain price integrity despite commoditization and recessionary caution; and increased brand awareness through resulting earned media and word of mouth.

Since experience is a complex structure, it should be comprised of several elements or SEMs which form experiential hybrids in order to ensure delivering of unique customer experience. Adding SEMs to the existing experiential hybrids will create holistic experiences.

Therefore, the literature suggests the application of customer experience as a main strategic differentiator; and of experiential marketing instead of traditional marketing as the way to manage customer experience providing connection with the customers; saving costs; and differentiating by making the customers living the experience through emotions.

2.4.2. OBJECTIVES OF THE STUDY AND RESEARCH QUESTIONS

Basing on the background of the environment in which the present study is conducted given in the Chapter 1, and on the findings from the overview of the literature, the researcher defines the objective of the study as application of experiential marketing and customer experience management in the revival strategy for traditional food markets. Therefore, the main research questions are:

1. How can traditional food markets differentiate themselves in order to avoid decline stage?

As discussed in the present Chapter, there are several competitive strategies which can be applied in order to avoid strategic drift and decline stage. Considering the nature of the chosen industry, the literature suggests that the company should achieve competitive advantage in order to meet those goals. As described in the present study one of the ways to obtain competitive advantage in order to avoid strategic drift and death of the organization, implementation of repositioning and of the strategy of differentiation, which adds a set of meaningful and valued differences distinguishing the company's offering from competitors' offerings. Chapter II of the study depicts the concepts of marketing mix, 4Ps and 7Ps, giving the general description of possible differentiators used in traditional marketing. Thus, in the present study the researcher will investigate what kind of differentiators can be applied by traditional food markets in their revival strategy.

2. Is customer experience a strategic differentiator for the traditional food markets and does it add value to the revival strategy?

As explained in the present Chapter although traditional differentiators add value to the revival strategies of the companies, they no longer ensure a competitive advantage to the companies. Therefore, nowadays authors propose customer experience as a critical strategic differentiator since it focuses not only on the functional features of the product and transactions but also on everything that provides value during decision making, purchase and usage of the product. Therefore, in the present study the researcher investigates whether customer experience can be a relevant strategic differentiator in the chosen industry adding value in comparison to the traditional differentiators.

3. How and what kind of dimensions of experience (SEMs) influence the performance of traditional food markets?

Schmitt (1999) categorized experiences into different types, Strategic Experiential Modules (SEMs), namely sensory experiences (SENSE), affective experiences (FEEL), creative cognitive experiences (THINK), physical experiences and entire lifecycles (ACT), and social identity experiences that result from relating to a reference group or culture (RELATE). However experience is a complex structure and there are no identical experiences. As depicted in the Chapter II. EM has the focus on making consumer experiences richer and more involving by employing multiple faculties and senses in the entire consumption experience. Thus, a company can extend its experiential approach beyond a single SEM and employ of experiential hybrids that combining two or more SEMs in order to broaden the experiential appeal. Therefore it is important to determine the SEMs which enrich customer experience in the chosen industry

Therefore, the present study will focus on the application of customer experience, EM and SEMs in the chosen company, and will suggest a set of managerial implications for the traditional food markets to improve relevant areas.

III. RESEARCH DESIGN AND METHODOLOGY

3.1. IDENTIFYING AN APPROPRIATE MARKETING RESEARCH STRATEGY: THE CASE STUDY

Emory (1980: 17) defined research as “any organized inquiry carried out to provide information for the solution of the problem”, including reporting as well as descriptive, predictive, and explanatory studies.

Churchill (1992) indicated that marketing research provides information to the organizations in several areas, namely: the generation of ideas for marketing action, including the definition of the marketing problems; the evaluation of marketing ideas; the comparison of performance versus objectives; and the development of general understanding of marketing phenomena and processes.

Authors define several research strategies which can be applied to exploratory, descriptive and explanatory research, namely: experiment, survey, case study, action research, history, grounded theory, ethnography, archival research. According to Saunders et al. (2007) the choice of the research strategy is guided by the research questions and objectives, the extent of the existing knowledge, the amount of time other resources available for the researcher, etc. Each method or strategy has its advantages and disadvantages.

According to Yin (2009: 8) the choice of the specific method depends on the three conditions, namely “the type of research question posed, the extent of control an investigator has over actual behavioral events, and the degree of focus on contemporary as opposed to historical events”.

Table 2. Relevant situations for different research strategies/methods

Method	Question of research	Requires control of behavioral events?	Focuses on contemporary events?
Experiment	How? Why?	Yes	Yes
Survey	Who? What? Where? How many? How much?	No	Yes
Archival analysis	Who? What? Where? How many? How much?	No	Yes/ No
History	How? Why?	No	No
Case study	How? Why?	No	Yes

Source: Adapted from Yin, 2009: 8

Yin (2009) stressed that the more the research questions seek to explain present circumstances (“how” or “why” some social phenomenon works); the more the study examines contemporary events; and the less the relevant behaviors can be manipulated, the more that the case study method is relevant. It is also relevant the more that the research question require an extensive and “in-depth” description of some social phenomenon.

The case study research method is chosen due to the nature of the research statement.

As was stated in Chapter I the aim of the present study is application of experiential marketing in the revival strategy for traditional food markets which is done through the answering the main research questions, namely:

1. How can traditional food markets differentiate themselves in order to avoid decline stage?
2. Is customer experience a strategic differentiator for the traditional food markets and does it add value to the revival strategy?
3. How and what kind of dimensions of experience (SEMs) influence the performance of traditional food markets?

Thus, as the present study focuses mainly on “how” and “why” questions; examines contemporary events; and cannot manipulate the relevant behaviors, the case study method seems to be the most appropriate one.

Authors stress that the case study is an ideal methodology when in-depth holistic, investigation is needed. The case study method is designed to bring out the details from the viewpoint of the participants by using multiple sources of data.

Schramm (in Yin, 2009: 17) stated that “the essence of a case study, the central tendency among all types of case study, is that it tries to illuminate a decision or set of decisions: why they were taken, how they were implemented, and with what results”.

Robson (in Saunders et al., 2007: 139) defined case study as “a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple source evidence”. Saunders et al. (2007) pointed out that the data collection techniques employed may include interviews, observations, documentary analysis and questionnaires. Therefore, conducting the case study the researcher is likely to use multiple sources of data.

According to Yin (2009) a case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. Besides that, the case study inquiry copes with the technically distinctive situation in which there will be many more variables of

interest than data points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis (Yin, 2009).

Dul and Hak (2008) define case study as a study in which one case (single case study) or a small number of cases (comparative case study) in their real life context are selected, and scores obtained from these cases are analyzed in a qualitative manner.

According to Yin (2009) there are at least four applications for a case study model, namely: explanation of complex causal links in real-life interventions; description of the real-life context in which the intervention has occurred; description of the intervention itself; and exploration of the situations in which the intervention being evaluated has no clear set of outcomes.

3.2. RESEARCH SEQUENCE. PROBLEM FORMULATION

Emory (1980) identified the major stages of the research sequence as follows: exploration of the situation; development of the research design; data collection; and finally, analysis and interpretation of the results.

According to Churchill (1992) marketing research process is a sequence of the steps in the design and implementation of a research study, namely: problem formulation; determination of the research design; determination and design of data collection method and forms; analysis and interpretation of the data; and finally preparation of the research report.

“The formulation of the problem is far more often essential than its solution... To raise new questions, new possibilities, to regard old problems from a new angle requires creative imagination and marks real advance in science” (Einstein in Cooper and Schindler, 2003: 64). Thus, the first step - problem formulation was performed within the literature study through understanding the concepts related to the organizational life cycle, its stages, and reasons of organizational decline one of which is strategic drift. Next the researcher summarized the theoretical approaches to repositioning and strategic differentiation as a part of competitive strategy applied in order to avoid death of the organization; which was followed by understanding of the concepts of customer experience as differentiator, theoretical basis of customer experience management and experiential marketing. This understanding led to the formulation of the main objectives and research questions of the present study.

3.3. THE RESEARCH DESIGN

Saunders et al. (2007) stated that research design being the general plan of how to answer the research questions, contains clear objectives, derived from the research questions; specifies the sources from where the data is collected; and considers the constraints the researcher will face. According to Emory (1980) research design is the strategy for a study as well as the plans by which the strategy is carried out. Churchill (1992) referred to research design as to the framework or a plan for a study that guides the collection and analysis of the data. Yin (2009: 26) stated that a research design is “a logical plan for getting from here to there, where here may be defined as the initial set of questions to be answered, and there is some set of conclusions (answers) about these questions”.

According to Yin (2009) there are five components of research design which are especially important for case studies, namely: a study’s question; its propositions, if any; its unit(s) of analysis; the logic linking the data to the propositions; and the criteria for interpreting the findings.

Yin (2009) distinguished four case study strategies based upon two discrete dimensions: single case v. multiple case; and holistic case v. embedded case. As the result there are four types of design for case studies, namely: single-case (holistic) designs; single-case (embedded) designs; multiple-case (holistic) designs; and multiple-case (embedded) designs.

According to Yin (2009) in order to answer the research question it is important to define an appropriate unit of analysis. As the main unit of analysis in the present study is the traditional food market Mercado de San Miguel, it is a single case study design. As the case study examines only the global nature of the chosen organization, in the present study the approaches of holistic single case study design will be employed.

Authors distinguished three types of research design, namely exploratory, descriptive and casual research.

According to Robson (in Saunders et al., 2007) an exploratory study is a valuable mean of finding out what is happening; to seek new insights; to ask questions and to access phenomena in a new light. Churchill (1992: 108) stated that the exploratory research has the emphasis on the gaining ideas and insights, being “particularly helpful in breaking broad, vague problem statements into smaller, more precise subproblem statements”. Thus, exploratory research discovers the general nature of a problem and the related variables. According to Hair, et al. (2009) exploratory research focuses on collecting either secondary or

primary data and uses unstructured procedures to interpret it. Saunders et al. (2007: 133) define three principal ways of conducting exploratory research: “a search of literature; interviewing “experts” in the subject; conducting focus groups interviews”. The advantage of such research is that it is flexible and adaptable to change.

Descriptive research portraying an accurate profile of persons, events or situations, may be an extension of, or a forerunner to, a piece of exploratory research or a piece of explanatory research (Saunders et al., 2007). According to Churchill (1992) descriptive research is typically concerned with determining the frequency with which something occurs or the extent to which two variables covary. Descriptive research usually takes forms of consumer profile studies, product-usage studies, market-potential studies, sales analyses, attitude surveys, price surveys, etc. Hair, et al. (2009) referred to descriptive research as to the research which uses a set of scientific procedures and methods in order to collect raw data and create data structures which describe the existing characteristics of a defined target population or market structure. This kind of research is typically guided by an initial hypothesis.

Finally, a casual research design is concerned with determining cause-and-effect relationships. “Studies that establish casual relationships between variables may be termed explanatory studies” (Saunders et al., 2007: 134). Hair, et al. (2009) described causal research as the one designed to collect raw data and create data structures and information that will allow the researcher to model cause-and-effect relationships between two or more market (or decision) variables.

Churchill (1992) pointed out that exploratory research, being a foundation for a good study, is used for any or all of the following purposes: formulating a problem for more precise investigation; developing hypotheses; gathering information about the practical problems of carrying out research on particular issues; establishing priorities for further research; increasing the analyst’s familiarity with the problem; and clarifying concepts.

Thus, present study is based on exploratory research which included the literature search (review of secondary data); interviewing knowledgeable people; and analysis of selected cases.

3.4. DATA COLLECTION METHODS AND FORMS

The objectives of exploration may be accomplished using different techniques, namely quantitative and qualitative.

Creswell (1994: 4) stated that the quantitative “is termed the traditional, the positivist, the experimental, or the empiricist paradigm”, whereas qualitative paradigm “is termed the constructivist approach or naturalistic, the interpretative approach, or the postpositivist or postmodern perspective”.

According to Saunders et al. (2007) quantitative is predominantly used as a synonym for any data collection technique or data analysis procedure that generates or uses numerical data, while qualitative is used predominantly as a synonym for any data collection technique or data analysis procedure that generates or uses non-numerical data. In choosing the research methods it is possible to use a single data collection technique and corresponding analysis procedures (mono method) or use more than one data collection technique and corresponding analysis procedures to answer the research questions (multiple method). Using both quantitative and qualitative data collection techniques and analysis procedures is referred to as mixed method. Using mixed methods enables triangulation which refers to the use of different data collection techniques within one study (Saunders et al., 2007).

Hair, et al. (2009) stated that qualitative methods can be used when: the research goal and objective is connected with discovery and identification of new ideas, thoughts and feelings; the type of research design is exploratory; the questions are open-ended, semistructured, unstructured, deep probing; the research is executed in relatively short time frames; the type of analysis is debriefing, subjective, content, interpretive, semiotic, analyses. Authors define in-depth interviews as the most common tools in qualitative research. Therefore, qualitative research can be dependent on the researcher who extracts meaning from unstructured responses.

Both quantitative and qualitative data collection techniques are applicable to the exploratory research, although exploration relies more on qualitative techniques (Cooper and Schindler, 2003). According to Creswell (1994), qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. Therefore, using qualitative research it is possible to build a complex, holistic picture, analyze words, reports detailed views of informants, and conduct the study in a natural setting. Thus, this type of research consists of exploring experiences, attitudes and behaviour of participants and it tries to have a deep opinion of them. Besides that, qualitative techniques are useful to use when the researcher wants to obtain a deep understanding about a phenomena with detailed information collected from it. Hair, et al. (2009) defined qualitative research as “research used in exploratory designs to gain preliminary insights into decision problems and opportunities”.

Therefore, the present study was based on qualitative technique.

In order to answer the research questions or meet the research objective it is possible to use primary and/or secondary data.

Secondary data includes both raw data and published summaries or information not gathered for the immediate study at hand but for some other purpose (Churchill, 1992). Secondary data can be classified by source into internal and external data.

Primary data is gathered specifically for the purpose of the investigation at hand; it may employ either communication which involves questioning respondents to secure the desired information; or observation which implies that the situation of interest is watched and the relevant facts, actions, or behaviors are recorded (Churchill, 1992). Therefore authors distinguish different data collection forms or instruments, namely observations; semi-structured, in-depth and group interviews; and questionnaires (Saunders et al., 2007).

Yin (2009) points out six sources of case study evidence: documents, archival records, interviews, direct observations, participant-observations, and physical artifacts. However, Yin (2009) mentioned that not all need to be used in every case study. Therefore, the last three types of sources are not relevant in the present study, as they are related to direct sociological investigation.

3.4.1. PRIMARY AND SECONDARY DATA

The present study uses relevant primary and secondary data.

To start with, one of the advantages of using secondary data is that it can be accessed easily and quickly by the researcher, as well as it has minimal cost, since it can usually be used by anyone. At the same time, some secondary data can be difficult to find or it can be fragile information. Thus, the present study used some relevant external secondary data in the form of documentation which according to Yin (2009) can include the following: letters, memoranda, e-mail correspondence, and other personal documents, such as diaries, calendars, and notes; agendas, announcements and minutes of meetings, and other written reports of events; administrative documents – proposals, progress reports, and other internal records; formal studies or evaluations of the same “case”; and news clippings and other articles appearing in the mass media or in community newspapers. In order to ensure a diverse approach secondary data was collected from marketing literature, articles, related websites.

As to the primary data, when using primary data, there are several advantages and disadvantages. Thus, primary data is the basic original data from primary market, an un biased

information. However, it is time consuming to collect it, it is raw data and it requires direct and personal intervention.

Yin (2009) stressed that one of the most important sources of case study information is the interview which is a guided conversation. Rubin and Rubin (in Yin, 2009: 106) stated that “although you will be pursuing a consistent line of inquiry, your actual stream of questions in a case study interview is likely to be fluid rather than rigid”.

One type of case study interview is an in-depth interview where key respondents are asked about the facts of a matter; their opinions about events; their proposals of insights into certain occurrences which may be used for the basis of further inquiry.

Another type of interviews is a focused interview, in which a person is interviewed in a short period of time, and which is likely to be following a certain set of questions.

As most case studies are about human affairs or behavioral events interviews are an essential source of case study evidence since well-informed interviewees can provide important insights into such affairs and events (Yin, 2009).

According to Churchill (1992) depth interview by not limiting the respondent to a fixed set of replies can provide a more accurate picture of the respondent’s true position on the issue.

Thus, the interviews were used as the primary data in the present study. In-depth interview semi-structure interview was conducted with the manager of Mercado de San Miguel Begonia Ubierna. This was an unstructured-undisguised interview (Churchill, 1992) which used open-ended questions for the respondent to be free to reply in her own words rather than being limited to choosing from among a set of alternatives. The questions were only used to guide the discussion in the interview. Focused interviews were conducted with the owners of the stores located inside Mercado de San Miguel listed in the Table 3. The literature review on the main concepts of the study contributed to the development of the questions by the researcher. The questions are listed in Appendixes 1, 2, 3 and 4 to the present study.

All interviews were conducted in order to evaluate the overall perception of customer experience as a differentiator in Mercado de San Miguel; define the dimensions of customer experience that influence customer satisfaction and loyalty; and define the reasons that influenced the improvement of the performance of Mercado de San Miguel. The interviewees were sent a short description of the theme and a draft of the questions in advance, so that they could form a mental image of the points to be discussed during the interview.

Table 3. The list of the interviewees – owners of the stores in Mercado de San Miguel

Interviewees name	Name of the store	Type of products
Sandra de Almeida	Café del Mercado	Sweets, Port wines, Portuguese products
Senen Gonzalez	La Cocina de Senen	Tortillas, typical Spanish food
Hans Redhammer	El Jantar de Ayer SL	Olives, Vermut, Vine, Jeres, Dry fruits, Dairy products
Edgar Fonseca	Café del Mercado	Sweets, Port wines, Portuguese products

Source: Author's own

All the interviews were face-to-face and conducted according to the interviewee's schedule and availability. They were carried out between 08 of April 2013 and 09 of April 2013 inside Mercado de San Miguel where the researcher travelled to in order to carry them out; and lasted from 30 min to 1,5 hours; were recorded using a voice recorder in order for the researcher to transcribe and analyse them in-depth; and the researcher made notes both during the interviews. Since the native language of the interviewees is Spanish it was used as the language of interviews.

All the interviewees gave interesting and useful contribution, however for the purpose of the study Begonia Ubierna can be considered a key respondent since she provided the researcher with deep understanding of the new concept of Mercado de San Miguel, as well as with relative documentation.

Among the difficulties which took place during the interviews there are:

- Ignorance of the topic, since the interviewees were not acquainted with the topic and main concepts of EM and CEM;
- Monetary costs, as the researcher had to travel to Madrid where Mercado de San Miguel is situated;
- Language, since all the interviews were made in Spanish, and had to be translated to English by researcher which was time consuming.

The interviews as the data collection method expanded the depth of data gathering and provided a focus on case study topic and perceived causal inferences. According to Yin (2009) interviews are one of the most essential sources of primary data for case study.

Thus, the present study was performed using multiple sources of evidence (data triangulation), namely in-depth and focus interviews, documentation, web; which allowed an

investigator to address a broader range of historical and behavioral issues; and made the findings more convincing and accurate. In general, triangulation can increase the reliability of the data and the process of gathering it; serve to corroborate the data gathered from other sources.

3.5. ANALYSIS AND INTERPRETATION OF THE DATA; REPORTING CASE STUDY

According to Yin (2009) data analysis consists of examining, categorizing, testing, tabulating, or otherwise recombining evidence, to draw empirically based conclusions.

Authors define several analytical strategies, namely relying on theoretical propositions; developing a case description; using both quantitative and qualitative data; and examining rival explanations.

All the interviews were recorded; after that the researcher transcribed and translated them to English; then the transcribed translations were read deeply by the researcher in order to decide what meaning can be attributed to the words, what implications the words have in relation to the topic that is being investigated, and what is the relation of the words with the topic; after the relevant information was selected by the researcher and attributed to the relevant questions and objectives of the study.

Among the analytical techniques Yin (2009) points out following: pattern matching; explanation building; time-series analysis; logic models; and cross-case synthesis.

Thus, data analysis of the present study, was conducted using the data received during the interviews mentioned above; the information was evaluated, interpreted and linked to the original research questions. At the report preparation stage the findings, conclusions, limitations and further research recommendations were formulated to a final understandable document.

3.6. QUALITY OF THE RESEARCH DESIGN

Authors define several tests that may be considered relevant in judging the quality of a research design, namely: construct validity, internal validity; external validity; and reliability.

According to Saunders et al. (2007: 149) “reducing the possibility of getting the answer wrong means that attention has to be paid to particular emphases on research design: reliability and validity”.

Validity is concerned with whether the findings are really about what they appear to be about (Saunders et al., 2007). Among the threats to validity authors define history; testing; morality; instrumentation; maturation; ambiguity about casual direction.

Construct validity tests if the operational measures for the studied concepts were identified correctly.

Internal validity has to do with seeking to establish a casual relationship, whereby certain conditions are believed to lead to other conditions, as distinguished from spurious relationships (Yin, 2009). It can be applied to explanatory studies and not to descriptive or exploratory studies.

Another point defined by Saunders et al. (2007) is generalisability (external validity), that is whether the findings from the research may be equally applicable to other research settings, such as other organizations.

Saunders et al. (2007) state that reliability refers to the extent to which the data collection technique or analysis procedure will yield consistent findings, which according to Easterby-Smith et al. (in Saunders et al., 2007: 149) can be assessed by posing three questions:

Will the measures yield the same results on the other occasions?

Will similar observations be reached by other observers?

Is there transparency in how sense was made from the raw data?

Robson (in Saunders et al., 2007) defines four threats to reliability, namely: subject or participant error; subject or participant bias; observer error; and observer bias.

In designing and doing case studies, various tactics are available to deal with these tests. Thus, Yin (2009) suggests the following tactics:

- For construct validity: use multiple sources of evidence; establish chain of evidence; have key informants review draft case study report;
- For internal validity: do pattern matching; do explanation building; address rival explanations; use logic models;
- For external validity: use theory in case studies; use replication logic in multiple-case studies;
- For reliability: use case study protocol; develop case study database.

As mentioned above for construct validity the present study used multiple sources of evidence, namely interviews as a primary data and documents as secondary data; as this is a case study for external validity the theory was used; the explanation building was used for internal validity.

3.7. CONCLUSION ON THE CHAPTER III

The present Chapter described the methodology and research design applied in the study.

Thus, as the present study focuses mainly on “how” and “why” questions; examines contemporary events; and cannot manipulate the relevant behaviors, the single holistic case study method was applied basing on the exploratory research which included the literature search, review of secondary data; interviewing knowledgeable people in form of in-depth and focused interviews as a source of primary data, and analysis of information received. Therefore, the present study was based on qualitative technique using multiple source of evidence. Through using these methods the understanding of the present situation in Mercado de San Miguel was created. The results of the research were utilized to answer the original research questions and meet the research objectives.

CHAPTER IV: FINDINGS

The present Chapter depicts the main findings resulted from the literature review carried out by the researcher in the Chapter II of the present study; from the results of the analysis of primary data collected by the researcher, namely of four structured focused and one semi-structured in-depth interviews; and from the review of the secondary data collected by the researcher.

4.1. THE CASE COMPANY: MERCADO DE SAN MIGUEL

Mercado de San Miguel being a traditional food market located in the heart of Madrid in walking distance from Plaza Mayor is a modern venue offering a range of options as premium food products, daily shopping, having full lunch or dinner, tasting the various products, enjoying a snack or a drink, taking part in activities and exhibitions, etc. It has two floors with an area of 1200 square meters. Mercado de San Miguel is the most popular market in Madrid among tourists.

4.1.1. THE LIFECYCLE OF MERCADO DE SAN MIGUEL

The origins of Mercado de San Miguel date back to early XIX century. The first project was attempted in 1835 and was aimed to cover the open-air stalls in order to reduce the negative visual impact of those on the square and surrounding streets. The final project started in 1911 under the direction of Alfonso Dubé, and Mercado de San Miguel was completed in 1915 and named after Iglesia de San Miguel de los Octoes, a 13th century church which was located there. The building was a single floor space, with a high ceiling, surrounded by glass walls that allow seeing both inside out and from the street in. The sturdy cast-iron pillars supporting a fully glassed-in interior posed a wonderful contrast. Mercado de San Miguel was very modern and spacious for its time.

Soon after being constructed Mercado de San Miguel became one of the most prestigious food markets in the city, together with La Cebada and Mostenses food markets.

However, with time the environment was changing: the city dynamics changed dramatically; the amount of the supermarkets in Madrid was constantly increasing; the center of the city which before was primarily inhabited by regular citizens started being mostly occupied by bars, restaurants, souvenir stores, and other assorted commercial venues, servicing both citizens of Madrid and tourists alike. During the interview the manager of Mercado de San Miguel Begonia Ubierna mentioned that "...the production offered by Mercado de San

Miguel was not enough for the growing customers' demands; ... as the city grew bigger people tended not to go far to get their goods; ... working hours changed, women started working more, and the schedule of Mercado de San Miguel became unsuitable for them”.

Due to all of the mentioned reasons markets throughout the city, as well as the whole country stopped being successful, and their performance was dropping more and more. Mercado de San Miguel also failed to respond to the changes in environment, keeping developing incrementally on the basis of historical and cultural influences (Johnson et al., 2008). That resulted in the fact that by early 1990s Mercado de San Miguel ran out of steam and entered the decline stage of its lifecycle. As strategic drift continued Mercado de San Miguel was losing its' market share, feeling the downturn in financial performance, losing the customers' loyalty due to growing competition from modern supermarkets and surrounding restaurants, suffered from declining number of visitors and merchants, etc. Produce, fish, meat, cheese stalls in the market continued closing one by one, and the place began its slow way to being closed.

As was discussed in Chapter II of the present study facing decline companies have three possible outcomes, namely: reorganization or liquidation; achievement of moderate improvement in performance but never regaining the pre-downturn level of performance; and finally, recovering to match or even exceed the most prosperous periods of pre-downturn performance (Pearce and Robbins,1993).

Thus in 1999 the Regional Government of Madrid invested serious funds in an effort to remodel and restore Mercado de San Miguel to its original look. Architectonically, the project rendered fabulous results, but it was not enough to restore commercial activity in the premises. Entering the period of flux the strategy of Mercado de San Miguel was changing not in a clear way which resulted in the further loss of the market share, deterioration of confidence, downturn in financial performance and further loss of customers' loyalty, as it could not compete with modern supermarkets and malls.

4.1.2. THE REVIVAL OF MERCADO DE SAN MIGUEL

However as was mentioned in the Chapter II of the present study in order to avoid death stage and renew their growth companies often change strategies. As described Begonia Ubierna “the solution was to give it a new direction!”, and in order to use that possibility in 2003 a private group of associates with interests in architecture, design and gastronomy joined forces launching the brand El Gastrónomo de San Miguel, and acquired all food stalls with the

purpose of unifying the interior with a different criteria and giving the place a new chance. Their aim was to restore Mercado de San Miguel and adapt it to the 21st century using a pattern of some other food markets like the fish markets in Oslo and in Hamburg. “We thought of taking those ideas a bit further, however maintaining traditional market concept”, commented Begonia Ubierna.

The new concept of Mercado de San Miguel opened on the 16 of May 2009 and had an immediate success. With almost 100 years of life, the renewed Mercado de San Miguel became a XXI avant-garde space combining the spirit of any good traditional food market with the modern conveniences of the times, becoming a combination of old market trade and sophisticated new age gourmet with a beautiful and pleasant atmosphere. Mercado de San Miguel now consists of 34 stores and stalls, which offer fresh products ranging from French cheese to champagne with oysters, chocolates, olives, fresh fruit, delicatessen meat or Iberian ham, paella; a gastronomic library, a florist's shop and a design shop, etc.

Despite the fact there are several more covered markets in Madrid Mercado de San Miguel became the most popular one. According to the classification on the www.tripadvisor.co.uk Mercado de San Miguel is ranked as the #1 shopping place in Madrid⁹ and is called “a traditional market for the 21st century”¹⁰. Besides that Mercado de San Miguel was declared Bien de Interés Cultural (Property of Cultural Interest in the Monument category).

The results of the survey among the visitors of Mercado de San Miguel performed by www.tripadvisor.com showed that out of 947 respondents 634 classified Mercado de San Miguel as “excellent” and 249 as “very good”¹¹. According to Begonia Ubierna during last two years the average attendance of Mercado de San Miguel reached about 80 thousand visitors per week, varying depending on the season and even days of the week.

According to Begonia Ubierna these remarkable success was achieved due to the fact that Mercado de San Miguel “proposed a different prospective on traditional food markets” in order to avoid competition with the supermarkets and the restaurants. The research performed in the study explained how that differentiation was achieved.

⁹ http://www.tripadvisor.co.uk/Attraction_Review-g187514-d1520183-Reviews-Mercado_San_Miguel-Madrid.html

¹⁰ http://travel.nytimes.com/2009/07/26/travel/26heads.html?_r=0

¹¹ http://www.tripadvisor.com.br/Attraction_Review-g187514-d1520183-Reviews-Mercado_San_Miguel-Madrid.html

4.2. DIFFERENTIATION OF MERCADO DE SAN MIGUEL

As discussed in the Chapter II of the Present study in order to avoid organizational death and occupy a favorable competitive position in an industry, the organization can imply one of the following competitive strategies: overall cost leadership; differentiation; or focus (Porter, 1998).

As will be referred to later, since Mercado de San Miguel offers products of the highest quality and one of its main competitors are the supermarkets, from the very beginning Mercado did not aim to compete on the price. Due to the fact that Mercado de San Miguel offers a wide range of products and serves a wide segment of customers, namely citizens of Madrid, international and domestic tourists, it cannot pursue the focus strategy. Thus, since due to the nature of the renewed Mercado de San Miguel the application of overall cost leadership or focus was impossible, the strategy of differentiation was chosen as it provides insulation against competitive rivalry because of brand loyalty by customers and resulting lower sensitivity to the price (Porter, 1998).

As was discussed in Chapter II of the present study among the possible strategic differentiators in the traditional marketing approach authors define product, price, service, delivery channels, technology, processes, people, personnel, image, etc.

4.2.1. TRADITIONAL MARKETING APPROACH

The primary and secondary data collected by the researcher explained which differentiators were used by Mercado de San Miguel in its revival strategy.

Regarding the product of Mercado de San Miguel, as was discussed previously it is represented by a mixture of tangible (goods) and intangible (services) aspects. Mercado de San Miguel offers a wide range of exceptionally food, beverages and ready-to-eat products. There are a number of cafés and mini-restaurants which offer specialty food, from typical Spanish tapas to foreign food. All food represented in Mercado de San Miguel is of extremely high quality. However, it is possible to find similar and even the same products in the restaurants and gourmet shops of Madrid. According to Begonia Ubierna “the owner of the fruit corner has some other fruit shops, and the owner of the meat corner has some other butcher places and we have invited them and negotiated with them in order for them to have a stand here. But they still have their businesses outside Mercado de San Miguel”. Another aspect of the product of Mercado de San Miguel is services. Thus, inside Mercado there are steel tables and chairs which provide the visitors with the possibility of consuming the

products they have purchased inside Mercado de San Miguel. Customers are provided with the dishes and the waiters are constantly cleaning all the surfaces. However the same services are provided by the restaurants. Thus, despite the fact that traditionally product was considered to be the key differentiator and it still plays an important role in differentiation of Mercado de San Miguel, it cannot be considered to be a strategic and crucial differentiator.

As to the price, high level of quality of the product, location and reputation of Mercado de San Miguel commands relatively high prices. “What we try to make sure is that we are providing to our clients the best combination of price-quality. When you come here you know you are consuming prime quality products at a very reasonable and affordable price, either to eat in Mercado or to take them home” commented Begonia Ubierna. Thus the prices for the products offered in Mercado de San Miguel sometimes are higher than the prices for the products of the same categories in the supermarkets and restaurants. Besides that as discussed in the Chapter II of the present study the price itself does not contribute a great deal to customer loyalty. Therefore, price is not a differentiator for Mercado de San Miguel.

The place in case of Mercado de San Miguel also cannot be considered as a strategic differentiator due to the fact that there are lots of restaurants and supermarkets in the surrounding area. However, the building of Mercado de San Miguel is located in convenient place in the centre of Madrid; it is very well known due to almost 100 years history of Mercado de San Miguel; and as the main customers of Mercado de San Miguel are tourists (60 per cent of total amount of the customers) this location is relevant competitive advantage. Besides that according to Begonia Ubierna the only promotional activity of Mercado de San Miguel is its website. The reputation of Mercado de San Miguel is only ensured through word-of-mouth referral.

As to the people involved, those are vendors in the shops and stalls, people cleaning the space, security. According to Hans Redhammer both the front-door staff and backstage employees are trained to deliver high standard service being knowledgeable both in the product and in languages. All the staff facing the customers is friendly and helpful. However, this does not differentiate Mercado de San Miguel as experience with staff only leads to the total customer experience.

As to the physical evidence, since substantial part of the product offered by Mercado de San Miguel is of intangible nature it has incorporated certain tangible elements into their offering to enhance customer experience. Thus the old feel of interior design is preserved and given a great care; even when it's full to capacity, it still has an airy feel to it; the staff's uniforms is

clean and pleasant; the space inside Mercado is clean, etc. Although the physical evidence differentiates Mercado de San Miguel from other markets in Madrid, it can't be considered to be a key differentiator.

Therefore, although the differentiators which are usually used in traditional marketing approach did contribute to differentiation of Mercado de San Miguel none of them appeared to be of strategic importance.

4.2.2. EXPERIENTIAL MARKETING APPROACH AND CUSTOMER EXPERIENCE AS A STRATEGIC DIFFERENTIATOR IN MERCADO DE SAN MIGUEL

As was discussed in the Chapter II of the present study, differentiation based on the traditional marketing approach nowadays is no longer sustainable, more and more attention is being paid to customer experience as the main strategic differentiator, since it directly or indirectly incorporates all the elements of the traditional marketing approach mentioned above.

The research performed in this study provided an image of customer experience delivered in Mercado de San Miguel from perspective of management. Thus, Begonia Ubierna explained that Mercado de San Miguel “was intended to make people visit the place and not simply buy the products”. In the attempt to overcome the competition from both the restaurants and the supermarkets Mercado de San Miguel tried to implement different approach, becoming as Begonia Ubierna said “at the same time very traditional and also very distinct from the others, there is no other place like this in Spain!”

Thus, the work of Mercado is based on three distinctive principles:

The first principle is large working hours: from Sunday to Wednesday - from 10:00 a.m. to 12:00 a.m.; from Thursday to Saturday - from 10:00 a.m. to 2:00 a.m. This provides the customers with the liberty of buying the products within extended hours and makes it an ideal place for leisure both during the day and by night. The fact that Mercado de San Miguel works without day offs brings additional advantages both to itself and its customers. As Begonia Ubierna explained one could imagine that the weakest day in terms of attendance would be Monday as after the weekend people would just rest at home. However, as all the museums close on Monday,” tourists try to find alternative things to do, so they end up here, especially on Mondays”.

Another principle is seasonality of the products ensures the greatest quality and “responds to the recent trend for healthy food” commented Begonia Ubierna.

The third principle is the possibility of sampling. “That is if you are walking around and pass a meat stand, you see a very nice cut that you don’t know what it is, you don’t know if it is tasty. So you can ask for a steak from that cut and the cook prepare it so you can try it right there, and if you like it you can buy the whole piece and take it home” explained Begonia Ubierna. This principle also provides the customers with the possibility of trying expensive products. Thus, the wine bar of Mercado de San Miguel has almost 500 sorts of wine, some of which are cheaper, others more expensive. However almost anyone can have a glass of his favorite expensive vine as there is no need to pay for the whole bottle, which makes any of them affordable to taste in the contrary to what the supermarkets, wine boutiques or even restaurants usually offer. This principle provides the customers with the possibility to discover some new wines that they would never try because the price for the whole bottle is too high. “All this is the unique experience we can offer to our customers. This is our distinctive trade mark” says Begonia Ubierna.

Not only this is the place to buy high quality products; have lunch or dinner in a pleasant atmosphere; but also a place providing the visitor with cultural and traditional connections. The atmosphere of Mercado conveys its history evolution since its beginning.

Another important point is that the portions in Mercado de San Miguel are relatively small. Thus, according to Begonia Ubierna from experience they have realized that people prefer to eat small amounts of food, but a lot of variety. Therefore, the customers receive a great experience of trying several types of food and sharing with the friends. Besides that Mercado can satisfy the demands of both those who seek for fast dining and fine dining.

One of the most important points is that Mercado de San Miguel provides its customers with the possibility of spending exact amount of money as they want: if one has only 10 euro, he can order tapas and a glass of wine for 10 euro worth. This way the customer controls the amount he spends in the contrary to the restaurants where he has to choose and pay for a full portion without the possibility to regulate that amount either he will eat the whole portion or not and without the possibility of trying several dishes at the same time. “Here one can eat very tasty things and still make it on to his own budget. Here you choose exactly the thing you feel like at the time!” commented Begonia Ubierna.

The product of Mercado de San Miguel can be customized to each individual client as he can choose the food, the amount of money he wants to spend, whether to eat inside Mercado or to take the products out, etc. Mercado de San Miguel pays attention to customers’ needs and demands and tries to meet the majority of them. Thus Begonia Ubierna said “we are on “the

floor” a lot keeping our eyes and ears opened. We also pay attention to the “voice” of our merchants and employees and make some adjustments. Thus, it is something very dynamic.”

Thus, Mercado de San Miguel delivers hedonic and memorable experience with both utilitarian and aesthetic elements. This experience combines the location, the food, the ambience, the types of people that might be there, the socialization, the education, the memories, etc. All these led to the fact that nowadays Mercado de San Miguel became one of the biggest attractions for tourists in Madrid. That is reached only through word-of-mouth factor as according to Begonia Ubierna Mercado does not have any advertising budget. Thus, word-of-mouth was triggered by delivered customer experience.

Mercado de San Miguel targets modern citizens, domestic and international tourists offering a good balance between good food, sophistication and fun. According to Begonia Ubierna 40% of the customers are international tourists; 40% are citizens of Madrid; and 20% are domestic tourists. Thus, Mercado incorporated several functions, namely a traditional market place; a food court with typical Spanish food and food from the other countries; a touristic point with the possibility of knowing Spanish culture and buying souvenirs, which delivers gastronomic and cultural experiences.

Thus, the research showed that the new concept of Mercado de San Miguel totally corresponds to the principles of experiential marketing discussed in the Chapter II of the present study as it appeals to feelings, senses, memories, entertainment, etc... Begonia Ubierna supported this conclusion saying that Mercado de San Miguel “is not only about the building, or food quality, not only having a big variety of products. It’s more than that. It is the place to feel, more than just a place to eat”.

However none of the interviewees ever spoke about the actual application of experiential marketing or CEM. Seems that to be more performing the management should be conscious of these concepts in marketing.

In the literature review it was developed that nowadays differentiation results from the implementation of customer experience as strategic differentiator. In the case of Mercado de San Miguel delivered customer experience became a sustainable differentiator and a source of competitive advantage which is not easy to repeat for the rivals. Thus, according to Begonia Ubierna “there have been some intents to make a copy of our “formula” but apparently, it is not that easy, as none of them didn’t work as they could not deliver the same comprehensive experience to the customers”.

Due to all the techniques mentioned above Mercado de San Miguel can be called a food market which embodied experiential marketing. Thus, having implemented experiential marketing and having used customer experience as the main strategic differentiator Mercado de San Miguel transformed into one of the city's most lively, friendly, unique and enjoyable areas; it is referred to as “Market of the 21st century” even being almost one hundred years old.

4.3. DIMENSIONS OF EXPERIENTIAL MARKETING (SEMS)

USED IN MERCADO DE SAN MIGUEL

As was discussed in the Chapter II of the present study Schmitt (1999) categorized experiences into different types, Strategic Experiential Modules (SEMs), namely sensory experiences, affective experiences, creative cognitive experiences, physical experiences and entire lifecycles, and social identity experiences that result from relating to a reference group or culture. Usually successful experiential marketing campaigns combine a variety of senses in order to engage the customer on a number of levels, making them more comfortable with the product as they find new ways to connect with it. Thus, the results of the interviews gave the idea of how Mercado de San Miguel combined the SEMs in order to enhance delivered customer experience and thereby differentiate itself.

4.3.1. SENSORY EXPERIENCES (SENSE)

Sensual dimension of experiential marketing represents the sum of appeals to five senses, namely vision, smell, sound, touch and taste. The research showed that Mercado de San Miguel succeeded in appealing to four out of five sensations, namely vision, smell, touch and taste.

Often company's visual appeal becomes one of the most important components for invoking customer responses. In case of Mercado de San Miguel vision can be considered as one of the core sensual elements. Out of Four P's of visual identity elements (Schmitt, 1999) three are successfully implemented. As to the Properties the building of Mercado de San Miguel itself is very beautiful, spacious, surrounded with the walls made of glass which makes it possible to see the insides from the street; and located next to the Placa Mayor. Besides, it is one of the very few iron buildings preserved to date in Madrid, and the only market at that. Edgar Fonseca noticed that the location, the uniqueness of the building, and the reputation are the reasons for the success of Mercado de San Miguel. The insides of the building are very pleasant and inviting. Begonia Ubierna said “...we have contracts with our merchants where

it's set that we control all the aesthetic aspects in all of the stands". As Begonia Ubierna explained before being rented all the stands were already built and decorated in the similar manner, "the idea was to have really different corners since all the same would be boring for clients, but at the same time, to have some common features so all seem to fit well together". The interviewed merchants added that they were allowed to add some decorative elements and logos, which however were to be approved by the administration of Mercado de San Miguel. Thus old feel was preserved in the interior design and great care was taken not to lose the unique look of the original building. Even when it's full to capacity, it still has an airy feel to it, thanks to the careful design of the central space.

The second element of Shmitts' visual identity, Product (its visual aspect) is also esthetically appealing as all the products are beautifully displayed on the shelves and visible for the clients so that they can choose exactly what they want, which differentiates Mercado from the restaurants. The products are exposed in the most pleasant and inviting way. "Here you choose exactly the thing you feel like at the time!" says Begonia Ubierna. The third P of Shmitts' visual identity elements - Presentations also differentiates Mercado de San Miguel from its rivals. Thus, the portions are relatively small; however this allows the customers to try more items. Begonia Ubierna explained that "... from experience we have realized that people prefer to eat small amounts of food, but a lot of variety. Some of the merchants from Mercado were experimenting with the sizes of the servings, making them a bit bigger for the same price thinking that it would make them more attractive in the eyes of the customers. However it had an opposite effect and they had to come back to smaller portions again". Besides that, in Mercado de San Miguel both food and drinks are served in the dishes made of glass in the contrary to other food markets where plastic dishes are usually used. As to the last of the Schmitts' visual identity elements, namely Publications, due to the fact that Mercado de San Miguel does not have budget for advertizing, the only printed information one can get inside Mercado de San Miguel is the one provided by the merchants, which however is poorly executed. Thus, it can be concluded that in terms of visual attractiveness Mercado de San Miguel has a variety of offerings differentiating it from competitors. However, there is a lack of visual aids (brochures, etc.) providing another channel of communication with the customers.

Another sensual element successfully deployed by Mercado de San Miguel is taste. Due to the nature of the company this element is obviously the core one. The success of this element is provided by two of the three main principles the work of Mercado is based upon, namely the

seasonality of products and possibility of sampling, which were referred to previously. These along with the high standards of quality required by the administration of Mercado de San Miguel from the merchants, provides the customers with the possibility of receiving a unique taste experience.

Due to the nature of Mercado de San Miguel, namely the presence of big amount of food including raw seafood, fish, meat, etc. in one place the smell element becomes the one that can considerably effect customer experience. As smell is considered to be the strongest sense in terms of remembrance the presence of bad smell considerably weakens the chances to create a positive experience. Therefore, according to evidence of all interviewees as well as the observations made by the researcher inside Mercado de San Miguel, this element is being paid a very close attention. Thus, the products provided by the merchants are extremely fresh and the administration of Mercado provides constant cleaning of the tables, stalls, floor, and toilets of Mercado. Therefore, on entering Mercado de San Miguel and passing along the stalls customers are surrounded by fresh, wonderful and inviting smells which create positive memories and associations.

The sound element in Mercado de San Miguel is weakly represented. The presence of some audio assistance (like traditional Spanish music) seems to enhance the chances to create a positive experience, especially among the tourists.

As to the element of touch, it is represented in Mercado de San Miguel to the extent that customers can sample the products before acquiring them.

Thus, as appeal to sensory experience develops customer's experience logic, forms personal value judgments which differentiate the products, successfully stimulating the senses which are core for the type of the company, namely taste, vision, and smell, Mercado de San Miguel differentiates itself; motivates and provides a unique value to customers. However, the presence of sound element could significantly enhance that effect.

4.3.2. CREATIVE COGNITIVE EXPERIENCES (THINK)

Think marketing appeals to the intellect of the customers in order to engage them in convergent and divergent thinking. It stimulates curiosity and interest to the experience through stimulation, focus and utilization the intelligence of the consumer. Therefore, this dimension is related to the Mercado's function of educating and presenting information about the typical Spanish food and beverages. Although Mercado de San Miguel provides a wide range of different traditional Spanish products, this can provoke curiosity mainly among the

international tourists, which represent 40% of total customers. However, Mercado de San Miguel does not provide any additional information regarding the products. It seems that informative aid such as description of the products, their origins, some traditions associated with their consumption, or a guide around Mercado explaining all the specialties of Spanish cuisine, might provide the customers with more profound experience of understanding and discovering Spanish culture.

4.3.3. AFFECTIVE EXPERIENCES (FEEL)

As discussed in the Chapter II of the study appealing to customer's feelings and emotions has an objective of creating affective experiences ranging from mild moods states to strong emotions. The same experience may take diverse forms. Feelings are most powerful when they occur during consumption. According to Shmitt (1999) feel marketing appears in advertising, products, and names. Mercado de San Miguel is designed as a place where customers can experience the sensual pleasures referred to in the previous paragraph, the joy of communication, and pleasant face-to-face interactions. However, since there is no marketing department in Mercado, and it does not advertise itself, appealing to this kind of experience is of a secondary importance in Mercado de San Miguel. Therefore, as people in general are pleasure-seekers, an understanding of how to create feeling during the consumption experience and what stimuli can trigger certain emotions, can be an important factor in order to be successful.

4.3.4. PHYSICAL EXPERIENCES AND ENTIRE LIFECYCLES (ACT)

Act experience enables customers to develop experiences that deal with the consumer's physical body, behavior and lifestyle and the experience gained from the social interaction with other people. As commented Begonia Ubierna "If you walk along Mercado you can see people carrying plates with 6 or 7 small varieties with some friends carrying the same amount but of other products, and them both sharing and tasting, discussing and advising all that Mercado de San Miguel has to offer". In Mercado de San Miguel customers experience several forms of interactions as interactions with friends, other customers, people from different countries, and employees of Mercado de San Miguel. These interactions enrich customer's lives and are the key for creating the right training atmosphere and image among employees (Schmitt, 1999).

4.3.5. SOCIAL IDENTITY EXPERIENCES (RELATE)

Relate implies a connection with other people, other social groups, or a broader more abstract social entity such as a nation, society or culture. Therefore, it contains aspects of sense, feel, think, and act marketing, allowing consumers to build their connection with the social communities and social entities through the process of purchasing and consuming the products and services. Thus, it is an important by the property of establishing a relationship with the potential visitors. Mercado de San Miguel provides an integrated and at the same time diverse collection of products related mostly to the traditional Spanish food and lifestyle, which educates and entertains the customers. Thus, Mercado gets the people to relate themselves to Spanish culture to a certain extent, thereby creating the positive experience from the interplay of the sociocultural meaning and the customers' need for social identity.

4.4. EXPERIENTIAL HYBRIDS OF MERCADO DE SAN MIGUEL

As described above Mercado de San Miguel extends its experiential approach beyond a single SEM, thereby making consumer experiences richer and more involving since it employs multiple facilities and senses in the entire consumption experience. Combining several SEMs Mercado broadens the experiential appeal and moves from being mono-experiential to multi-experiential.

Mercado de San Miguel is oriented on delivering mostly sensory, physical and social identity experiences. The interaction of these SEMs forms the experiential hybrid, which adds a new experiential appeal.

As sensory experiences are of an individual nature; and physical and social identity experiences are of the shared nature; the hybrid delivered by Mercado de San Miguel is individual/shared one, which combines individual appeals to sensation with shared actions and broader social/cultural appeals (Schmitt, 1999).

Application of this hybrid provided Mercado de San Miguel with the possibility of delivering unique experience to its customers which differentiates it from the competitors and is hard to repeat. As Begonia Ubierna mentioned "There is no other place like this in Spain! Just this is already a part of great customer experience".

CHAPTER V: ANSWERING TO THE RESEARCH QUESTIONS AND CONCLUSION

As was stated in Chapter I the aim of the present study is application of experiential marketing in the revival strategy for traditional food markets using the example of Mercado de San Miguel. Firstly, the literature review highlighted the importance of customer experience as a strategic differentiator; and current development and aspects of experiential marketing and its implementation. The primary and secondary data collected by the researcher explained and achieved the main goal of the present study and provided the answers to the research questions as follows (Table 4. Summary table of findings and recommendations):

1. How can traditional food markets differentiate themselves in order to avoid decline stage?

The research conducted in the study revealed that traditional food markets fail to keep pace with the changing environment, namely the changes in the city dynamics, growing competition from supermarkets and restaurants, changes in the customers' habits and preferences, etc., which lead them to the strategic drift and decline stage. That explains the necessity for the traditional food markets to change their strategies in order to avoid liquidation and recover to match or even exceed the pre-downturn performance. Due to the nature of traditional food markets the differentiation strategy is the most appropriate of competitive strategies. Thus, the research showed that there are several differentiators which the traditional food markets can implement. Using traditional marketing approach the food markets can differentiate themselves basing on their product, place, or people. However, although these differentiators do contribute to differentiation of traditional food markets none of them appears to be of strategic importance. The research revealed the necessity of switching from the traditional marketing approach to experiential marketing approach which allows delivering a unique customer experience, and thereby differentiating the company.

2. Does customer experience differentiate and add value to the revival strategy for traditional food markets?

The analysis of the case of Mercado de San Miguel showed that as traditional marketing approach is no longer sustainable, and as customer experience incorporates all the traditional differentiators to the certain extent, traditional food markets can achieve differentiation through implementation of customer experience as the main strategic differentiator and a source of competitive advantage. The research revealed that focusing not only on the functional product features and functional transactions but also on anything else that provides value during decision making, purchase and consumption consistently delights customers and

provide differentiation to the company. During the interviews it was found out that the concept of experiential marketing was not known by the management of Mercado de San Miguel, however they were actually implementing some actions which could be the part of experiential marketing and CEM policy and were explaining that it was “different experience” that ensured the success of the renewed Mercado. Therefore, the example of Mercado de San Miguel illustrated that although it does not have a specific policy related to customer experience and the management previously ignored the topic of experiential marketing; the application of customer experience as a strategic differentiator even without a concrete purpose of doing that, allowed traditional food markets to attain new customers, improve financial performance, increase customers’ loyalty, and exceed the pre-downturn success. Nevertheless, seems that understanding of the concepts of experiential marketing, CEM and its’ implementation would even more improve the performance of Mercado de San Miguel and ensure its’ further sustainable development.

3. Which dimensions of experience influence the performance of traditional food markets, ensuring customer satisfaction and loyalty?

As one of the core ideas of experiential marketing is creation of different types of experiences for the customers (Schmitt, 1999), implementation of several SEMs improves the overall experience received by the clients and thereby ensure customer satisfaction and loyalty. All SEMs can be divided into two categories: individual experiences represented by sense, feel, and think; and shared experiences represented by act and relate. The research showed that the most relevant SEMs for traditional food markets are sensory, physical, and social identity experiences. Therefore, in order to deliver unique customer experience Mercado de San Miguel combined several SEMs and broadened its experiential appeal through implementation of experiential hybrid of the individual/shared nature.

Despite the fact that Mercado de San Miguel successfully implements customer experience as strategic differentiator, as the environment is constantly changing there is a need for adjustments. Thus, sensory experiences could be enriched through the adding of sound dimension by introducing some audio assistance as traditional Spanish music. Besides, the experiential appeal could be broadened through adding other SEMs like affective experiences and creative cognitive experiences. Thus, affective experiences could be enriched by using ads as interpretative frames for consumption, thereby creating emotional connections with the brand beforehand; and adding of promotional and informational materials could add value to the think experience delivered by Mercado de San Miguel. By adding new SEMs the

company overcomes incremental changes, avoids the decline stage and creates the ultimate goal of experiential marketing - holistic experiences.

Table 4. Summary table of findings and recommendations

Research question	Findings regarding the research question	Recommendations
How can traditional food markets differentiate themselves in order to avoid decline stage?	There are several differentiators which the traditional food markets can implement, namely: product, place, or people. However, none of them is of strategic importance.	<ul style="list-style-type: none"> • Food markets should choose strategic differentiation to avoid decline stage; • Food markets should switch from traditional marketing approach to experiential marketing approach; • Food markets should target several segments, namely domestic tourists, international tourists, citizens.
Is customer experience a strategic differentiator for the traditional food markets and does it add value to the revival strategy?	As customer experience incorporates all traditional differentiators to the certain extent, the differentiation can be achieved through implementation of customer experience as the main strategic differentiator and a source of competitive advantage.	<ul style="list-style-type: none"> • Managers of traditional food markets must have an in-depth understanding of customer experience, EM and CEM; • Food markets should implement customer experience as a strategic differentiator; • Food markets have to create staff experiences in their areas of responsibility in order to communicate the experience to the customers.
What kind of dimensions of experience (SEMs) influence the performance of traditional food markets?	The most relevant SEMs for traditional food markets are sensory, physical, and social identity experiences, which form an experiential hybrid of the individual/shared nature.	<ul style="list-style-type: none"> • Food markets should implement several SEMs in order to create experiential hybrids and holistic experiences; • The experiential appeal could be broadened through adding other SEMs like affective experiences and creative cognitive experiences.

Source: Author's own

As a general conclusion it can be stated that the research conducted in the present study showed that differentiation is of strategic importance for traditional food markets. As the traditional marketing approach is no longer sustainable and does not provide relevant strategic differentiators, in order to achieve differentiation the traditional food markets should switch for experiential marketing, applying customer experience as relevant strategic differentiator. In order to deliver a unique customer experience traditional food markets should employ experiential hybrids which typically add something beyond the sum of the two or more SEMs, namely a new experiential appeal resulting from their interaction. Adding new SEMs to the product, brand, or company leads to making incremental contribution as well as to creation of holistic experiences. Therefore, application of experiential marketing can ensure traditional food markets with the ability to differentiate them in future.

These findings were substantiated through the literature review and were further substantiated through the qualitative research conducted by the researcher through collecting and analyzing of primary and secondary data.

CHAPTER VI: MANAGERIAL IMPLICATIONS OF THE STUDY

The present study was connected to the environment of traditional food markets. As described in the Chapter I food markets exist in most of the countries and in the majority of the cities. The incremental changes faced by Mercado de San Miguel, which were referred to in the Chapter IV of the study, are common for traditional food markets around the world. This results in the fact that lot's of them are entering decline stage. Therefore, despite the limitations to the study, the results of the research and findings from the experience of the chosen case can be implied to similar food markets in order for those to achieve or even exceed pre-downturn performance. The managerial implications of the study are as follows:

- Food markets can base their new revival strategy on the example of Mercado de San Miguel with its new concept of the traditional food market;
- Food markets should choose strategic differentiation as a strategy to avoid decline stage;
- Food markets can target several segments, namely domestic tourists, international tourists, citizens;
- Food markets should switch from traditional marketing approach to experiential marketing approach implementing customer experience as a strategic differentiator;
- Managers of traditional food markets must have an in-depth understanding of customer experience, experiential marketing and CEM as concepts;
- Managers of traditional food markets must have a very good understanding of the behaviors, needs, demands and expectations the customers;
- Managers should translate the outcomes of their customer experience research into set of specific actions;
- Food markets have to create staff experiences in their areas of responsibility in order to communicate the experience to the customers;
- Food markets should implement several SEMs in order to create experiential hybrids and holistic experiences.

CHAPTER VII: LIMITATIONS TO THE STUDY

The present study showed the following limitations:

- The literature on the functioning of traditional food markets is limited;
- The literature on customer experience as a concept in traditional food markets environment is limited. The literature is only available regarding the general concepts;
- The present study was limited to the traditional food markets only in Madrid, Spain;
- Only one market was taken into consideration to represent a successful revival strategy and implementation of experiential marketing. However, it is hard to find a traditional market that would achieve improvement in performance using experiential marketing;
- In order to obtain a more full and reliable results the interviews could be conducted among the representatives from the traditional food markets located in other countries than Spain. However, due to the lack of time and money the researcher couldn't manage it;
- The performance of other food markets might not be the same as the one of Mercado de San Miguel due to the differences in cultural, political, economical spheres, etc. Thus, there might be a cultural, political or economical effect on the results of the present study;
- The research was limited only to the qualitative technique. A quantitative research might have improved the depth of the study;
- In the present study only the inside perspective was given. A customer's perspective could add value to the study;
- The interviews with the owners of the stores were narrow, as they were not acquainted with the topic;
- There was only one interview with the representative of the management of Mercado de San Miguel as it missed the variety among management degrees.

CHAPTER VIII: RECOMMENDATIONS FOR THE FUTURE RESEARCH

The analysis of the present case study showed several opportunities for the further research.

First of all, the present study was based on a single case scenario, however the results showed that customer experience can be a strategic differentiator, and that experiential marketing and CEM should be applicable to a wide range of similar traditional food markets. Further work is required to confirm the applicability of the discussed strategies to the markets situated in other countries, for example food market Grand Bazaar¹² in Istanbul could be an interesting case to investigate.

Another point is that according to the limitations which were discussed in the Chapter VII of the present study, the future researches could be carried out involving customer's side and using quantitative techniques.

Besides that the present study highlighted that the strategy used by Mercado de San Miguel might not fit to the other markets, therefore it can be argued that the chosen strategies might be adapted or excluded.

Apart from that from the case of Mercado de San Miguel it became clear that implemented strategy generated required strategic differentiation. However, it is yet to be investigated how sustainable these achievements can be in the future landscape. Thus, the further studies might discuss the possible strategies which the food markets' competitors, namely restaurants and supermarkets, might implement, and how those would affect the performance of the markets. In that respect, there may be a need for the future research on the long-term performance of traditional food markets which employed the described strategy.

¹² http://www.grandbazaaristanbul.org/Grand_Bazaar_Istanbul.html

BIBLIOGRAPHY

BOOKS

- Ansoff, H. I. 1965. *Corporate strategy. An analytic approach to business policy for growth and expansion*. New York: Penguin Books.
- Ansoff, H. I. 1988. *The new corporate strategy*. New York: John Wiley & Sons, Inc.
- Chandler, A. D., Jr. 1962. *Strategy and structure. Chapters in the history of the industrial enterprise*. Massachusetts: THE M.I.T. PRESS
- Churchill, G. A., Jr. 1992. *Basic marketing research. 2nd edition*. Orlando: The Dryden Press
- Collins, R. 2004. *Interaction ritual chains*. Princeton, New Jersey: Princeton University Press
- Cooper, D. R., Schindler, S. S. 2003. *Business research methods. 8th edition*. New-York: McGraw-Hill/Irwin
- Creswell, J. W. 1994. *Research design: Qualitative and Quantitative approaches*. Thousand Oaks: SAGE Publications, Inc.
- Daft, R.L. 1992. *Organization theory and design*. New York: West Publishing Company
- Dul, J., Hak, T. 2008. *Case study methodology in business research*. Oxford: Elsevier Ltd.
- Emory, C. W. 1980. *Business research methods*. Illinois: Richard D. Irwin, Inc.
- Hair, J. F. Jr., Bush, R. P., Ortinau, D. J. 2009. *Marketing research: In a digital information environment*. New York: McGraw-Hill.
- Haire, M. 1959. *Modern organization theory*. New York: John Wiley & Sons, Inc.
- Johnson, G., Scholes, K. and Whittington, R. 2008. *Exploring corporate strategy. Text and cases*. (8th ed.) Harlow: Pearson Education Limited
- Kaul S. 2010. *Experiential Marketing: Myths and Realities*. New Delhi: Viva Books
- Kimberly, J. R., Miles, R. H. and associates. 1981. *The organizational life cycle. Issues of creation, transformation, and decline of organizations*. San Francisco: Jossey-Bass Publishers.
- Kotler, P. 2003. *Marketing insights from A to Z: 80 concepts every manager needs to know*. Hoboken, New Jersey: John Wiley & Sons, Inc.
- Kotler, P. 2003. *Marketing management: analysis, planning, implementation, and control*. 9th edition. London: Prentice Hall
- Kotler, P. 2003. *Marketing management*. 11th edition. London: Prentice Hall.

Application of experiential marketing in the revival strategies of traditional food markets

Kumar, N. 2004. *Marketing as strategy: understanding the CEO's agenda for driving growth and innovation*. Boston: Harvard Business School Publishing.

Lovelock, C. H. 1991. *Services marketing*. London: Prentice-Hall International.

Manganelli, R. L., Klein, M. M. 1994. *The Reengineering handbook. A step by step guide to business transformation*. New York: AMACOM.

Myers, J.H. 1996. *Segmentation and positioning for strategic marketing decisions*. Chicago: American Marketing Association.

Mintzberg, H. 1994. *The rise and fall of strategic planning*. London: Prentice Hall.

Mintzberg, H., Quinn, J. B., Ghosal, S. 1995. *The strategy process*. London: Prentice Hall.

Obolensky, N. 1994. *Practical Business Re-engineering. Tools and techniques for achieving effective change*. London: Kogan Page Limited

Pearce, J. A., Robinson, R. B., Jr. 1988. *Strategic management. Strategy formulation and implementation*. Homewood, Illinois: IRWIN

Pearson, G. J. 1990. *Strategic thinking*. London: Prentice Hall

Pender, L. 1999. *Marketing Management for travel and tourism*. Cheltenham: Nelson Thornes Limited

Pine, B. J., Gilmore, J. H. 1999. *The experience economy. Work is theatre & every business a stage*. Boston: Harvard Business School Press

Porter, M. E. 1998. *Competitive advantage. Creating and sustaining superior performance*. New York: The Free Press

Porter, M. E. 1998. *Competitive strategy. Techniques for analyzing industries and competitors*. New York: The Free Press

Saunders, M., Lewis, P., Thernhill, A. 2007. *Research methods for business students. 4th edition*. Harlow: Pearson Education Limited

Schmitt, B. H. 1999. *Experiential marketing. How to get customers to sense, feel, think, act and relate to your company and brands*. New York: The Free Press

Schmitt, B. H. 2003. *Customer experience management. A revolutionary approach to connecting with your customers*. Hoboken, New Jersey: John Wiley & Sons, Inc.

Shaw, C. 2005. *Revolutionize your customer experience*. New York: Palgrave Macmillan

Smith, S., Wheeler, J. 2002. *Managing the customer experience. Turning customer into advocates*. Harlow: PEARSON EDUCATION LTD.

Thompson, A. A., Strickland III, A. J., Gamble, J. E. 2008. *Crafting and Executing Strategy: the quest for competitive advantage: concepts and cases*. New York: McGraw-Hill/Irwin

Application of experiential marketing in the revival strategies of traditional food markets

Trout, J. 2010. *Repositioning: Marketing in an era of competition, change, and crisis*. McGraw-Hill

Yin, R. K. 2009. *Case study research: design and methods. 4th edition*. Los Angeles: SAGE Publications, Inc.

Zeithaml, V. A., Bitner, J. B. 2003. *Services marketing: integrating customer focus across the firm*. New York: McGraw-Hill

PERIODICALS

Adler, K. R., Swiercz, P. M. 1997. Taming the Performance Bell Curve. *Training & Development*, October 1997: 33-38.

Berry, L. L., Carbone, L. P., Haeckel, S. H. 2002. Managing the total customer experience. *MIT Sloan Management Review*, Spring: 85-89.

Berry, L. L., Zeithaml, V. A., Parasuraman, A. 1985. Quality counts in service, too. *Business Horizons*, May/June: 44-52.

Chaudhuri, A., Holbrook, M. B. 2001. The Chain of Effects from Brand Trust and Brand Affect to Brand Performance: The Role of Brand Loyalty. *Journal of Marketing*, 65,2: 81-93.

Dodge, H. R., Robbins, J. E. 1992. An Empirical Investigation of the Organizational Life Cycle Model for Small Business Development and Survival. *Journal of Small Business Management*. January 1992: 27-37.

Dreier, F. 2010. Engaging the Crowd. *Sports Business Journal*. November: 22-28

Eisenhardt, K. M., Sull, D. N. 2001. Strategy as simple rules. *Harvard Business Review*. January: 105-116

Hassan, F.S.U., Shah, B., Khan, N., Ikramullah M., Zaman, T. 2011. Exploring the relationships among organizational life cycle stages and different traits of organizational culture. *Business and Management Review*, 1(7):103-112

Kemp, E., Murray, J. 2007. Managing experiential marketing: insight from a prototypical experience. *Advances in Consumer Research*, 34:343.

Kiska, J. 2002. Customer experience management. Using technology to build an unshakable customer-supplier relationship. *CMA Management*, October: 28-30.

Lee M.S., Hsiao H.D., Yang M.F. 2010. The study of the relationships among experiential marketing, service quality, customer satisfaction and customer loyalty. *The International Journal of Organizational Innovation*, 3: 353-379.

Leighton D. 2007. 'Step back in time and live the legend': experiential marketing and the heritage sector. *International Journal of Nonprofit and Voluntary Sector Marketing*, 12: 117-125

Maghnati, F., Ling, K. C., Nasermodeli, A. 2012. Exploring the relationship between experiential marketing and experiential value in the Smartphone industry. *International Business Research*, 5 (11)

Padgett, D., Mulvey, M. S. 2009. Experiential positioning: strategic differentiation of customer-brand relationships. *Innovative Marketing*, 5 (3): 87-95

Pearce, J. A., Robbins, K. 1993. Toward improved theory and research on business turnaround. *Journal of Management*, 19 (3): 613–636

Piotr, Z. 2004. Technical Analysis as the Representation of Typical Cognitive Biases. *International Review of Financial Analysis*, 13: 217-225

Porter, M.E. 1996. What is strategy? *Harvard Business Review*, November-December: 61-78

Pullman, M. E., Gross, M. A. 2003. Welcome to your experience: where you can check out anytime you'd like, but you can never leave. *Journal of Business and Management*, 9(3): 215–232

Pullman, M. E., Gross, M. A. 2004. Ability of Experience Design Elements to Elicit Emotions and Loyalty Behaviors. *Decision Sciences*, 35 (3): 551-578

Quinn, R., Cameron, K. 1983. Organizational Life Cycles and Shifting Criteria of Effectiveness: Some Preliminary Evidence. *Management Science*, 29(I): 33-51

Smith, K., Mitchell, T., Summer, C. 1985. Top Level Management Priorities in Different Stages of the Organizational Life Cycle. *Academy of Management Journal*, 28(4): 799-820

Srinivasan S. R., Srivastava R. K. 2010. Creating the futuristic retail experience through experiential marketing: Is it possible? An exploratory study. *Journal of Retail & Leisure Property*, 9, 3:193–199

Tsuchiya, S. 1998. Reengineering Management: A Cognitive Approach to Reengineering. *Int. Trans. Opl Res.*, 5, 4:273-283

Vargo, S. L., Lusch, R. F. 2004. Evolving to a new dominant logic for marketing. *Journal of Marketing*, 68:1-17

Wyner, G.A. 2003. How do you measure the customer experience? *Journal of Marketing Research*, Spring: 6-7

Yuan, Y. H., Wu, C. 2008. Relationships among experiential marketing, experiential value, and customer satisfaction. *Journal of Hospitality & Tourism Research*, 32: 399

ELECTRONIC DOCUMENTS

2011 Customer Experience Impact Report

<http://www.oracle.com/us/products/applications/cust-exp-impact-report-epss-1560493.pdf>
accessed on Feb. 14, 2012

Best experience brands. A global study by Jack Morton Worldwide.

<http://www.jackmorton.com/pdf/jack-morton-wp-bestexpbrands.pdf>
accessed on Nov. 30, 2012

<http://www.boqueria.info/mercat-benvinguts.php>

accessed on Nov. 15, 2012

<http://www.florence-on-line.com/markets/mercato-santambrogio.html>

accessed on Nov. 16, 2012

http://www.grandbazaaristanbul.org/Grand_Bazaar_Istanbul.html

accessed on Nov. 12, 2012

<http://www.mercatoorientale.org/en/our-tradition.html>

accessed on Nov. 15, 2012

<http://www.mercadodesanmiguel.es/>

accessed on Nov. 10, 2012

http://travel.nytimes.com/2009/07/26/travel/26heads.html?_r=0

accessed on Mar. 17, 2013

[http://www.tripadvisor.co.uk/Attraction_Review-g187514-d1520183-Reviews-](http://www.tripadvisor.co.uk/Attraction_Review-g187514-d1520183-Reviews-Mercado_San_Miguel-Madrid.html)

[Mercado_San_Miguel-Madrid.html](http://www.tripadvisor.co.uk/Attraction_Review-g187514-d1520183-Reviews-Mercado_San_Miguel-Madrid.html)

accessed on Mar. 17, 2013

Manifesto on markets of Barcelona

<http://www.medemporion.eu/index.php/contents/details/the-barcelona-manifesto-on-markets>

accessed on Nov. 30, 2012

ANNEXES

Appendix 1. Questions for the interview with the manager of Mercado de San Miguel (English version)

1. Presentation of the respondent; questions related to the interviewee's position and experience:

- What is your name?
- For how long do you occupy current position?
- What is your background and experience in the field?
- Describe your exact responsibilities in the market?
- Describe your relations to different functional units of the market like customer service units and management group?

2. Questions regarding the description of the concept of the market:

- Briefly describe the structure of the market?
- What are the mission and the vision of the market?
- What is the approximate annual attendance of the market?
- Briefly describe the elements of the extended marketing mix of Mercado de San Miguel (product, price, place, people, promotion, process, physical support)?
- Which of those do differentiate the market? How?
- Who are the main customers of the market? How have you segmented your customers?
- What was the main idea behind the renovating of the market? What did you want to reach?
- According to the classification on the www.tripadvisor.co.uk Mercado de San Miguel is ranked as the #1 shopping place in Madrid. In your opinion why?

3. Questions regarding the application of experiential marketing and CEM?

- In your opinion does customers' behavior in the market differ from the one in the old concept markets?
- If yes, what are the main reasons for that? Improvements of what functions played the most significant role?
- How does the market differentiate itself from the competition? What means for competition does it use?

Application of experiential marketing in the revival strategies of traditional food markets

- Do you think that customer experience is the thing the market is trying to differentiate itself from competition with?
- In your opinion what are the top reasons why the customers choose the market?
- Why?
- Define in your own words, what kind of customer experience the market delivers to its customers?
- In your opinion which of the following dimensions of customer experience influence customer satisfaction and loyalty: sensory experiences (SENSE), affective experiences (FEEL), creative cognitive experiences (THINK), physical experiences and entire lifecycles (ACT), and social identity experiences that result from relating to a reference group or culture (RELATE).? Why?
- What kind of emotions does the market evoke in its customers?
- What kind of value does the market create for its customer?
- Do you have any concrete measurements for determining customer loyalty or customer experience?
- If yes, what are they?
- What channels (if any) does the market use to control customer experience?
- How do you see customer expectation as compared to delivered customer service?
- Do you think there are any points to be improved in the customer experience and the quality of service delivered by the market? What are they? What challenges and obstacles do you see in improving them?
- Does the market do any kind of customer satisfaction, customer experience, or service quality research?
- Does the market have any kind of customer experience data? If yes, what kind? What kind of measurements did the market use to collect it? (NPS, CES, SOME, VoC, Mystery Shopping, e-mail/sms surveys)
- In your opinion is it important to collect it? Why?

Appendix 2. Questions for the interview with the manager of Mercado de San Miguel (Spanish version)

1. Presentación del entrevistado, cuestiones relacionadas con su experiencia y posición:
 - ¿Cuál es su nombre?
 - Desde hace cuando ocupa su cargo actual?
 - ¿Cuáles son sus antecedentes y experiencia en este campo?
 - Describa sus responsabilidades en el Mercado?
2. Cuestiones con relación a la descripción del concepto del Mercado:
 - En resumen describa la estructura del Mercado?
 - ¿Cuáles son la misión y visión del Mercado?
 - ¿Cuál es el número aproximado de visitantes anual al Mercado?
 - En algunas palabras, describa los elementos del marketing mix del Mercado San Miguel (producto, precio, localización, promoción, proceso, soporte físico)?
 - ¿Quiénes son los clientes principales del Mercado?
 - ¿Cuál fue la idea principal por detrás de la renovación del Mercado? ¿Cuál era el objetivo?
 - Según la clasificación del www.tripadvisor.co.uk, Mercado de San Miguel está clasificado como #1 en local de compras en Madrid. ¿Por qué, en su opinión?
3. Cuestiones relacionadas con la aplicación del Marketing Experiencial y CEM (Customer Experience Management)?
 - En su opinión el comportamiento de vuestros clientes es diferente del de los mercados tradicionales? ¿Cuál es la razón principal para ello?
 - ¿Cómo se diferencia el Mercado de los demás, de su competencia?
 - ¿Cree usted que la experiencia del consumidor es algo con que el Mercado está intentando diferenciarse de su competencia?
 - En su opinión, ¿cuál es la razón principal para que los clientes elijan el Mercado San Miguel?
 - Defina, en sus palabras, que tipo de experiencias del consumidor puede el Mercado San Miguel presentar a sus clientes?
 - ¿Qué tipo de emociones quieren proporcionar a sus clientes?
 - ¿Qué tipo de valores quiere crear para sus clientes?
 - ¿Tienen medidas concretas para determinar la preferencia del cliente o su experiencia en cuanto cliente? Si sí, ¿cuáles?

Application of experiential marketing in the revival strategies of traditional food markets

- Creé que hay puntos de mejora en la experiencia del consumidor o en la calidad de servicio del Mercado? Cuáles son ellos? Que desafíos y obstáculos entiende en mejorarlo?
- Tiene el Mercado San Miguel alguna encuesta de satisfacción al cliente, experiencia del consumidor, o calidad de servicio?
- En su opinión, es importante recoger esta información? Porqué?

Appendix 3. Questions for the owners of the stores in Mercado de San Miguel (English version)

1. Presentation of the respondent; questions related to the interviewee's position and experience:

- What is your name?
- What kind of products does your store offer?

2. Questions regarding the description of the concept of the market:

- Briefly describe the structure of the market?
- What is the approximate annual attendance of your store?
- In your opinion, what differentiates the market from competitors? Why?
- Who are the main customers of the market?
- What was the main idea behind the renovating of the market? What did you want to reach?
- According to the classification on the www.tripadvisor.co.uk Mercado de San Miguel is ranked as the #1 shopping place in Madrid. In your opinion why?

3. Questions regarding the application of experiential marketing and CEM?

- In your opinion does customers' behavior in the market differ from the one in the old concept markets?
- How do the market and your store differentiate itself from the competition? What means for competition do you use?
- Do you think that customer experience is the thing the market is trying to differentiate itself from competition with?
- In your opinion what are the top reasons why the customers choose the market? Why?

Application of experiential marketing in the revival strategies of traditional food markets

- Define in your own words, what kind of customer experience the market delivers to its customers?
 - In your opinion which of the following dimensions of customer experience influence customer satisfaction and loyalty: sensory experiences (SENSE), affective experiences (FEEL), creative cognitive experiences (THINK), physical experiences and entire lifecycles (ACT), and social identity experiences that result from relating to a reference group or culture (RELATE).? Why?
 - What kind of emotions does the market evoke in its customers?
4. Questions regarding the employees:
- Briefly describe how the recruiting is done?
 - Which criteria are used in evaluation of the human skills (reaction to emotions, negotiation skills, etc.)?
 - Are the employees trained and oriented to deliver a successful customer experience?
 - Is there any bonus system? If yes, how are the bonuses formed?

Appendix 4. Questions for the owners of the stores in Mercado de San Miguel (Spanish version)

1. Presentación del entrevistado, cuestiones relacionadas con su experiencia y posición:
 - Cuál es su nombre?
 - Qué tipo de productos ofrece en su tienda?
 - Cuáles son sus antecedentes y experiencia en este campo?
2. Cuestiones con relación a la descripción y concepto del Mercado:
 - En resumen, describa la estructura del mercado?
 - Cuál es el número aproximado de visitantes anual en su tienda?
 - En su opinión, que diferencia el Mercado San Miguel de los demás? Porqué?
 - Quien son los principales clientes del Mercado
 - Cuál es la idea principal por detrás de la renovación del Mercado? Que querían lograr?
 - Según la clasificación del www.tripadvisor.co.uk, Mercado de San Miguel está clasificado como #1 en local de compras en Madrid. Porqué, en su opinión?

3. Cuestiones relacionadas con la aplicación del Marketing Experiencial y CEM (Customer Experience Management)?

- En su opinión el comportamiento de vuestros clientes es diferente del de los mercados tradicionales?
- Cuál es la razón principal para ello? Que funciones o adaptaciones tuvieron un papel determinante?
- Como se diferencia el Mercado de los demás, de su competencia? Cuáles son sus herramientas?
- Creé usted que la experiencia del consumidor es algo con que el Mercado está intentando diferenciarse de su competencia?
- En su opinión, cual es la razón principal para que los clientes elijan el Mercado San Miguel? Porqué?
- Defina, en sus palabras, que tipo de experiencias del consumidor puede el Mercado San Miguel presentar a sus clientes?
- Qué tipo de emociones quieren proporcionar a sus clientes?

4. Cuestiones relacionadas con empleados:

- Describa en resumen como se hace el reclutamiento de sus empleados?
- Cuáles son los criterios utilizados para evaluación de las capacidades humanas (reacciones a emociones, capacidades de negociación, etc)?
- Hay empleados entrenados o orientados para proporcionar a los clientes experiencias de suceso?
- Hay algún sistema de incentive, o de bonos para ello? Si sí, como funciona?