

## **The Relationship Between Event Marketing And Luxury Products: The Case Of Macedonian Small Enterprise**

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### **Abstract**

Event marketing is an integrated marketing communication tool that fosters brands' communication by creating an interactive environment, thus fostering customer's engagement. Its growth is assessed by many scholars as a means for overcoming the limitations of traditional marketing and enabling new ways of experiential consumption, providing easier and better results especially for small and medium sized enterprises. Luxury industry is another growing trend in the business world, steadily expanding not only the industry but the number of customers enjoying its pleasures. Luxury products are said to bring hedonistic fulfillment and satisfaction not only to the basic human needs, but also to psychological and functional needs. Therefore the company selected for analyzing their events marketing is providing luxury products, fireplace and it is categorized as a small sized enterprise.

By combining a literature review and empirical research, this study explores the underlying relationship between event marketing as a promotional tool on one side and luxury brands on the other at small and medium sized enterprises. The research methodology used a questionnaire for quantitative analysis, providing 60 respondents during an event of the specific fireplace company in June 2018. The results are providing valuable insights on the relationship between the event and the luxury brand. The finding indicated that there is positive relationship among the luxury brand aspects, equity and attitude and the indicators of the event or sensory, affective, behavioral and intellectual dimension. This is one of the rare articles about analyzing this relationship, providing a feedback for small and medium enterprises' promotional activities.

**Keywords:** *Event marketing; Luxury brands; Brand equity; Brand attitude; Brand experience Brand experience dimensions.*

## **Introduction**

The structure of the paper is as follows. It begins with short introduction regarding the main topics researched, marketing events and luxury goods, following with academic literature review encompassing different concepts relevant to this paper. The literature review holds various views on the main topics, placing marketing events and luxury brands as rising trends in the business world. Many scholars identify their significance and argue their utilization. Next is the methodology design of the research, explaining in detail the whole process on which the research is built. Further the analysis done presents the results for the relevance of links or the nature of relations of the brand aspects (equity and attitude) and events (dimensions of the brand experience). The findings structure information as to whether marketing events are the right tools for generating positive customer experiences and attitudes, thus adding value to the brand equity. Lastly, the conclusion is drawn based on the results from the research. This paper will contribute to event marketing and luxury brand literature as to the nature of the relationship among the researched topics.

## **Literature review**

### **Events marketing specifics**

Event marketing is the activity of communication or promoting brands, product or both, in a more interactive way that fosters customer's engagement. As a promotional tool, it is one of the fastest growing types of communication. The marketing landscape is changing, so events are not only communication and promotional tools, but also assist in building customer relationships (Crowther & Donlan, 2011). On the other hand, traditional marketing is becoming less effective these days due to its mainstream form and content. Experiential consumption is one of the reasons why customers are more attracted to more interpersonal and interactive way of trial of new products (Drengner et al, 2008). Accordingly, we can assume that it's characterized by high contact strength. Whereas, the basis of experiential marketing lies in forming enjoyable experiences. Wood (2009) suggests that the growth of the event is due to lack of compelling ways to reach the target market in the traditional marketing, customers' wishes for novelty and added value and the increased interest in forming emotional relationships with the brand.

Furthermore, research points out that event marketing has the greatest ROI, leaving behind other communication activities such as traditional advertising or PR (MPI Foundation, 2004).

Wohlfel and Whelan (2006) suggest that event marketing as a communication tool has 4 main innovation points:

1. experience –orientation meaning experiences are better consumed when they are lived as event attendee, but not so much when there is “second-hand” media transfer of the message.
2. Interactivity or the second one identifies the significance of interaction between participants, spectators and the brand and its representatives.
3. As brands are the sole creators of their events, we can assume that they have power and ability over the design of the event ergo the experiences created, and that’s the third point self-initiation.
4. The last one or dramaturgy shows why marketing campaigns should be creative, especially when it comes to events. The more unique way of conveying message to the target group, more outstanding experiences are created, more customer will recall the brand.

Drengner et al (2008) investigates that events have positive setting relating to experiential flow. What is additionally required is the active participation by the individuals. To achieve such flow, the event must possess interesting content to the target group. Because higher customer involvement leads to higher desires to explore fitting information (Wohlfel & Whelan, 2006). By social interactions among attendees, the communication will nourish positive word-of-mouth which will influence all aspects of the brand.

### **Luxury products specifics**

Although the luxury market dates back centuries, , is important to note its growth. Bain & Company (2017) analyze the growth of the luxury market in the following sectors: personal luxury goods, luxury cars, luxury hospitality, luxury cruises, designer furniture, fine food, fine wines and spirits, private jets and yachts, and fine art. In 2017 the luxury market grew by 5%, estimating €1.2 trillion worldwide (Bain & Company, 2017). Kim and Ko (2011) place the luxury market in the maturity stage. As for its expansion, both the industry and the number of customers has increased over the last decade.

Brands help customers to stand from the crowd, be someone special, feel privileged or creates fundamental experience, but also assist in the decision making and informational process. So, luxury products are example of how customers want to consume more than utilitarian value of the products, but strive for consumption of the hedonic value that will bring more pleasure and happiness in their lives (Wohlfel & Whelan, 2006). Hence, what differentiates non-luxury products from luxury products is the ability of the latter to satisfy psychological and functional needs (Vigneron, 2004).

Yim et al (2014) acknowledges the importance of interpersonal influence in luxury consumption context. What motivates customers towards buying luxury goods is others' people evaluation of themselves. Customers who engage in such consumptions often want to express superiority over others. To affirm this prestige social status, customers tend to favor luxury brands which in their core offer high quality and price, uniqueness, with the emphasis on rarity (Yim et al, 2014).

Emotion is a mental state, where a person forms a feeling towards something, and specific actions may follow. Hedonic emotions arise towards a brand when quality of the brand is perceived to be high, like in the luxury context (Ding, 2015). Kim et al (2016) places emotions at the heart of luxury brands because they represent customer respond towards the encountered hedonic product. Nevertheless, the degree of emotions and its effect on customer respond may vary depending whether positive or negative emotions take place inside customer minds. Since this paper is examining luxury goods, VIP emotions such as feeling privileged and important are the ones that differentiate the luxury brand and its product from the mass. Kim et al (2016) highlights their importance and how they can add positive attitude towards the brand.

Solomon's (2006) experiential hierarchy of effect suggests that the decision-making process is guided by what customers feel, or in other words, their emotions. These emotions can be influenced by different product attributes and the brand name, or marketers' efforts of communicating the value or marketing campaigns. The evaluation of a product can be done on 2 levels. The cognitive evaluation is primarily based on beliefs a customer holds towards the product. This evaluation is also called by many a rational because the emotions don't play any role or influence in the process forming an attitude. However, the affective evaluation is mostly based on customers' emotions, and hedonic attitude is formed. Hence emotions are as important as experiences because based on their evaluation customers change their purchase behavior.

### **Measuring Event marketing effects for luxury brands**

Measurement of the event marketing can be done on a different basis. Based on prior theory and research, sales and market share shouldn't be solely measured because of the nature of the event as a promotional tool itself. Although there is no one single measurement for the effectiveness of an event, measures like brand equity, attitude and experience can be implemented.

Brand equity is the value of the brand, generated over time and it encompasses all the attributes recognized by it. Today's literature provides many definitions, such as Aaker's (1996) set of assets that are

linked to a brand, that add or subtract value and his categorization of the brand assets that consist the brand equity: brand awareness, perceived quality, brand associations and brand loyalty. Brand awareness is closely related to the brand recall or consumers' identification of the brand. Brand recognition and recall as a part of the brand awareness, help in placing certain products/services in the brand context (Keller, 1993). Perceived quality is the perception of the quality of the brand and its products. Brand associations are characteristics of the brand that remind customers of it. Whereas brand loyalty is the customer's tendency to continuously buy products from one favorable brand.

Brand attitude is the opinion or what a customer thinks or feels about a certain brand. It can be positive or negative evaluation, or in other words customers will either like or dislike the brand. Various research done on this topic also shows the relevance of the links between brand attitude and equity and purchase decision. Martensen et al. (2007) argues that if an event generates more appreciative attitudes they will shape customer purchase intentions. On top of that, attitude is known to add value to the brand equity. In sum, brands should focus on attracting positive attitudes in order to gain brand value to the brand equity.

Brand experience is newer concept, and Schmitt et al (2013) refers to it as the internal customer behavioral responses stimulated by various brand-related actions. These brand-related elements are bunch of features like design of the product, it's shape and color, it's packaging, logos or slogans, and all of them have a certain degree of influence over the choice of the customer. With the help of sensory, affective, intellectual and behavioral dimensions' marketers can accumulate valuable insights regarding all aspects of customer's experience. These dimensions relate to customers' senses. The sensory dimension explores customers' senses. The affective dimension is connected with customer's mood, emotion and sentiment. The intellectual dimension makes the customers to think twice before making a final decision, or it creates divergent and convergent thinking. The behavioral dimension motivates certain behaviors, with a prior focus on tangibles, lifestyles or interactions (Ding, 2015). These dimensions' weight towards the created experiential value, motivate and maintain customer relationships with the brand. Brand experience also adds value to the brand equity, and Tafesse (2016) refers to it as new frontier for building brand equity.

### **Hypothesis development**

The present part of the paper will integrate these areas of interest by formulating hypotheses regarding the specific context of alliances between event marketing and luxury brands. In particular, the focus will be on investigating how brand experience dimensions used as values for the event are connected to the

luxury products indicated through the brand equity and brand attitude. Therefore, the following hypothesis is proposed:

H1: Brand experience is positively connected to brand equity.

As there are four dimensions comprising the brand experience, we can also form hypothesis as follows:

H1a: Sensory dimension is positively connected to brand equity.

H1b: Affective dimension is positively connected to brand equity.

H1c: Behavioral dimension is positively connected to brand equity.

H1d: Intellectual dimension is positively connected to brand equity.

Following, the next hypothesis:

H2: Brand experience is positively connected to brand attitude.

Again, with the four dimensions consisting the brand experience, we can hypothesize:

H2a: Sensory dimension is positively connected to brand attitude.

H2b: Affective dimension is positively connected to brand attitude.

H2c: Behavioral dimension is positively connected to brand attitude.

H2d: Intellectual dimension is positively connected to brand attitude.

## **Research Methodology**

This part introduces the research methodology on which the research is built. Firstly, the research design explains the plan used to collect and analyze data. Second, questionnaire details and the means for data collection are noted. Lastly, sample and event details are assessed.

Exploratory research is based on discovering new insights about the topics in question, thus this research begun with it. What follows is the descriptive research, which provided useful information about the population characteristics. Since descriptive research relies on measurement tools, to examine the effects of event marketing on specific luxury brands, the use of a questionnaire on the day of the event is regarded the best primary data collection method. The quantitative data gathered with the questionnaires enabled examination of the event attendees' responses, regarding measures like brand equity, brand attitude and brand experience. The analysis done showed the direction and strength of the relationships among the variables, thus the research design is assessed as correlation research.

The questionnaire was designed to answer how the effects of event marketing is influencing the fireplace brand, seen as a luxury brand. Each measure (brand equity, brand experience, brand attitude) was

examined through set of relevant questions. The questionnaire was available to all event attendees. It consisted of three parts, each relating one of the three items measured, and the final part included demographic questions. All questions, with the exception of the demographic part, were based on 5-point Likert scale, where value of “1” indicated “Strongly Agree”, whereas value of “5” indicated “Strongly Disagree”.

Data collection was done on the day of the event. Each event attendee was asked if they want to participate in this research by answering the questionnaire. To motivate high participations rates, event attendees were offered discount coupons introduced by the company Timst.

The sample of the present research consist of approximately 100 people who attended the event, and 60 respondents who answered the questionnaire.

The event had a promotional character, since the company Timst launched a new product line. There was short presentation of the new product’s benefits, enabling formation of vivid images of the products, thus resulting in rich event memories. This further motivated them to express their attitudes and opinions towards the new products. Several musicians and dancers took part in entertaining the audience. Wine tasting enriched the agenda, serving the customers variety of wine types. While at the cigar corner, the customers could choose their favorite cigars.

## **Data Analysis and Results**

This part reports the analysis of the data gathered through the questionnaire and the results obtained with the testing of the hypotheses. Steps and methods used for analyzing the data is explained in detail.

The means report values around 1, meaning that respondents have positive setting about the brand equity, brand attitude and brand experience. Brand equity’s mean is 1.21, indicating that respondents recognized positive brand value during the event. Brand attitude’s mean is 1.39, suggesting that respondents’ attitude towards the brand are favorable. Positive brand attitude strengthens the odds of positive future evaluations and increases the chances of positive purchase behavior. Brand experience’s mean is 1.45, confirming the positive internal customer behavioral responses stimulated by the event.

For verification of internal consistency and reliability of the scale measurements, Cronbach’s alpha is analyzed. Since this study used multiple Likert-type scales, through this analysis we can assess the internal consistency or the reliability of the scales. A general accepted notion is that a value of 0.7 or above is considered to be satisfactory. Although brand equity coefficient is 0.63 which is slightly lower than 7 this is not a problem, since according to Nunnaly (1978) a value of above 0.6 is still acceptable to present reliability. Brand attitude Cronbach’s alpha coefficient is 0.75, reporting higher than the required 0.7 value in order to be satisfactory. The highest Cronbach’s alpha has brand experience with a value of 0.88.

The scores obtained through the questions on each dimension of the brand experience had been aggregated together. The sensory dimensions scored 0.79, the affective dimension scored 0.70, the behavioral dimension scored 0.715, and the last dimension, intellectual, secured a value of 0.814, meaning all values satisfied the Cronbach's analysis requirements for reliability of the scale measurements.

In general, the questionnaire satisfies the requirement of internal consistency and is considered to a reliable tool to measure all constructs consistently.

Correlation analysis measures the strength and direction of the relationship between two variables (Pallant, 2013). Positive correlation infers that as one variable increases, so does the other, while with negative correlation, as one variable increases, the other one decreases. The Pearson correlation coefficient ( $r$ ), designed for interval level variables, takes values between -1 and +1. The sign indicates whether there is a positive or a negative relationship. According to Cohen (1988), a correlation coefficient value that ranges from 0.10 to 0.29 is considered weak, from 0.30 to 0.49 is considered medium, while above 0.5 is considered strong.

From the obtained results, we can agree that all variables have a positive sign, and thus the direction of the relationships is positive. Also, when assessing the significance level, we can conclude that all variables report values smaller than 0.05, meaning they are significant.

When assessing the direction and the strength of the relationship between sensory dimension and brand equity, we can observe a positive relationship with medium strength. Also, sensory dimension is correlated with brand attitude, resulting in positive relationship but the strength is strong, since is above 0.50. In both cases we obtain statistically significant correlations between the variables.

The direction of the relationship between the affective dimension on one side and brand equity and brand attitude on the other, is positive, whereas the strength ( $r=0.301$ ) and ( $r=0.459$ ) is medium, ensuring statistically significant correlations.

Reporting another positive direction of the relationship between behavioral dimension and the two brand aspects, equity and attitude. The strength with the equity variable is in the borderlines of medium, but with attitude variable is strong ( $r=0.704$ ) pointing to one of the highest values. The correlations with the behavioral dimension are statistically significant.

Another positive relationship evolves among the brand aspects equity and attitude and the last brand experience dimension – intellectual. From the values of  $r=0.532$  for equity and  $r=0.671$  for attitude we can conclude that the formed relationship with the intellectual dimension is strong, and the both values for defining the significance lever are below 0.05, thus the correlations are also statistically significant.



**Table 1: Correlation analysis**

Brand ex. Dimensions		Brand Equity	Brand Attitude
Sensory	<b>Pearson Correlation</b>	.416	.670
	<b>Significance</b>	.001	.000
Affective	<b>Pearson Correlation</b>	.301	.457
	<b>Significance</b>	.019	.000
Behavioral	<b>Pearson Correlation</b>	.479	.704
	<b>Significance</b>	.000	.000
Intellectual	<b>Pearson Correlation</b>	.532	.671
	<b>Significance</b>	.000	.000

*Source: developed by the authors*

## Discussion

Based on the literature review, it was expected that event marketing as a promotional and communication tool will have positive effect on the brand equity, brand attitude and brand experience as integral parts of the luxury brands. The gathered data through 60 questionnaires confirmed that events marketing can bring positive setting, in luxury brands context. The data from the dimensions of the brand experience served as indicator (value) for the event. The sample characteristics report almost equal gender presence, with 53% males and 47% females. The most present age groups were individuals between 18-25 years, 26-35 years and 46-55 years, with highest education as Bachelor or Master. Also, most of the respondents had income between 25.000-35.999 denars monthly for the younger population or above 66.000 denars for the older age group.

From the descriptive analysis we can confirm that event marketing as a mean for promoting luxury brands positively influences brand equity ( $m = 1.21$ ). Further, event marketing as a promotional and communication tool has a beneficial effect on brand attitude ( $m = 1.39$ ). With respect to brand experience ( $m = 1.45$ ), we can conclude that event marketing is effective and useful tool to promote luxury brands.

The Cronbach's Alpha analysis was used to determine the internal consistency and reliability of the scale measurements. The results derived from this analysis showed that the questionnaire reached acceptable reliability. All items that were analyzed reported values higher than 0.7, which is the general accepted notion as satisfactory. Exception was brand equity with a value of 0.63, which in opinion of Nunnally (1978) it shouldn't be seen as a problem and it's still acceptable.

The correlation analysis demonstrated positive direction of the relationships among the brand aspects, brand equity, attitude and experience. Moreover, the positive direction was again noted between the brand

experience dimensions. Whereas the strength of the relationships was in some cases medium and in some strong. All correlations were statistically significant. The first main hypothesis indicated that brand experience as an indicator for the event is positively connected to brand equity as a part of the luxury brands, which was in line with the findings from Tafesse (2016) and Schmitt et al (2013). Consequently, the next four sub-hypotheses are also supported, therefore it can be concluded that the brand experience dimensions also act as frontiers for building brand equity. With the second main hypothesis we derived to a conclusion that the brand experience also is positively related to brand attitude. That is, the dimensions of the brand experience have been found to be significantly positively related to brand attitude, as noted in the finding from (Martensen et al, 2007). To conclude, the findings are in line with the previous research, thus the analysis support all hypotheses.

## **Conclusion**

The upcoming part of the paper has the purpose to present conclusions to this investigation.

Having reviewed the literature on event marketing, it can be concluded that as a fastest growing type of communication and promotional tool events enable an interactive way of trial of new products. The high contact strength often encourages high audience involvement, thus facilitating emotional experiences. Events can serve as a basis for reaching the target group in a more unique and interpersonal way. Customers of the luxury brands on the other hand, strive for more than the utilitarian value of the product, that is, the hedonic value that will satisfy their needs for superior pleasures. Indeed, greater attention is required when reaching the customers of the luxury segment. As many scholars put the emotions in the heart of the luxury products, it is safe to conclude and therefore to answer the problem statement that the most suitable way of reaching luxury target group is through event marketing since it appeals to customer senses and emotions. From the obtained results, we can observe the positive relations between brand aspects - equity and attitude on one side and the brand experience dimensions on the other. As the dimensions carried out the role of event indicators, the supported hypotheses show the positive connection between the event and the brand aspects representing the luxury segment. Brand equity was explained as value of the brand that consist of brand assets such as brand awareness, perceived quality, brand associations and brand loyalty. Thus, positive relation with the event increases the awareness of the brand, raises the perception of the product quality, expands the knowledge of the product features or associations and strengthens the relationship among the customers and the brand assessed through the brand loyalty. Brand attitude on the other hand was argued as a process of attitude formulation towards the brand, hence the affirmative relation with the event enables the development of positive attitudes which will later affect the purchase behavior.

Therefore, this paper can act as a starting point for future researchers in the field of event marketing and luxury products.

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