

Measuring the Return of Experiential Marketing

Holly Barry

Munster Technological University

Rose Leahy

Munster Technological University

Pio Fenton

Munster Technological University

Cite as:

Barry Holly, Leahy Rose, Fenton Pio (2022), Measuring the Return of Experiential Marketing. *Proceedings of the European Marketing Academy*, 51st, (107500)

Paper from the 51st Annual EMAC Conference, Budapest, May 24-27, 2022



Measuring the Return of Experiential Marketing

Abstract

The emergence of experiential marketing as a tool of marketing communications and, increasingly, as a part of the strategic armoury of marketing units has been gradual and occasionally uncertain. Its development has been characterised by knowledge gaps regarding how experiential marketing can be planned and importantly measured and assessed. Although there are existing methods for evaluating experiential marketing, this research has identified that they are limited in usefulness. They do not account for all of the components that are required to measure the effectiveness of experiential marketing activations in totality, nor do they measure experiential marketing in terms of its contribution to the overall health of the brand. Presenting the Return on Integrated Experience formula, tested through a pilot study with a real-world marketing campaign, this paper addresses that gap, and offers a method of evaluating the outcome of experiential marketing in the context of an overall integrated marketing campaign.

Keywords: *Measurement, Experiential Marketing*

Track: *Methods, Modelling and Marketing Analytics*

1. Return on Experience – Establishing the need

Experiential Marketing's role in supporting brands' communication with their target audience through a multitude of exciting and engaging marketing communications tools has been established (Grewal *et al.*, 2009). Its ability to build effective memory structures leading to brand recall, purchase and brand-customer relationships has marked it as a way of creating authentic interactions with target markets that affords two-way communication and enables brand-consumer relationships to be cultivated. Experiential Marketing is defined as a customer-focused marketing approach that inherently incorporates identifiable brand-consumer interaction across the stages of consumption with a view to increasing emotional attachment as part of a relationship with the brand - while eliciting a measurable impact to both the consumer and the brand (Leahy *et al.*, 2022). Research on experiential marketing has predominantly focused on the core philosophy of the concept (Verhoef *et al.*, 2009; Schmitt, 1999; Pine and Gilmore, 1998; Holbrook and Hirschman, 1982) with some of the further interesting work including (Forhez and Evans, 2018; Haddad, 2016; Riordan, 2020; Schmitt & Zarantonello (2013); Batat, 2019; Smilansky, 2018). A notably underdeveloped area of research is the accountability for the actual or potential success of an experiential campaign as an integral element of marketing strategy. For firms to successfully measure the return on marketing, it is imperative that they treat the allocation of marketing expenditure as an investment (Hughes *et al.*, 2019). Thus, there is a need to calculate the return on that investment.

Traditionally, the return on marketing activities has been calculated through marketing return on investment (MROI), also commonly referred to as return on marketing investment formula (ROMI) (Kehrer, 2015). Specifically, experiential marketing has been noted for its costliness and the nebulosity of some of its outcomes (reference). In an attempt to quantify the return on experiential marketing, alternative methods to MROI have arisen, typically referred to as Return on Experience in marketing practice or Return on Engagement (ROE) in academic literature. The construct of ROE² (return on experience x engagement), conceptualised by Frawley (2014), has also been created to determine the return on experiential marketing. In comparison to MROI which calculates the short-term measurement of specific, individual campaigns, ROE² correlates a measurement of consumers' brand experience with the consumer's level of engagement (Frawley, 2015). Most recently, PricewaterhouseCoopers (PWC) published a new measurement for calculating return on experience, or as they refer to it; ROX. As stated in the PWC (2019: 12) report on the metric, "An ROX framework zeroes

in on customer touchpoints that need shoring up. It can also help identify the things your company does exceptionally well, and then make sure your IT systems, data infrastructure, business processes and performance metrics are aligned with those capabilities”.

The key deficit which is addressed in this research is that these measurement approaches (ROE, ROE² and ROX), measure the result of an experiential campaign in isolation of other marketing practices. In reality however, live brand experiences are rarely implemented as an isolated marketing tactic, but integrated with a multitude of marketing tactics using a broad array of channels (Ruchi *et al.*, 2017). Equally, according to Gill *et al.*, (2017), engagement initiatives have quintessential differences from traditional marketing methods and thus, these must be reflected in methods of evaluation. An approach which measures experiential marketing as part of a broader communications campaign is currently missing from the literature and it is in this context that this paper is positioned.

1. Methodology

The research method employed for this study is of a qualitative nature. In-depth interviews with marketing representatives from companies which adopt experiential marketing methods, form the basis of this study. The purpose of these interviews was to identify the methods used by companies to measure experiential marketing and to develop an approach to measurement that reflects the reality of an integrated communications approach. Twenty-two interviews were conducted, with industry practitioners who were responsible for the experiential campaigns of fifty brands (see Table 1). The outcome was assessed in a pilot study with a real-world marketing campaign.

2. Establishing the challenges in measuring experiential marketing

The findings of this research have identified that ROE, ROE², MROI and ROX are not considered the best approach to evaluating the return of an experiential marketing campaign, nor are they being used to any large extent. Bear in mind, this reflects the collective experience of substantial international brands. Essentially it was determined that these calculations do not account for all the relevant metrics that brands are measuring and therefore, do not offer a view of a communications campaign outcome in totality. In particular, the research identified issues including a lack of clarity as to how to measure the benefit of experiential marketing outside of consumer interaction and two-way communication. Some quotations from the empirical research to highlight this include:

Yes, as I say it is hard to put more money into experiential marketing when you can't prove what experiential marketing is doing for you. We are always being pushed by the business to ensure that we are getting the biggest return on investment on our marketing activity which is the right thing. (O' Donnell's, Senior Brand Manager)

That is so true [the difficulty of calculating the return on experience]....and because you are spending a big sum of money out of the marketing mix and you can't quantify any experiential campaign that you do, there is a question mark there. You have to ask what have we got back in return? (Barry's Tea, Brand Manager)

Despite these difficulties however, companies do have to use some measurement tools and through the empirical research it became apparent that some companies were more focused on measuring return on investment while others were more focused on measuring return on experience, with others using both approaches (see Table 1):

Table 1: Brands and the Measurement Tools Utilised

ROI	ROE	Combination
Carling	Ballymaloe Foods	Dingle Gin
Cadbury	Birds Eye	Lucozade
Coca Cola	Strong Roots	Fruit Shoot
Tayto	Breyers Ice Cream	Robinsons
Barry's Tea	Pepsi Max	Ribena
Flahavan's	Lipton	Mi Wadi
Dairygold	7up	Fire & Smoke Meats
Nestle Chocolate	Lyon's Tea	Propercorn
Sparkling Ice	Ben & Jerry's	Club Orange
Miller	Lynx	Orchard Thieves
Franciscan Well	Fulfil	Desperados
Rowntrees		Coors Light
Bakers		Murphy's
Purina		Heinz
Nestle Cereals		Heineken
Nescafe		Denny Meats
Fanta		
Deep RiverRock		
Schweppes		
Monster Energy		
O' Donnell's		
Skips		
Kellogg's		

A common theme that emerged however is the need for balance in the continuum between ROI and ROE:

There almost should be something in the middle that factors in both of these [ROI and ROE]. They are both important. You are trying to keep consumers interested in the brand, keep them

in our brand versus going to private label or something like that. That is the return. (Birds Eye, Marketing Manager).

This sentiment was reflected regularly throughout the primary research, and it is here that this paper makes its contribution with the presentation of the Return on Integrated Experience (ROIE) measurement formula as developed through a pilot study with a case company. ROIE was developed to evaluate the contribution of experiential marketing in the context of an overall marketing campaign, while taking into consideration all the fundamental campaign metrics that marketers are interested in. It reflects the nuances of deploying experiential marketing as part of an integrated marketing communications approach. The research results in a structured mechanism that has been tested with live data and objectives from an integrated campaign.

3. Return on Integrated Experience Formula

As with any measurement method, the objective that you are measuring against has to be clearly defined from the start. Taking into consideration the findings of the primary research which indicated the necessity for a measurement formula that evaluated experiential marketing in the context of an overall communications campaign, this ROIE formula has its starting point at the setting of the overall campaign objective, from which are derived Key Performance Indicators (KPI). There are a multitude of KPIs that brands might be interested in and the choice of KPIs is dependent on the company and their objectives. The worked example later in the paper illustrates what some of those KPIs might be. For the ROIE formula we propose that the list of campaign KPIs fall into three categories – functional, financial, and holistic. Each category of metric is classified as either giving a return or a reward. Functional metrics and financial metrics give a *return*, while the holistic metrics give a *reward* (see Table 2).

Both the functional and financial return components can be classified as experiential campaign outputs, are measurable and constitute an action on the brands behalf. The holistic reward, measures the outcome of the marketing activation through the measurement of brand health metrics. Essentially, the *functional* and *financial return* measure the short-term effect and the *holistic reward* measures the long-term success. For the experiential campaign to be deemed a success, the *reward* must exceed the value of the *return*. This lies in the premise that the *return* component is the direct output of the experiential campaign, however, the *reward* accounts for a longer-term effect where brands measure brand growth as a result of the campaign. Therefore, if the long-term effect outweighs the immediate effect, then the

campaign has been successful and has positively impacted the brand. Table 2 illustrates a worked example which is explained in the following steps.

4. Return on Integrated Experience: A Worked Example

The following section details a worked example as illustrated in Table 2.

Step 1: Metric Selection: The brand must select the relevant metrics for the campaign. For this to be achieved, the marketer must select five metrics for each of the KPI categories and establish a target for each one of them in order for campaign success to be accurately measured. The reason for five metrics being selected in each of the three categories is to ensure an element of focus.

Step 2: Capture metrics data: Upon campaign completion, the brand must return to the ROIE framework and record the attained metrics of the experiential activation.

Step 3: Apply Multiplier: Once the recording of these metrics has been completed and in order to make the metrics in each category comparable, this evaluation approach applies a multiplier effect to each category in the form of a point system. Without a multiplier, one cannot compare or contrast the metrics as they are presented in different forms. In essence, by utilising a multiplier, it affords brands the opportunity to successfully assess the experiential marketing activation in totality and clearly see its contribution towards the overall communications campaign.

Step 4: Assign points: As depicted in Table 3, there are specific points allocated upon successfully meeting the set metric targets. These points are divided according to the two key categories *return* and *reward*, each being assigned an equal weighting of 100 points. For the *return* segment, the two primary metrics are functional and financial reward. The functional reward is an essential component considering that ROIE was established with the core purpose of evaluating marketing campaigns that utilise an experiential component as a communications tool. In this case, there will always be a live action element and therefore, event metrics will always be relevant. The types of data that can be used include footfall, samples distributed and attendee satisfaction surveys. Following on from the experiential activation, digital marketing and public relations are essential to amplify the core campaign messaging and therefore, act as a central component and a critical metric to include and evaluate. Such metrics include impressions, click-through, press coverage, and mentions. The financial return has one category of metric contributing: ROI. It is essential to consider the investment into the campaign and the sales it is generating. Each of these four categories will

have an allocation of 25 points, 5 points per metric which will be awarded if the metrics target is met or exceeded.

Step 4: Understanding Reward: In the *reward* segment, there is one category; holistic reward with one component, brand health metrics. Such metrics will vary from industry to industry. This metric is measured over a longer period of time, traditionally as a continuous practice, as it will not have an immediate effect from a marketing campaign unlike its *return* counterpart. Although brands should consistently be monitoring brand health metrics, for the purpose of ROIE they must identify a time period to evaluate the success of the experiential contribution towards the overall marketing campaign. This section has an allocation of 100 points, 20 points per metric which will be awarded if the metrics target is met or exceeded. At this point, it is important to acknowledge the fact that holistic metrics are awarded 20 points each, while functional and financial metrics are awarded 5 points each upon successful completion. The rationale behind this lies in the premise that there are more metrics to be accounted for in the functional and financial metrics. Holistic return directly relates to brand health which accounts for the long-term brand effect, of which brands do not employ as many metrics as they would measuring the return from digital marketing, PR or event metrics. The primary research supports this approach.

Where this approach differs to other measurement tools, is that it is not measuring the campaign results, but rather the campaign effect on the brand. Therefore, once the campaign is completed, the actual metrics have been accounted for and the points applied to each metric, if the experiential component was successfully implemented and tied in correctly with the overall brand campaign, the value of the points allocated to the *reward* should exceed the value of the points allocated to the *return*. Resulting from this, the brand should generate increased return for the brand due to the enhanced brand health. However, if the value of the points allocated to the *return* exceed the value of the points allocated to the *reward*, then the experiential component of the campaign has not positively contributed to the success of the campaign or the development of brand health. This may be due to a flaw in the strategy plan, a poor allocation of budget or the campaign, a lack of campaign integration or the effect of the experiential activation being isolated to the action rather than contributing to the overall integrated campaign and as a result, brand health. Table 3 offers structure as to how to contextualise this numeric value through a traffic light system showing the margin of success or otherwise.

Table 2: ROIE: A Worked Example

ROIE Formulation																	
Campaign Objective: To build brand awareness and encourage brand in hand for our new NPD line; Coca Cola Cherry and Lime																	
Campaign KPI's																	
KPI 1: Functional KPI				KPI 2: Financial KPI				KPI 3: Holistic KPI									
Success implementation of a sampling initiative with online amplification.				Uplift in retail and category sales				Post 6-week uplift									
Functional Return					Financial Return					Holistic Reward							
		Target	Actual	Points			Target	Actual	Points			Target	Actual	Points			
		Metric	Metric	Allocated			Metric	Metric	Allocated			Metric	Metric	Allocated			
25 points	Digital Marketing Metrics	1: Social Reach	500,000	520,000	5	25 points	ROI	1: Retailer EPOS: SV (Period: 00/00/00-00/00/00)	8,000	6	0	100 points	Brand Health Metrics	1: Brand Saliency	65%	72%	20
		2: Competition Entries	500	420	0			2: Working/ Non-Working Spend	60/40	60/40	5			2: Brand Growth	4% increase	4.3% increase	20
		3: Digital Impressions	300,000	200,000	0			3: Projected Vs Real ROI	30%	32.10%	5			3: Brand Usership Status	5% increase	11% increase	20
		4: Website Traffic	400,000	410,000	5			4: Category Sale Uplift	4%	5.2%	5			4: Brand Recall	72%	57%	20
		5: Influencer Outreach Coverage	40 Influencers	26 Influencers	0			5: Market Share	3.2% increase	3% increase	0			5: ESOV	3% increase	2.6% increase	0
25 points	Event Metrics	1: Sales on the Day	€4,000	€5,430	5												
		Event Check-Ins	15,000	14,304	0												
		3: Footfall	2,000	3,250	5												
		4: Samples Distributed	2,000	2,000	5												
		5: Completed Attendee Satisfaction Surveys	500	350	0												
25 points	Public Relations	1: PR Mentions	40	45	5												
		2: Share of Voice	10%	5%	0												
		3: Publicity Reach	400,000	367,526	0												
		4: Publicity Engagement	350,000	351,748	5												
		5: Key Message Penetration	12	8	0												
100 points are allocated to the Return metrics										100 points are allocated to the Reward metrics							
35										15							
Total Return					50					Total Reward				80			

Table 3: ROIE Margins of Success

		Reward																			
		5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100
Return	5	0	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95
	10	-5	0	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90
	15	-10	-5	0	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85
	20	-15	-10	-5	0	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80
	25	-20	-15	-10	-5	0	5	10	15	20	25	30	35	40	45	50	55	60	65	70	75
	30	-25	-20	-15	-10	-5	0	5	10	15	20	25	30	35	40	45	50	55	60	65	70
	35	-30	-25	-20	-15	-10	-5	0	5	10	15	20	25	30	35	40	45	50	55	60	65
	40	-35	-30	-25	-20	-15	-10	-5	0	5	10	15	20	25	30	35	40	45	50	55	60
	45	-40	-35	-30	-25	-20	-15	-10	-5	0	5	10	15	20	25	30	35	40	45	50	55
	50	-45	-40	-35	-30	-25	-20	-15	-10	-5	0	5	10	15	20	25	30	35	40	45	50
	55	-50	-45	-40	-35	-30	-25	-20	-15	-10	-5	0	5	10	15	20	25	30	35	40	45
	60	-55	-50	-45	-40	-35	-30	-25	-20	-15	-10	-5	0	5	10	15	20	25	30	35	40
	65	-60	-55	-50	-45	-40	-35	-30	-25	-20	-15	-10	-5	0	5	10	15	20	25	30	35
	70	-65	-60	-55	-50	-45	-40	-35	-30	-25	-20	-15	-10	-5	0	5	10	15	20	25	30
	75	-70	-65	-60	-55	-50	-45	-40	-35	-30	-25	-20	-15	-10	-5	0	5	10	15	20	25
	80	-75	-70	-65	-60	-55	-50	-45	-40	-35	-30	-25	-20	-15	-10	-5	0	5	10	15	20
	85	-80	-75	-70	-65	-60	-55	-50	-45	-40	-35	-30	-25	-20	-15	-10	-5	0	5	10	15
	90	-85	-80	-75	-70	-65	-60	-55	-50	-45	-40	-35	-30	-25	-20	-15	-10	-5	0	5	10
	95	-90	-85	-80	-75	-70	-65	-60	-55	-50	-45	-40	-35	-30	-25	-20	-15	-10	-5	0	5
100	-95	-90	-85	-80	-75	-70	-65	-60	-55	-50	-45	-40	-35	-30	-25	-20	-15	-10	-5	0	

5. Conclusion: Application and Utilisation of the Return on Integrated Experience

In this paper we propose a new approach to the measurement of experiential marketing. ROIE offers an alternative method to evaluate the contribution of experiential marketing towards the overall marketing campaign, while taking into consideration all the fundamental campaign metrics. The key contribution of including a measurable assessment of reward – juxtaposed with return – provides a longer term, more stable evaluation of the impact of a campaign in an integrated context.

Through the development of this approach to evaluating the success of this marketing activity, academics and marketing practitioners alike are equipped with an approach that adequately evaluates all the key metrics of a campaign. Not only does ROIE offer a formula that is inclusive of key metrics, but it also affords marketing practitioners the opportunity to offer commercial relevance of experiential marketing by illustrating that the holistic reward enhances brand value overtime, therefore, generating profit. Its evaluative power is also quite strong given the graduated nature of the output which can offer a measured insight against a range of diagnoses that may be used to improve the overall position upon analysis.

References

Batat, W. (2019). *Experiential Marketing: Consumer Behaviour, Customer Experience and the 7Es*. Routledge.

- Forhez, M., Evans, M. (2018). *Reinventing the Customer Experience in the Era of the Connected Consumer*. Redwood Shores: CA: Oracle and Euromonitor International.
- Frawley, A. (2015). ROI is Dead. A New Metric is needed for Customer Relationships, Ad Age [online] <http://adage.com/article/digitalnext/brands-measure-experience-engagement/297426/> [14 June 2017].
- Frawley, A. (2014). *Igniting Customer Connections: Fire Up your Company's Growth by Multiplying Customer Experience X Engagement*. New York: John Wiley & Sons.
- Gill, M., Sridhar, S., Grewal, R. (2017). Return on Engagement Initiatives: A Study of a Business-to-Business Mobile App. *Journal of Marketing*, 81(July), 45–66.
- Grewal, D., Levy, M., Kumar, V. (2009). Customer Experience Management in Retailing: An Organizing Framework. *Journal of Retailing*, 85(1), 1–14.
- Haddad, M. (2016). *21st Century FMCG Consumer Marketing: Creating Customer Value by Putting Consumers at the Heart of FMCG Marketing Strategy*. Lulu Publishing Services.
- Holbrook, M.B., Hirschman, E.C. (1982). The Experiential Aspects of Consumption: Consumer Fantasies, Feelings and Fun. *Journal of Consumer Research*, 9(2), 132–140.
- Hughes, M., Hughes, P., Yan, J., Sousa, C.M. (2019). Marketing as an Investment in Shareholder Value. *British Journal of Management*, 30(4), 943–965
- Kehrer, D. (2015). *The Right Way to Calculate Marketing ROI*. Forbes. [online] available: <https://www.forbes.com/sites/forbesinsights/2015/07/29/the-right-way-to-calculate-marketing-roi/#39b36a7470d3> [12 December 2017]
- Leahy, R., Fenton, P., Barry, H. (2022), *Experiential Marketing: Integrated Theory & Strategic Application*, Sage, London – upcoming publication
- Pine, Joseph. B., Gilmore, J.H. (1998). Welcome to the Experience Economy. *Harvard Business Review*, 76(4), 97–105.
- PWC. (2019). *It's Time for a Consumer-Centred Metric: Introducing 'Return on Experience'* Global Consumer Insights Survey 2019. Price Water Cooper.
- Riordan, R. (2020). *Experiential Marketing Industry Report: Leveraging the Power of Immersive Experience to Create Deep Connections, Extend Reach and Generate Measureable ROI*. Bookmark.
- Ruchi, G., Ritu, C., Kumar, P., Tapan, Aarti, K. (2017). *Driving Customer Appeal Through the Use of Emotional Branding*. IGI Global.
- Schmitt, B.H. (1999). *Experiential Marketing*. New York: The Free Press.
- Schmitt, B.H., Zarantonello, L. (2013). Consumer Experience and Experiential Marketing: A Critical Review. In N.K. Malhotra (Eds.) *Review of Marketing Research*. (pp. 25-61). Emerald Group Publishing Limited.
- Smilansky, S. (2018). *Experiential Marketing: A Practical Guide to Interactive Brand Experiences*, (2ns Eds.) London: Kogan Page.
- Verhoef, P.C., Lemon, K.N., Parasuraman, A., Roggeveen, A., Tsiros, M., Schlesmger, L.A. (2009). Customer Experience Creation: Determinants, Dynamics and Management Strategies. *Journal of Retailing*, 85(1), 31–41