

# Customer Satisfaction and Loyalty in an Online Shop: An Experiential Marketing Perspective

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## Abstract

The rapid development of the Internet has facilitated the proliferation of online stores. How businesses can seize this enormous business opportunity and survive intense competition is an important issue. Based on strategic experiential modules (SEMs), including sense, feel, think, act, and relate, this study attempted to explore the type of experience preferred by consumers of lativ, a well-known low-cost apparel brand in Taiwan, and further examine the relationship between customer satisfaction and loyalty. Results showed that perceptions of experiential marketing differed significantly on some demographic variable; experiential marketing was positively related to customer satisfaction and customer loyalty; customer satisfaction and customer loyalty were positively related; and experiential marketing was a significant predictor of customer satisfaction and customer loyalty. The empirical results about experiential marketing were obtained from the online apparel retail industry.

**Keywords:** strategic experiential modules, experiential marketing, customer satisfaction, customer loyalty

## 1. Introduction

With the rapid development of online stores, the competition from brick-and-mortar stores has also escalated, putting much pressure on the online retail industry. The rise of the Internet offers consumers an alternative shopping channel, through which they can obtain sufficient information, have a plenty of similar items to choose from, visit many virtual stores in a snapshot, place orders and make payments easily, and buy whatever they ever need at home. Online shopping caters to the busy lifestyle of modern people, and its prevalence manifests the rise of the stay-at-home economy. In nowadays, one will be greeted by countless ad banners of online apparel brands when accessing a portal site. In e-commerce, apparel is a category characterized by a lower entry barrier but a higher profit rate. The inventory and retail procedures for this product category are also easier compared to other product categories. As a result, many businesses open an online apparel store as their first step of entering the e-commerce market.

This study focused on lativ and obtained data from consumers who had purchased any item from the online store of lativ. Based on the five strategic experiential modules (SEMs) proposed by Schmitt (1999), this study attempted to explore the type of experience that is most favored by consumers of lativ and examine the relationship between customer satisfaction and customer loyalty. The results could be a reference for online apparel retailers not limited to lativ.

### 1.1 Introduction to Lativ

Apparel is one of the best-selling categories in e-commerce. In recent years, lativ, a new brand of low-cost apparel sold primarily on the Internet, has gained much popularity in the market. "Lativ" is an abbreviation of "Life should be attractive in various way". It is a Taiwanese brand of low-cost apparel established in 2007. Its founder, Chang Wei-chiang, created the first original online apparel brand in Taiwan without prior experience in related businesses. This brand is known for its low-cost but high-quality leisure wear and has an annual revenue reaching NT\$4 billion. Chang has convinced all of us with a miracle he created in the apparel industry. Its products cover women's wear, men's wear, and children's wear, and are sold through a business-to-customer (B2C) online store. The goal of lativ is to provide high-quality wear at affordable prices. With the promotion of keyword advertising and successful online marketing strategies, lativ became popular in a short time and also

delivered a skyrocketing sales performance. Lativ is positioned as a brand of low-cost apparel, so its wear products are designed to be simple and non-flasy while offering comfort and functions. Lativ uses certain basic elements to highlight personal characteristics of its consumers. Its high popularity in the online apparel retail market is mainly attributed to the effective marketing strategies used. Many scholars have noticed the success of lativ and attempted to explore factors contributing to its success from various perspectives. However, none of them has addressed this issue from the experiential marketing perspective. This study is driven to fill this gap.

### *1.2 Experiential Marketing*

The brand marketing guru, Professor Bernd Schmitt, was the first to introduce the concept of experiential marketing. Viewing experiential marketing as an extension of traditional marketing, he integrated various methods, concepts, and media used in products and marketing campaigns that involve or appeal to consumer experiences to propose the concept of experiential marketing. He stressed that the ultimate goal of experiential marketing is to create holistic experiences for customers and defined experiential marketing as a process or technique of promoting a product and increasing its value by offering customers an opportunity to observe or participate in events or activities where they may be motivated to buy or agree with the concept behind the product. Experiential marketing is to create a unique experience for customers and induce their purchase intentions by getting them to sense, feel, think, act, and relate. The focus of experiential marketing is on customers. In *Experiential Marketing*, Schmitt (1999) integrated the concept of traditional marketing into his view of experiential marketing and proposed a framework of experiential marketing that can be used for customer experience management based on theories about individual consumer psychology and social behavior. The conceptual framework of experiential marketing consists of two elements: Strategic Experiential Modules (SEMs) and Experience Providers (ExPros). The purpose of SEMs is to create effective forms of experiences for customers, allowing them to have a unique encounter with the product, facility or service that is being promoted. SEMs refers to five forms of experiences, including sense, feel, think, act, and relate. ExPros are strategic tools of marketing. They include communications, product presence, co-branding, spatial environments, websites, and people. These strategic tools are helpful for businesses to create a pleasant experience for customers, increase product values, and enhance customer satisfaction and loyalty. According to Schmitt (1999), we define experiential marketing as “a process of creating an experiential context where consumers are allowed to sense, feel, think, act, and relate to the product promoted and have a pleasant memory about this experience, resulting in increased product awareness and product value”.

### *1.3 Customer Satisfaction*

Fornell (1992) stated that customer satisfaction is an accumulated and experience-based attitude. Customer satisfaction is a feeling that can be directly evaluated. It is the result of customers' comparison between the expected and actual performance of a product or service. Known as the Father of Modern Marketing, Kotler (1996) pointed out that customer satisfaction is a function of the difference between the perceived performance and expectation. Therefore, customer satisfaction is the level of delight or disappointment deriving from the comparison between perceptions of the characteristics or performances of a product and personal anticipations. Kotler (1999) also suggested that the level pleasure with a product is a result of comparison between perceived performances and individual expectations. Pine and Gilmore (1998) mentioned in *The Experience Economy* that customer satisfaction is evaluated based on customers' experience with the product and depends largely on customer's evaluation of individual experiences with the product relative to expectations of its quality. Oliver (1999) argued that customer satisfaction is the degree to which customers' expectations of a product or service are fulfilled and can reflect the consistency between the anticipated and actual performances of the product or service. According to Schmitt (1999), higher customer value leads to higher customer satisfaction. Wei (2002) provided a simple approach to increasing customer satisfaction. It is to identify the needs of customers and satisfy them. In other words, it is to understand customers' expectations of a company, product or its employees, manage to meet the expectations earlier than competitors, and improve weaknesses through constant evaluations from customers' perspective to win customers' trust and lifetime loyalty. Assaf et al. (2011) mentioned that understanding how to satisfy customers is critical to transformation of available information into effective marketing strategies and future development of the organization. Higher customer satisfaction can result in a higher organizational revenue. To sum up, despite the variety of definitions of customer satisfaction, scholars generally agreed that customer satisfaction is related to the difference between anticipated and actual performances, and customer satisfaction is crucial to corporate profits. In this study, we define customer satisfaction as “the result of consumer evaluation based on pre-purchase expectations and post-purchase experiences”.

### 1.4 Customer Loyalty

“Loyalty” is an old idea in business and marketing dating back to at least the 1940s. Brown (1952) was the first scholar who empirically studied loyalty in customer. Focusing more on customer behavior, Brown (1952) associated customer loyalty with the repeat purchase behavior of customers. According to Dick and Basu (1994), customer loyalty plays a pivotal role in creating profits, and it can be viewed as the strength of the relationship between an individual’s relative attitude and their repeat patronage. Jones and Sasser (1995) identified two types of customer loyalty: long-term loyalty and short-term loyalty. Long-term loyalty is true loyalty, with which customers are not easily influenced by external factors to change their view about a product or service. Short-term loyalty, as literally suggests, may easily vanish when customers find or are given a better choice. Frederick (1996) argued that creating customer value is the fundamental approach to corporate success. This is because increased customer value leads to higher loyalty, and loyalty in turn can lead to higher growth, profits, and customer value. According to Oliver (1997), loyalty is “a deeply held commitment to buy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior”. Chen (2008) mentioned that loyalty exists when customers feel satisfied with a product and have intentions to repurchase and spread positive word-of-mouth about the product. Lin (2011) viewed customer loyalty as a commitment to use, repurchase, cross-purchase or recommend products or services of a particular brand. Based on the above definitions, we define customer loyalty as the “degree to which consumers feel satisfied with a website, product or service and show their support for it in attitudinal, behavioral, and the general aspects”. Based on measurements used by previous research, we will measure customer loyalty in three aspects, including the attitudinal, behavioral, and the general aspect.

In this study, we used an online apparel store as an example to examine (1) differences in perception of experiential marketing, customer satisfaction, and customer satisfaction across demographic variables, (2) the relationship among experiential marketing, customer satisfaction, and customer loyalty, and (3) applicability of experiential marketing in the online retailing industry.

## 2. Method

In this study, we attempt to investigate customer satisfaction and customer loyalty in the online store of lativ using the five SEMs proposed by Schmitt (1999). The research framework is illustrated in Figure 1.

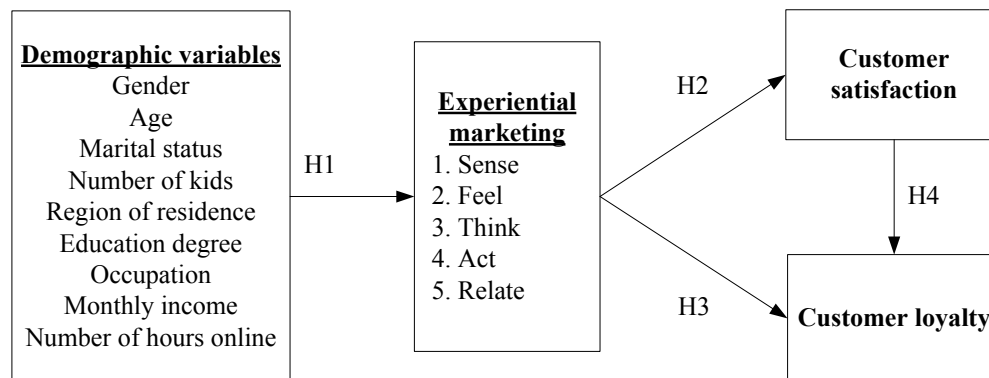


Figure 1. Research framework

### 2.1 Operational Definitions of Variables

The research framework consists of four dimensions, namely demographic variables, experiential marketing, customer satisfaction, and customer loyalty. The operational definitions of variables in each dimension are explained as follows:

- (1) Demographic variables: As listed in Figure 1, these variables are the various basic variables of consumers.
- (2) Experiential marketing: According to Schmitt (1999), experiential marketing is to promote a product using sense, feel, think, act, and relate modules in a way that can create a pleasant memory in consumers and further lead to higher product awareness and value. The five variables of experiential marketing are respectively defined in Table 1.

(3) Customer satisfaction: Oliver (1999) stated that customer satisfaction is the degree to which customer expectations of a product or service are fulfilled and is a reflection of the congruence between expectations and performances. For our research context, we define customer satisfaction as “the result of evaluation based on pre-purchase expectations and post-purchase experiences with lativ products” (Fornell, 1992; Oliver, 1999; Cheng, 2000; Kotler, 2003; Sung, 2008; Lin, 2009; Lin, 2011).

(4) Customer loyalty: Bowen and Chen (2001) defined customer loyalty as loyalty in attitude and behavior toward a product, and suggested that loyalty can be more accurately predicted using a composite approach that integrates the attitudinal approach and the behavioral approach. In this study, we define customer loyalty as “the degree of support that consumers show for lativ in the attitudinal, behavioral, and the general aspects based on their experiences with the website, product, and services of lativ” (Oliver, 1997; Bowen and Chen, 2001; Shih, 2008; Teng, 2009; Lin, 2011).

Table 1. The operational definitions of the five SEMs

Variable	Operational definition	References
Sense	Allow consumers to obtain pleasure and a sense of satisfaction from their sensory experiences with the website, products, and services of lativ.	
Feel	Induce the moods and emotions of consumers to further affect their affection toward lativ.	Schmitt (1999), Oliver (1997), Chu and Lee (2007), Lin (2008), Shih (2008)
Think	Inspire consumers to have creative thinking and reevaluate the website, products, and services of lativ.	
Act	Create consumer behavior, lifestyle, and interactions with others.	
Relate	Create connections between consumers and other users of the brand to build their preferences for the brand.	

## 2.2 Hypotheses

In a research of the effect of experiential marketing on online communities of a bookstore, Wang (2005) found that consumer perception of experiential marketing differed on some demographic variables. Yeh (2006) investigated the relationship among experiential marketing, experiential value, customer satisfaction, and customer loyalty among users of Taipei City Beitou Sports Center. Her finding indicated that perception of experiential marketing, experiential value, overall customer satisfaction, and overall customer loyalty all differed significantly by income level and education degree. Lin (2008) investigated the effect of experiential marketing in hybrid bookstores and found significant differences between age groups. Lin (2011) explored the relationship among experiential marketing, customer satisfaction, and customer loyalty among consumers of protective sports gear in Taipei. The evidence showed differences in perception of experiential marketing across consumer characteristics. Cheng (2012) investigated the same relationship among consumers of Häagen-Dazs, an international brand of ice cream. Significant differences in all dimensions were found between different groups on demographic variables. Based on the above literature, we propose the following hypotheses:

### ***H1: Perception of experiential marketing differs significantly by demographic variables.***

Mano and Oliver (1993) found a positive relationship between experiential marketing and satisfaction. Jarrett et al. (1996) mentioned in a report on a British hospital hotel that improving the style and comfort of sick rooms in the hospital hotel could change patients' stereotypical impression about hospitals and increase the length of stay of non-critically ill patients in the hospital hotel. In other words, good experiences could lead to higher customer satisfaction. Schmitt (1999) pointed out that the goal of experiential marketing is to enhance customer satisfaction. Liao (2009) confirmed the positive relation between experiential elements and satisfaction in a study of experiential marketing on the satisfaction and loyalty of spectators of baseball games. Wei and Hung (2010) examined the relations of experiential marketing to customer satisfaction and customer loyalty with product involvement as the mediator and the moderator. Their empirical finding showed that experiential marketing is positively related to customer satisfaction. Liu (2012) explored the effect of experiential marketing of Smartphones on customer satisfaction with personality traits as moderators. Her finding revealed sense, feel, relate, and act all have a positive effect on customer satisfaction. Based on the above literature, we propose the

following hypotheses:

***H2: Experiential marketing has a positive relation with customer satisfaction.***

Schmitt (1999) mentioned that creating a pleasant experience for customers is key to customer loyalty, and customers who agree on the experiential marketing that they have experienced are more likely to exhibit higher loyalty. Chen and Lee (2009) conducted a survey on the effects of SEMs on loyalty of blog users. Their finding showed increased effort in sense, feel, and think marketing could lead to higher loyalty of blog users. Chou et al. (2010) explored the effect of experiential marketing on customer loyalty in the direct selling industry. They found that experiential marketing could increase customer loyalty through customer value and satisfaction, and customer value could also influence customer loyalty through customer satisfaction. Lai (2012) reported a similar finding in a study of experiential marketing and loyalty among family members of pediatric patients. Wang (2013) examined the effect of experiential marketing activities to brand image and customer loyalty using the large musical events held by Heineken as an example. His finding showed the experiential marketing activities organized by Heineken contributed significantly to loyalty of their customers. Based on the above literature, we propose the following hypotheses:

***H3: Experiential marketing has a positive relation with customer loyalty.***

Fornell (1992) stated that customer satisfaction leads to increased loyalty, whereas customer dissatisfaction leads to decreased loyalty and more compliant. Hence, customer satisfaction is a correlate of customer complaint and customer loyalty. Anderson and Sullivan (1993) showed that customer satisfaction has a positive effect on consumers' repurchase behavior, which has been recognized as a manifestation of loyalty. In other words, customer satisfaction is positively related to customer loyalty. Anderson et al. (1994) explored antecedent and outcome variables of customer satisfaction. Their finding revealed that customer satisfaction has a positive relation with repurchase behavior. Because repurchase behavior is a manifestation of loyalty, it can be inferred that customer satisfaction is positively related to customer loyalty. According to Fornell et al. (1996), customer satisfaction leads to customer loyalty. Consumers develop an attitude after using a product or service. If they feel satisfied with the product or service, their propensity to repurchase it will become higher. In the long-run, they will develop an attitudinal loyalty to the product or service. It has been empirically confirmed using the European Customer Satisfaction Index (ECSI) model that customer satisfaction has a direct relation with customer loyalty, and so do corporate image and the perceived quality of staff (Gronholdt et al., 2000). Tsai (2010) explored the effect of experiential marketing and experiential value on customer satisfaction and customer loyalty among Taiwanese restaurants. His finding showed a positive relation between customer satisfaction and customer loyalty. Lee (2012) obtained the same finding from a research of the effect of brand image and experiential marketing on customer satisfaction and customer loyalty among Taiwanese tea merchants. Tsai and Yeh (2012) surveyed the effect of experiential marketing and qualia of digital cameras on brand image, customer satisfaction, and customer loyalty. They confirmed that customer satisfaction and customer loyalty are significantly and positively related. Based on the above literature, we propose the following hypothesis:

***H4: Customer satisfaction has a positive relation with customer loyalty.***

### **3. Data Analysis**

In this study, we developed a questionnaire according to the experiential marketing scales developed by Schmitt (1999) and Wang (2005). The research subjects were consumers who had an experience of buying goods from lativ. 325 consumers participated in the survey and produced 314 valid responses.

#### *3.1 Analysis of Demographic Variables and Consumption Experiences*

According to the descriptive statistics of the sample, the sample comprised mainly female respondents. Most of the respondents were aged between 20~39, married, and living in northern cities of Taiwan. In terms of education, the college group was significantly larger than other groups. Their occupations were evenly distributed across all industries. In terms of the average monthly income, those who earned NT\$30,000-50,000 a month constituted the majority. Most respondents reported to spend 1-3 hours on the Internet each day.

As shown in Table 2, most respondents first learned about lativ from online advertisements and had been with lativ for 1-2 years. Besides, most respondent had one or none purchase from lativ website over the last three months, with an average length of stay in the website between 30 minutes-1 hour and an average expense in each purchase between NT\$1,001-2,000. Women's wear products were the primary items they purchased, and among which tops constituted the majority. 7-11 pay-on-collection was the primary choice of payment method among the respondents.

Table 2. Analysis of consumption experiences

Item	Option	Sample size	Percentage (%)
How did you first learn about lativ?	Internet advertisements	202	64.3
	Recommendations by relatives and friends	96	30.6
	Posters in MRT trains or buses	2	0.6
	Newspapers / magazines	3	1
	TV advertisements	4	1.3
	Endorsers	4	1.3
	Micro films	2	0.6
	Others	1	0.3
How long have you been with the lativ website?	6 months or shorter	51	16.2
	6 months – 1 year	81	25.8
	1–2 years	100	31.8
	2–3 years	53	16.9
	3–4 years	16	5.1
	Longer than 4 years	13	4.1
How many purchases have you made on the lativ website over the last three months?	1 or none	138	43.9
	2-3 purchases	122	38.9
	4-5 purchases	35	11.1
	6-7 purchases	7	2.2
	8 or more purchases	12	3.8
What is the average length of your stay on the lativ website?	No more than 30 minutes	121	38.5
	30 minutes–1 hour	149	47.5
	1-2 hours	35	11.1
	More than 2 hours	9	2.9
How much do you spend on average in each purchase from the lativ website?	NT\$1,000 or less	109	34.7
	NT\$1,001-2,000	163	51.9
	NT\$2,001-3,000	32	10.2
	NT\$3,001-4,000	7	2.2
	NT\$4,001 ~ 5,000	0	0
	NT\$5,001 or more	3	1
What is the main category of items you purchase on the lativ website? (multiple choices)	Men's wear	135	43
	Women's wear	245	78
	Children's wear	123	39.2
What are the wear items you most frequently purchase on the lativ website? (multiple choices)	Tops (including jackets and dresses)	293	93.3
	Bottoms (including skirts and jeans)	79	25.2
	Underwear (including thermal underwear)	131	41.7
	Accessories (including scarf, hats, and belts)	13	4.1
What is your common choice of payment method?	7-11 pay-on-collection	168	53.5
	Family Mart pay-on-collection	46	14.6
	Hi-Life pay-on-collection	13	4.1
	OK pay-on-collection	5	1.6
	Pay-on-delivery offered by door-to-door delivery companies	11	3.5
	Online credit card payment	71	22.6

### 3.2 Analysis of Relations of Experiential Marketing with Customer Satisfaction and Customer Loyalty

A Pearson correlation analysis was performed to examine the correlations of SEMs with customer satisfaction and customer loyalty. As shown in Table 3, all the five SEMs had a significant correlation with customer satisfaction. The correlations were positive and at a moderate level. The five SEMs were also significantly correlated with customer loyalty. Among them, relate had a positive and high correlation with customer loyalty. All the other SEMs had a moderate correlation with customer loyalty. Besides, the correlation between customer satisfaction and customer loyalty was positive and high.

Table 3. Correlations of SEMs with customer satisfaction and customer loyalty

Variable	Customer satisfaction	Customer loyalty
Sense	0.689	0.613
Feel	0.679	0.669
Think	0.605	0.634
Act	0.466	0.581
Relate	0.621	0.731
Customer satisfaction	1	0.775
Customer loyalty	0.775	1

### 3.3 The Effect of SEMs as Predictors of Customer Satisfaction and Customer Loyalty

The predicting power of the five SEMs for customer satisfaction and customer loyalty was examined through regression analyses as explained below.

#### (1) Multiple regression analysis of the correlations between SEMs and customer satisfaction

A multiple regression analysis was performed with the five SEMs set as independent variables and customer satisfaction as the dependent variable. As shown in Table 4, the coefficient of determination ( $R^2$ ) was 0.57, meaning that the SEMs explained 57% variance in customer satisfaction. The variances explained by sense, feel, and relate were significant, and that explained by sense was the greatest. The power of think and act in explaining customer satisfaction was not significant.

Table 4. Multiple regression analysis of the correlations between SEMs and customer satisfaction

Customer Satisfaction	Non-standardized coefficient		Standardized coefficient	<i>t</i>	<i>p</i>
	<i>B</i>	<i>Se</i>	<i>Beta</i>		
(Constant)	3.43	1.01		3.37	0.00
Sense	2.15	0.38	0.33	5.64	0.00
Feel	1.59	0.37	0.25	4.26	0.00
Think	0.24	0.33	0.04	0.72	0.46
Act	0.04	0.26	0.00	0.18	0.85
Relate	1.20	0.26	0.24	4.50	0.00

Note.  $R^2=0.58$ ; *adj*  $R^2=0.57$ ;  $SEE=2.28$ ;  $F=85.55$

#### (2) Multiple regression analysis of the correlations between SEMs and customer loyalty

A multiple regression analysis was performed with the five SEMs set as independent variables and customer loyalty as the dependent variable. As shown in Table 5, the coefficient of determination ( $R^2$ ) was 0.63, suggesting that the SEMs explained 63% variances in customer loyalty. Among the five modules, Feel, Act, and Relate showed a significant explanatory power, with that of relate being the highest. The power of sense and think in explaining customer loyalty was not significant.

Table 5. Multiple regression analysis of the correlations between SEMs and customer loyalty

Customer Loyalty	Non-standardized coefficient		Standardized coefficient	<i>t</i>	<i>p</i>
	<i>B</i>	<i>Se</i>	<i>Beta</i>		
(Constant)	-1.18	1.11		-1.05	0.29
Sense	0.76	0.41	0.09	1.82	0.06
Feel	1.54	0.40	0.21	3.77	0.00
Think	0.40	0.37	0.06	1.09	0.27
Act	1.08	0.29	0.16	3.71	0.00
Relate	2.48	0.29	0.41	8.43	0.00

Note.  $R^2=0.64$ ; *adj*  $R^2=0.63$ ;  $SEE=2.50$ ;  $F=109.38$ .

#### 4. Results

In this study, we use the five SEMs proposed by Schmitt (1999) to investigate customer satisfaction and customer loyalty among consumers of an online apparel store, lativ. Our findings are summarized as follows:

Perception of experiential marketing differs significantly by demographic variables (H1). Lativ consumers' perception of experiential marketing differed significantly by demographic variables. Gender difference was significant in perception of sense, feel, act, and relate. Specifically, female consumers were generally more influenced by these experiential modules than male ones. A plausible explanation is that women are more fond of shopping and more sensitive than men in nature. The difference in perception of sense between marital statuses was significant. This was probably related to the fact that married respondents had to take care of their career and family and had less time for online shopping. It would be easier to satisfy their needs for sensory experiences. The difference in perception of think between regions of residence was significant. This was probably related to the difference in urbanization level between regions. Respondents living in northern cities of Taiwan had more access to a wider diversity of information. As a result, they might have higher demands for an online store compared to those living in elsewhere in Taiwan. Among respondents with different income levels, the difference in perception of sense was significant. A plausible explanation is that respondents in the middle class of the society might find products of lativ more suited for them, and their needs could be satisfied more easily. The difference in perception of act was significant across different durations of using the Internet. Consumers with more time for the Internet better recognized the importance of act because they could make a better use of the functions provided in the lativ website to acquire information they might need. To sum up, perception of sensory experiences offered by lativ differed significantly by demographic variables. We suggest managers of lativ probe into the preferences of their target consumers and adjust their product line according to the preferences. By doing so, they can attract patronage of customers and further increase their satisfaction and loyalty. Experiential marketing has a positive relation with customer satisfaction (H2). In this study, all the five experiential modules were found to have a moderate and positive correlation with customer satisfaction. This finding suggests that lativ should be more committed to creating experiences for customers so as to indirectly enhance their satisfaction. Experiential marketing has a positive relation with customer loyalty (H3). Results showed that experiential marketing was positively related to customer loyalty. Among the five SEMs, relate was highly and positively related to customer loyalty. The four other SEMs were found to have a moderate correlation with customer loyalty. This finding implies that increasing customer experiences, particularly in the aspect of relate, could indirectly lead to increased customer loyalty. Customer satisfaction has a positive relation with customer loyalty (H4). Results confirmed that customer satisfaction and customer loyalty were positively correlated, and the correlation was high. This suggests that higher customer satisfaction could result in higher customer loyalty. It can be inferred that managers of lativ should recognize the importance of customer satisfaction, because higher customer satisfaction can lead to higher intentions to repurchase and recommend as well as higher loyalty in the behavioral and general aspects.

Experiential marketing is a significant predictor of customer satisfaction and customer loyalty. The empirical results confirmed that sense, feel, and relate were significant predictors of customer satisfaction, and the power of sense was the highest. Besides, feel, act, and relate were significant predictors of customer loyalty, and the power of relate was the highest. In short, experiential marketing was a significant predictor of customer satisfaction and customer loyalty, and sense was particularly effective in increasing customer satisfaction. It can be inferred that managers of lativ can benefit an increase in customer satisfaction if they are devoted to creation of visual, haptic, and smell experiences for their customers as well as to the delightfulness of their website and products. As for customer loyalty, relate was found to be the most effective predictor. This suggests that increasing the relating experience of customers is an effective approach that lativ can adopt to build brand preferences in their customers, which can further lead to an increase in their loyalty.

#### 5. Conclusions and Suggestions

In this study, we introduce the concept of experiential marketing into an online apparel store. We investigate consumers' perception of experiential marketing to identify the important and deficient aspects in experiential marketing of this store.

This study showed that perception of experiential marketing significantly differed by some demographic variables. In nowadays, dual-income families constitute the majority. Many career women are so busy that they have to purchase daily items from the Internet. The Internet allows them to prepare for all the items needed by the family at ease. The development of the Internet has brought much convenience to modern people. It should be noted that the ratio of male consumers in our sample is small. Therefore, we suggest managers of online shop



develop more wide market platform, and they should offer comprehensive services to increase their sales performance.

The analysis of consumption experiences also showed that most online consumers learned about this brand from Internet advertisements. This finding ascertains the high effectiveness of Internet advertisements. Lativ has successfully attracted the attention of consumers by using Internet marketing strategies. If lativ continues to use keyword advertisements or banner advertisements at portal sites, this company can attract visits of curious consumers to increase their sales. Besides, micro films are a new medium of promotion. Micro films can usually spark discussions on blogs and online forms in a short time. Using micro films has become an effective way to draw public attention and shape brand image. In our study, we found that the majority of lativ's customers chose 7–11 pay-on-collection as their payment method. Besides, in terms of customer satisfaction, lativ customers were most satisfied with the delivery speed. This shows that lativ is very successful in product delivery. The collaboration with convenience stores has allowed lativ to solve the problem of product collection and returning suffered by most online stores. The successful integration of distribution channels has helped mitigated consumers' worries about shopping online. Therefore, convenience is still a determinant of success of online retailing. We suggest online shop provide speedy delivery of orders within 24 hours to bring the efficiency of the Internet into the real world. It is believed that implementation of such service will pose a serious threat to other online retailers of apparel.

Among the five dimensions of experiential marketing, sense was recognized as most important, and relate was considered least important. This finding suggests that the respondents were most impressed with the sensing experiences created by lativ. This is due to the fact that the lativ website has been designed to have clear and easy-to-use functions of product display. Relate was considered least important, partly because most consumers enjoyed sharing their experiences with others but their impressions about lativ were limited to a mass-market brand and low cost rather than fashion. In other words, more effort should be made to create the brand image and spirit of lativ. This problem can be addressed through improvement of product designs. In addition to a comfortable image, we suggest lativ designers add some fashionable elements into their designs to increase the perceived value of their products. If they can make their customers proud of using their products, they can certainly increase their satisfaction and loyalty.

As to customer loyalty, our results indicated that lativ customers showed strong preferences for the brand and would recommend this brand to their friends and relatives. This finding is consistent with the large number of respondents who first learned about the brand from friends and relatives and is also the evidence of the effectiveness of word-of-mouth marketing adopted by lativ. Hence, we suggest lativ increase its effort in development and maintenance of its fans club. Such effort is helpful for lativ to understand consumer needs and solve problems encountered by its fans, and can further result in higher customer loyalty. Besides, we suggest lativ offer a wider diversity of products and reward mechanisms to differentiate itself from competitors in the market. Lativ can also integrate Facebook or other social networking platforms into their website to translate customer visits into profits. Such integration can also result in the creation of a new business model.

According to this result, experiential marketing was positively related to customer satisfaction and customer loyalty. Among the five SEMs were significant predictors of customer satisfaction and loyalty. Hence, we suggest managers of online shop constantly analyze consumers' responsiveness based on the correlations and predictors found in this study in the development of marketing strategies.

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