

# The Influence of Social Network Service and Experiential Marketing on Internet Marketing

Yao-Ping Peng\*

Business School, Yango University, Fuzhou, China.

\* Corresponding author. Tel.: +86 13599962450; email: s91370001@mail2000.com.tw

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**Abstract:** In the context of giving consumers more power and putting more emphasis on interaction between network users, information exchange and collaboration between people is promoted through the network. Its model is more user-centric, and web users are both browsers and makers of website contents. To explore the proposed conceptual model, which includes experiential marketing and social network service as independent variable and customer loyalty as dependent variable, users from Facebook are included in the sampling frame. Findings show environmental cost is the main determinant of product competitive advantage that influences Taiwanese SMEs internationalization.

**Key words:** Experiential marketing, social network service, customer loyalty.

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## 1. Introduction

Nowadays, the lives of people in developed or developing countries are connected to the Internet at different levels. For example, the work, business activities, social activities, and games have witnessed great changes due to the Internet and relevant applications. In particular, the activities of business marketing are not limited by factors such as space and time anymore because of the exclusiveness of the Internet. In other words, the rise of e-commerce has enabled consumers to reach out to stores outside their lives, and product circulation is no longer limited to face-to-face consumption; buying behaviors of consumers have changed, and growing number of people are buying goods and services in online markets; the real-time interaction and information exchange on the network has become an important reference indicator for procurement.

According to the data of the Market Intelligence & Consulting Institute (MIC), the output value of online shopping in Taiwan in 2013 can reach NTD 764.5 billion, and is estimated to exceed NTD one trillion by 2015. As estimated by MIC, in 2013, the online shopping scale of business-to-customer (B2C) will arrive at NTD 452.1 billion, up 18.2% from NTD 382.5 billion in 2012; the online shopping scale of consumer-to-consumer (C2C) in 2013 will reach NTD 312.4 billion, increasing by 12.3% on the basis of NTD 278 billion in 2012. In 2013, the output value of online shopping in Taiwan may stand at NTD 764.5 billion, a 15.7% rise from 2012. Thus, how to conduct marketing activities for products or services through the Internet has become a major subject.

Marketing activities on the Internet are ever-changing. The introduction of Web 2.0 brings new opportunities for the Internet. To further highlight the differences between Web 1.0 and Web 2.0 in marketing, Mazurek [1] regards Web 1.0 as a pure e-commerce application, but Web 2.0 as a more humanlike model with its operation mode being constructed by information, technology and community.

Compared with the era of Web 1.0, corporate websites are only the information disclosure channels, and most of them only contain “Hot News”, “Product Information”, “Contact Us”, and so on. Although some websites may have “Discussion Forum”, the highest administration authority is held by network operators. With the growing popularity of network, various online communities appeared where netizens gathered to publish articles and exchange views. Later, free service on personal website emerged, so that people could register their own personal website, but the threshold was higher because the knowledge of establishing a website was needed. Therefore, when the blog free service appeared, the stage that all people have the right of voice really began. The development of community is a typical trend of Web 2.0, marking the entry into the network era featuring “user engagement”, “interactivity and series connection”.

In the context of giving consumers more power and putting more emphasis on interaction between network users, information exchange and collaboration between people is promoted through the network. Its model is more user-centric, and web users are both browsers and makers of website contents. Thus, the materialization of this concept prompted the rise of Social Network Service (SNS). Examples include BBS, forums, blogs, and Facebook currently with more than one billion users. SNS is influencing the approaches of current network marketing activities, while it has brought about a trend of virtualized social activities. However, are marketing activities embedded in virtual communities comprehensible to network users? Does the network tool through "user engagement", "interaction and series connection" really enable consumers to "experience" marketing in a virtual way and therefore generate loyalty? Using Facebook as an example, this study will explore the impact of SNS experiential marketing activities and the loyalty brought by experiential marketing.

## **2. Literature Review**

### **2.1. Social Network Service (SNS)**

As described by Howard Rheingold [2] in his work *The Virtual Community*, people in virtual communities exchange interesting topics and arguments through texts on the screen, participate in philosophical discussions, do business, share knowledge, provide emotions support, make plans, brainstorm, gossip, quarrel, fall in love, find friends, play games, etc. People in virtual communities do not interact face to face, but through the virtual space provided by computer network [3]. To further motivate the virtual community, Hagel and Armstrong [4] put forward the view of “topic”, believing that virtual communities are constantly growing and expanding in the context of the network through ongoing operations of community members on a particular topic. On the other hand, Adler, D’Humières and Rothman [5] and Inbaria *et al.* [6] emphasize that people interact with each other through tools provided by computer networks in virtual communities. Such virtual spaces develop into the social network service (SNS) for the convenient and quick use. According to Wikipedia, SNS is the abbreviation of Social Network Services, which refers to Internet application services designed to help people (a group of people with the same interests and activities) to establish a social network. Such services are often based on the Internet, providing users with a variety of ways to contact and communicate, such as e-mail, real-time messaging services. They usually extend the network through friends one by one, just like veins of leaves.

### **2.2. Experiential Marketing**

Pine and Gilmore [7] mentioned “experience” in *The Experience Economy*, arguing that experience is a good feeling in consciousness when a person reaches a certain level of emotion, strength and intelligence, and even the spirit [8]. As the homogeneity of goods is getting higher and higher, consumers are no longer concerned with the slight difference in quality and price of goods themselves, but rather the individual experiences they have gained. This is exactly where the strategic model of experiential marketing starts.

From the standpoint of enterprises, Pine and Gilmore [7] believe that the experience is to create memorable activities focusing on consumers, with enterprises as stages and goods as props. Tangible goods and intangible services make consumers immerse in, creating an unforgettable experience for them. Schmitt [9] argues that experience is an individual event in which an individual responds to certain stimuli. It encompasses the overall nature of life, and is usually caused by direct observation or participation in the event, no matter the event is real, dreamlike, or virtual. As far as marketers are concerned, consumer behavior is not only a pursuit of experience, but needs induction due to its non-spontaneity. The experience is formed by the interaction of events and mental states, so the experience should be different. Schmitt [9] further defines experiential marketing as: "after observation or participation in an event, individual customers generate thinking identity or consumer behavior through feeling certain stimuli and inducing motivations, thereby increasing product value." Experiential marketing holds that every customer has different feelings after they experience one thing, and that products or services should create a unique experience for customers, and make it an activity of integrated consumer tendency and social identity through providing a sensorial and contagious experience that relates creativity with feel.

### **2.3. Strategic Experiential Modules**

Schmitt put forward experiential marketing as a conceptual framework for managing customer experiences by incorporating views of traditional marketing on the basis of the psychological theory and social behavior of individual consumers. The experiential marketing is composed of two elements: Strategic Experiential Modules (SEMs) and Experiential Providers (ExPros).

The Strategy Experience Module is the strategic basis for experiential marketing. The five strategic experience modules proposed by Schmitt [9] include Sense, Feel, Think, Act, and Relate. Sense means to create the impact feeling of a perceptual experience to bring up added value of products or services. The vision, hearing, touch, taste and smell are involved. Through perceptual stimulation, pleasure, excitement, beauty, and satisfaction are generated, thereby inducing customer motivation and enhancing product value. Feel means to inspire the inner feelings and emotions of customers. It tries to arouse emotions of consumers and encourage consumers to actively participate in, thereby evoking the positive connection between feelings, joy and pride of consumers through interaction. Think means to inspire creativity and enable customers to create experiences of cognizing and solving problems. Surprises are created and customer interest and multi-directional thinking are aroused in this process. Consumers are stimulated to think creatively, provoking rethink of enterprises and products. Act affects the physical experience, life style and interaction of the body. Alternative ways of doing things are pointed out by increasing the physical experience to enrich the lives of consumers and design consumer experiences related to the body, long-term behavior pattern and lifestyle. Relate contains the above four levels. Relevance is generated with the broader social and cultural environment of a brand through individuals and reflections, transcending personal feeling, emotion, perception, and action.

### **2.4. Customer Loyalty**

Griffin [10] believes that the quality of products or services provided by a company and the willingness of customers to re-consume are two factors of loyalty. Jones and Sasser [11] argue that loyalty indicates the intensity of a customer's willingness to repurchase a particular product and is classified into the long-term loyalty and the short-term loyalty. Fornell *et al.* [12] believe that customer satisfaction produces customer loyalty. After a customer purchases a product, he or she will have an attitude change towards the product. Those who have a positive attitude will have a higher chance of buying again, and form a loyalty in attitude. They also perhaps share their experiences with friends and relatives through word of mouth. Fornell [13] measures loyalty with the intention of repeated purchase, the customer satisfaction, and the customer

tolerance for prices. PZB [14] divides loyalty into positive and negative behavioral intentions. When customers hold a positive behavioral intention, they will praise the company and have preferences for it, which in turn transform into more consumption. Oliver [15] argues that loyalty can be classified into short-run loyalty and long-term loyalty. The short-run loyalty is measured by word-of-mouth, recommendation, and complaints, while the long-term loyalty can be measured in the following four stages.

Cognitive loyalty means that consumers emphasize the performance of goods. Affective loyalty is a loyalty of favor. Consumers generate favor and affections towards the brand because of the long-term accumulated satisfaction experience. Conative loyalty refers to loyalty in behavioral intentions. Because of the constant positive attitudes, consumers will generate a commitment to purchase a certain product again, which is an intention or repurchase motivation that may be not actually realized. Action loyalty is a habitual purchase action, which means the intention is shifted into the action of actually buying products of the same company or brand.

The theoretical framework used for this research is shown as in Fig. 1:

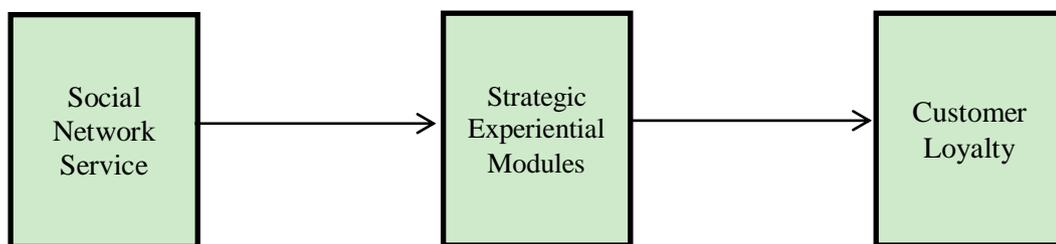


Fig. 1. Conceptual framework.

### 3. Methodology

#### 3.1. Sampling and Participants

This study intends to distribute online questionnaires created by Google Docs to those who use Facebook. The purpose is to investigate their attitudes towards the tourism industry and the electronics industry, including variables such as experiential marketing and customer loyalty. Considering factors such as research funding, time and manpower, this study plans to use Convenience Sampling to collect empirical data. The selection of samples mainly considers the convenience of acquisition, and questionnaires will be distributed to Facebook friends of researchers first, and then to others by the snowballing effect. The sample size is set as 1,000. The sample structure is mainly composed of male customers, accounting for 53% of the effective samples, and there are also 71 female customers, accounting for 47%. In terms of age, the majority of consumers are between 21 and 30 years old, accounting for 51.7% of effective samples, followed by 31-40 years old, accounting for 35.1%; finally, the number of customers below 20 years old is similar to that above 41 years old, accounting for 15.4% and 15.7% of all samples, respectively. In terms of education, the general and vocational high school degree and the university degree are the main force, accounting for 82.1% of total samples, followed by 15.9% for the postgraduate degree and above.

### 4. Analysis and Results

#### 4.1. Correlation Analysis

This study aims to discuss the degree of correlation between the experiential marketing, experiential value and relation quality and the customer loyalty. Before validating the hypothesis test, this study used Pearson's correlation analysis to observe the changes in the two aspects. As shown in Table 1, all the correlation coefficients do not exceed 0.8, so the collinearity is not a significant problem. In addition,

according to the empirical analysis between the measurement variables, the correlation coefficients between the variables are positively significant, indicating that there is a correlation between the variables. Thus, further regression analysis is performed.

Table 1. Pearson’s Correlation Analysis of Variables

	1	2	3	4	5	6	7	8	9	10
1	1									
2	.433**	1								
3	.376**	.499**	1							
4	.458**	.451**	.434**	1						
5	.503**	.396**	.442**	.686**	1					
6	.389**	.346**	.413**	.494**	.581**	1				
7	.443**	.461**	.504**	.618**	.658**	.591**	1			
8	.334**	.464**	.476**	.522**	.528**	.429**	.552**	1		
9	.386**	.321**	.499**	.491**	.606**	.459**	.600**	.530**	1	
10	.385**	.237**	.369**	.469**	.594**	.391**	.562**	.399**	.678**	1

Note: 1 = Perceptual responsiveness 2 = Perceptual personalization 3 = Perceptual connectivity 4 = Sense 5 = Feel 6 = Think 7 = Act 8 = Relate 9 = Attitude loyalty 10 = Behavior loyalty

#### 4.2. Main Effect Analysis of the Regression Model

The hypotheses were tested using hierarchical regression analysis. This analysis the proportion of variance shared exclusively with each additional variable. To control for the effects of demographic variables of gender, age, marriage, education and internet use time on dependent variables, we entered these in the first step of hierarchical multiple regression. Table 2 shows the results of the models’ main effect, which indicated that perceptual Interactivity had significant positive influences on sense, feel, think, act and relate experience. The results indicated that a significant increase in perceptual Interactivity increased sense experience ( $\beta=0.559, p<0.001$ ). Likewise, perceptual Interactivity significantly improved feel experience ( $\beta=0.560, p<0.001$ ). Also, perceptual Interactivity had significant positive influences on think ( $\beta=0.479, p<0.001$ ), act ( $\beta=0.571, p<0.001$ ) and relate experience ( $\beta=0.511, p<0.001$ ). These findings suggest key variable –perceptual Interactivity – as central factors in explaining users’ Strategic Experiential Modules, including sense, feel, think, act and relate experience. All the correlations among perceptual Interactivity, sense, feel, think, act and relate experience are positively statistical significance, so all paths were supported.

Table 2. Regression Models

	Independent Variables									
	Sense		Feel		Think		Act		Relate	
	$\beta$	p-value	$\beta$	p-value	$\beta$	p-value	$\beta$	p-value	$\beta$	p-value
Control										
Gender	.059	.114	.101***	.006	.015	.708	.096***	.007	.047	.218
Age	-.062	.171	-.110	.013	-.062	.198	-.123***	.005	-.127***	.006
Marriage	.012	.781	.022	.607	.012	.791	.066	.114	.076*	.090
Education	.022	.549	.037	.310	.004	.916	.034	.341	-.022	.556
Use time	-.061*	.093	-.056	.113	-.043	.266	-.104***	.003	-.017	.651
Dependent										
Perceptual Interactivity	.559***	.000	.560***	.000	.479***	.000	.571***	.000	.511***	.000
F-value	32.532***		37.849***		20.907***		41.806***		29.722***	
R <sup>2</sup>	0.331		0.366		0.242		0.389		0.312	
DW	1.915		1.934		1.921		2.019		1.836	

\*\*\* if  $p<0.001$

Table 3 shows that all proposed correlations were significant. To control for the effects of demographic variables of gender, age, marriage, education and internet use time on dependent variables, we entered these in the first step of hierarchical multiple regression. Table 3 shows the results of the models' main effect, which indicated that sense, feel, think, act and relate experience had significant positive influences on customer loyalty. The results indicated that significant increase in Feel ( $\beta=0.347$ ,  $p<0.001$ ), Act ( $\beta=0.294$ ,  $p<0.001$ ) and Relate experience ( $\beta=0.121$ ,  $p<0.001$ ) increased customer loyalty.

Table 3. Regression Model of Customer Loyalty

Dependent	Independent Variables: customer loyalty					
	$\beta$	p-value	F-value	$R^2$	Max VIF	DW
Gender	.037	.245	49.673***	0.534	1.103	1.974
Age	-.082**	.035			1.660	
Marriage	.026	.483			1.519	
Education	.049	.113			1.081	
Use time	.047	.124			1.047	
Sense	.018	.685			2.166	
Feel	.347***	.000			2.541	
Think	.014	.718			1.723	
Act	.294***	.000			2.324	
Relate	.121***	.002			1.631	

\*\* if  $p<0.01$ ; \*\*\* if  $p<0.001$

## 5. Conclusions and Discussions

The regression analysis shows that perceptual interactivity has the highest impact on the action experience in the experiential marketing module, indicating that the users' enjoyment and interest in the interaction with others is the main reason that users use Facebook. Social impact has a significant impact on the actual use of Facebook, showing that users may begin to use the community website and get addicted into it under the influence of others around them. Ease of use also significantly affects the actual use, that is, the smooth operation of Facebook has made users more inclined to use it. The impact results of the experiential marketing module on customer loyalty reveals that users' "feel, act and relate" experience produced in the built-in security mechanisms of the Facebook will enhance the customer loyalty.

Thus, according to the above analysis, the community platform should emphasize the user's feel in the process of designing a webpage. For instance, the arrangement of contents or the provision of browsing contents will give users a good experience, thereby enhancing customer loyalty to the community platform. This study uses Facebook users as the research objects, but there are still two research limitations. First, random sampling is not taken because of the limited time and cost of research. Second, although Facebook is an international community site, the questionnaire only targets Taiwanese Facebook users and the survey of other countries' cultures is not involved in, because the questionnaire is mainly designed in traditional Chinese.

From the research, only the environmental cost management (EC) supported the literature review, it has the positive relationship with product competitive advantage and Taiwanese SME Internationalization. This is somehow related to the type of industry involved by the respondents. In food manufacturing industry, company seldom recycle the wastage due to hygienic purpose. Also they usually don't buy their inventories from organic supplier because the price is higher. If they are doing so, they will lose the product competitiveness due to the higher price. Food manufacturing industry does not really implement high technology such as automotive, internet, technology and communication (ICT), medical and chemical.

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**Yao-Ping Peng** is an associate professor in Business School, Yango University in China. He got his Ph.D. program in the Department of Business Administration in National Chung Hsing University. His major includes marketing management, international business, institutional research, etc.