Service innovation, experience marketing, and post-purchase behavior: The case of Team working in a direct marketing organization

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Abstract. Service innovation has been an emerging and important topic in Management and Marketing research. This paper conceptually and logically discusses the impact that service innovation can make on consumers’ post-purchasing behavior. It is argued that service innovation can influence on customer re-purchasing, indirectly, through experience marketing. Theoretical and practical implications are offered

Keywords. Service innovation, Experience marketing, Value perception, Repurchase.

JEL. M30, M31, M32, L84.

1. Introduction

The innovation has become as one of the great tools for enterprise operation, to make the innovation, the enterprise must to understand the innovation firstly. To make the further explanation with the meaning of production function, the innovation shall be the output increase brought by even better knowledge and technology. As commonly accepted in academia and practice, there are several major types of organizational innovation in current business world, including product, technology, process, managerial, and service innovations.

Among the different types of innovation, service innovation is of the focus of modern organizational/marketing research. In earlier stage, because it relates to the competitive advantage. Bolton (1997) proposes that, while the enterprise has improved its core service capability and innovative technology, once it cannot achieve the successful result, it can also improve enterprise’s delivery value by using the new service mode. Put differently, it takes the innovative activity of the soft technology with the purpose to fulfill human demand as the definition, and make the improvement on existed product and service to develop the new creativity and concept to integrate the market demand.

According to Gautier’s marketing research (2003), approximately 71% CEO of those surveyed American and US enterprises did think that, in the future the consumer experience shall be the most primary battlefield for marketing, especially at present the changes in global external environment has forced the enterprise to grow up and step toward the internationalized operation, thus only to completely master the market trend and make the constant innovation, it can bring the enterprise to the peak period.

From above discussion we can see that, by taking customer feedback and the consumer as the center, it may depend on above concepts to understand the potential demand of the consumer, so as to shorten the gap between the enterprise and consumer, thus it can precisely sell the correct service product in the market successfully, and provide the customer with appropriate service process

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accompanyingly. Based on such purpose, the present conceptual commentary sets to develop a thesis regarding the interrelationships among service innovation, experience marketing, and post-purchase behavior.

2. Literature Review and Proposition Development

2.1. Service Innovation

There are several types of innovation: (1) service innovation: According to the innovation in service innovation type proposed by Community Innovation Survey in EU, it shall be the content of improved service, including the improvement on the capacity of product design and manufacturing, and the progress in it advantages such as the improvement on service and product, extension on service and product project etc. (2) process innovation: refers to the process innovation for the production and service delivery of the product, thereinto including the process design and operation. (3) market innovation: it refers to the new marketing strategy the enterprise used to enter the new market segmentation; (4) organizational innovation: to improve or introduce the new organizational management method or organizational form, such as authorization etc. (5) customization innovation: according to customer’s demand to improve the interaction between the consumer and service provider, so as to generate the innovative activity depending on customer’s demand.

Voss et al. (1992) did believe that, during the operational management in service industry, what the innovation process firstly need to do is that, depending on the technological method, to enable itself getting the information and knowledge related to market demand, further to discuss and develop the novel originality and concept, and the next step shall be the design and development of service prototype, such a newly developed service prototype may need the test; but such test shall be carried out through personal channel inside the company. Besides the pretest in the company, under some special circumstances, it shall also be corrected through the usage of customer, and such development process still need to be improved continuously after the new service has been put into the market.

Service innovation was not the process innovation that incorporate the new technology into production process, also not the so-called product innovation, but to incorporate the new service based on technology among the fierce globalization competition, and it should positively encourage the enterprise to utilize or develop the new resources, new methods and new processes to fulfill the potential demand of the market.

Tax & Stuare (1997) then thought that, the service innovation can be defined according to the range changed by the existed service system, or defined according to the participant during the service process and the changes in operating procedure.

2.2. Experience marketing

Experience is actually good feeling in the consciousness when a person’s emotion, physical strength, intelligence and spirit reach a certain level (Pine & Gilmore 1998). In the dictionary of western philosophy, "experience" comes from a Latin word "experientia", meaning exploration and experiment. According to
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Aristotle’s interpretation, the experience is formed by many same memories on the basis of sensory memory.

The shopping situation can give consumers wonderful feelings of joy, satisfaction and possession, so shopping experience can produce special memories in our consciousness. Compared to the purchase, which is a consumer behavior that doesn’t mind substantial benefits, the experience is always a pleasant feeling, imagination, esthetic enjoyment and emotional response. The experience is always the individual subjectivity event with important emotional significance (Holbrook & Hirschman, 1982). And the consumer experience is from the pursuit of imagination, feeling and interest (Holbrook, 2000).

According to the main views and customer participation degree, the experience can be divided into two parts: the use of “customer participation degree” and “the correlation between the experience and environment”. Customer participation degree: one end is active participation, which means that consumers themselves will directly affect the results or experience. The other end is passive participation, which means that consumers don’t directly affect the results, for example, the artists in the concert are "active participants” and the concert audience are “passive participants”.

The correlation between the experience and environment: one end is absorption, namely the experience entering the heart of consumers. The other end is immersion, which means that consumers enter the environment that provides experience and form a part of the reality. For example, watching TV is the absorption of experience and playing the virtual reality games is the experience immersion. With the combination of these phenomena, it defines four scopes of the experience. From the upper left side, the four scopes clockwise are entertainment, education, escapist and esthetic. However, under the experience mode, Pine & Gilmore (1998) pointed out the following four elements:

(1) Entertainment: for example, consumers are passive participants in watching performances and listening to music, but this behavior can obtain the highest profit.

(2) Education: consumers need to spend a large amount of time in learning and actively participating in activities in scout classes, summer camps and technology museums.

(3) Escapist: it refers to the temporary oblivion of the reality due to some activities, such as extreme sports, racing, horse racing, bungee jumping, entertainment, casinos, video arcade, online games and mobile games.

(4) Esthetic: it refers to the immersion of a certain thing or activity, such as art gallery, cultural creative industry and tourism.

These four fields of the experience can respectively explain the passive participation and active participation. In accordance with customer's habits and consumption habits, a certain form can be concluded, such as deep or shallow type. Or the experience can also be divided into four categories, entertainment, education, esthetic and escapist.

With the substantial change of competitive environment and customers, the marketing in the face of experience economic times has entered a new field. The marketing has become the experience marketing that shapes sensory experience and mind identification from the traditional marketing that attaches importance to good appearance and strong function. When the productsimilarity is increasingly high, the products that can more cover vision, smell, audition, taste and tactile sense can gain the favor of consumers. And the consumer views provided by experience marketing can bring consumers updated and deeper consumption values. Pine & Gilmore (1998) believed that the focus of experience marketing planning shall be the customer experience. The experience can also gain the mutual assistance of the individual and environment through the activity participation and create memorablepsychological experience in the consumer consciousness.

For this purpose, the experience behavior shall be the important role in overall marketing strategy and on-site implementation. The Strategic Experiential Modules proposed by Schmitt (1999) is widely used by all walks of life. The logic is an

important theoretical basis of experience marketing. He believed that the independent customer experience can be divided into five types, respectively sensory experience, emotional experience, thinking experience, action experience and thinking experience. They link each other and each separate experience can be used independently or collocated together. The proof is as follows:

1. Sensory experiences: it consists of vision, smell, audition, taste and tactile sense; its way is to create sensory impact, impress consumers, add additional value to products, complete the goal of creating sensory impact with stimulation, process and result mode and adding additional value for products or services. For example, the hall has many cultural and creative goods with different characteristics. The service staff wear clean and beautiful uniform. They provide professional commentary confidently and provide leisure and comfortable atmosphere, so that consumers can feel pleasure, beauty and satisfaction. The overall value is increased, causing the consumer experience opportunities.

2. Affective experiences: it understands which stimulation can arouse consumers’ consumption emotion, promote the active participation of consumers including brands, positive mood, happy and proud emotions by providing certain experience and touch the internal emotions and feelings of consumers. For example, if the service staff in beauty parlor can provide consumers with service description in addition to general procedure, consumers can deeply know the used product service process, produce favorable impression, even the same effect as the advertisement. Then in the experience of facial treatment, consumers will have the complete impression about whether the current experience can be consistent with the expected impression.

3. Creative cognitive experiences: it refers to provoking consumers’ concentrated and decentralized thinking, so as to further lead the thinking of consumers, clearly know the resources concerned by consumers to design the experience activities. Then the consumers can involve in participation and produce exemplary transfer. For example, through the introduction of personnel, consumers can deeply think whether the product portfolio provided by employees is suitable, so as to promote consumers’ evaluation of products and services provided by beauty parlor.

4. Physical experiences, behavior and lifestyles: it refers to producing the interaction between the experience and lifestyle by actions, further displaying the alternative program and alternative life form by increasing the body experience, including the experience produced by the interaction with others, enriching consumers’ life to realize the actual action experience of consumers, so as to influence the lifestyle of consumers. For example, the beauty parlors generally provide unique service experience in order to attract more consumers to experience and relax here.

5. Social-identity experiences: it contains four experience levels, sensory experience, emotional experience, thinking experience and action experience and it is associated with the brand and sociocultural environment. This association refers to the influence of personal desires for self-improvement on the potential community members. Due to the hope for others’ favorable impression, the correlation between individual consumer and ideal self, others or social culture. For the current economic structure, the idle and rich people represent status and power, maybe the object that admired or begged by general people. The leisure mode of these idle and rich people is also constantly be popularized and copied, namely the development of leisure subculture.

Although the strategic module provides the reference principle of experience marketing, the experience demands rarely use one experience form due to some relations and mutual effect. It uses the heterocyclic type of two or more strategic experiential modules, penetrates the convergence of experience points and forms the overall marketing experience for the extended experience demand of enterprises, as known as “the key of experiment”. The overall effect of the connection of various experiential modules will be greater than the sum of all

values, which is also why the model can expand constantly. These five factors are all starting points. The ultimate goal of experience marketing is to create a whole experience and encounter the experience mixed type composed by various structures in experiential modules during the process of overall experience. The mixed type structure that belongs to personal experience includes sensory, emotional, thinking and action. The mixed type structure that belongs to common experience includes action and association.

3. Post-purchase Behavior

Believed in the research that the complaints regarding the behavioral intentions were divided into three response forms, including 1. Direct response: directly propose compensation claim to the opposite party or take no actions; 2. Private response: take negative propaganda or boycott actions; 3. Response to other groups: report the problems to relevant units.

Next, we develop proposition regarding to service innovation’s indirect impacts, through experience marketing and value perception, on customer re-purchasing.

The visible changes may influence the consciousness, emotion and attitude of the customer, the changes on style may not change the basis of service, but the appearance of the service (Johnson et al., 2000). Examples of service innovation that can deries customer experiences include: the new service designed for market and still not defined shall be usually driven by information and the technologies based on computer; the service for new market shall be provided by existed service; to provide the new service to existed customer of the organization (even the service provided by other companies before); to improve existed service line, for example, to increase the project of new manual and new topic; and/or to change the characteristic of recently provided service.

Once an enterprise has understood the consumer’s demand deeply and provided the design meeting the consumer’s demand even better, even such change was just at the modest level, the consumer can still experience the different sense and such service can still fill up the gap of deficiency, the supreme goal shall be to let the enterprise closing to consumer even better, this shall be the innovation with great value then (Kim & Mauborgne, 2005).

The traditional trade focuses on an exchange or transaction, so it is a short-term time concept. Relationship marketing pays attention to the establishment of long-term relationship and the development of long-term reciprocal network with consumers through diversified and personalized communication way. The experience marketing thus turns to be an effective marketing method that analyzes the product function with the use of special experience.

A successful experience can make consumers feel peculiarity, leave deep impression in their heart and make the impression last for a period of time. Meanwhile, consumers want to constantly enjoy the feeling and want to share this feeling to others through word of mouth. Therefore, the consequence is the performance of the provided consumer experience. What people really want is not the product/service itself, but may be a satisfactory feeling. The experience may attract customers to respond positively to what the company has done for them, especially the service industry shall understand the factors that may form experience views. In sum, we developed the proposition regarding to the relationship among service innovation, experience marketing, and post-purchase behavior as follow:

Proposition 1: Service Innovation has positive impacts on post-purchase behaviors through functioning of experience marketing.
4. The Case: Nuskin Taiwan’s NI II Group

4.1. The cash flow club

The NP will do a rich dad poor dad's cash flow game lecture about once a month currently. Dealers are free to invite people to participate in this activity. It is divided into two parts, one part will explain the cash flow game, about two hours, the second part will have a lecturer, explain the passive income for the cash flow and the relationship with the direct marketing business.

But now the cash flow club is more biased towards the lectures, the game time is short, people cannot effectively understand the meaning and purpose of the game. Increase the time of the game, cultivate excellent table leader, and increase the chances of group discussion, can effectively experience the concept of cash flow, people will have a more in-depth understanding of the value behind for the NSUKIN career. So let the cash flow club from the lecture into a more interactive details of the cash flow party, will enhance the target audience have more impression for the experience of NUSKIN business.

4.2. Joining EXPO

the Greater China EXPO is to provide Preferential joining program Every three months, The company will hold celebrity lectures in living house, hold the detection of value and product experience. While the NP team will hold a cohesive event nearby during the two days of EXPO, there will be another trade show meeting with the one-stop product and career commissioner.

Joining Expo can be re-positioning for the beauty of anti-aging Expo, attention to the exhibition design and exhibition hardware and software structures, so that the target audience can feel the beauty of the anti-aging environment, rather than the general direct sales activities.

4.3. Evolution of home party

At present, there are activities to do the home party every week. The main content is to provide health care knowledge, witness sharing and product experience, but the current activities are more inclined to the form of share experience and the content of the experience, there is no systematic planning for the experience of marketing.

Can become a form of experience, to do in-depth planning for the exhibition design, attention to consumers come in the visual and experience marketing, process to connect the display design and experience of the hardware.

4.4. The addition of NP business secondary products

There are those who provide sales of auxiliary products in the NP, mainly as a tool to assist in business, and now can help experience the marketing tool only for the product of the experimental group. But now the target audience can be divided into product-oriented and career-oriented, and I think personally that career-oriented links can also increase the experience of marketing elements. After all, more joining dealer is the key to the rapid growth of cause. the tool can increase the experience of cause including the future financial planning table, dream Speed Dial Squared Up and FORMDH demand test and so on.

4.5. Experimental group

In the service, the experience of basics kin care products is mainly from the "experimental group", it is a small tool can provide five simple experiments, so that the target audience can compare with the competitive product, and left a deep impression on good product through experiments, but this experimental group has not been updated for a long time, also looks rough in appearance.

It is recommended to enable the experimental group to become an effective experience tools in marketing, become professional and fashionable in the choice of equipment, so that the target customers can feel the quality of the product
experience have the quality same as counter, and guide the sales have a higher level of service skills and sales skills.

4.6. Having display wall
NP’s assembly room currently has a display wall for talent, product, career and culture, Mainly for dealer to introduced to the target customers in NP's assembly room, the dealer can be introduced to the target audience, and for the target customers who first time to the assembly room can understand the company background and brand value.

Current the wall of NP display is relatively quiet, cannot give people a very deep impression, you can let propaganda of market culture changed to a style of exhibition, like QR code network interaction, Punch Giveaway and TV wall, etc., can let the target customers have more experience of interaction in assembly room.

4.7. Establish sop with after-sales service
Good perceived value will have a positive post-purchase behavior, that is to say if the correct delivery of the value of the product and a detailed understanding of his purchase of products, will let him enhance his positive post-purchase behavior, such as helping he make the plan to use products, let he know the market culture Initiative, one by one to show him the usage of product he just brought.

So the Office of Academic Affairs need to develop a new SOP process, education for each dealer, especially the new franchisee, have the correct courses of establish and after-sales, can effectively reduce the return status, enhance the opportunity to introduce and increase customer loyalty to the product degree and repo rate.

4.8. Courses of marketing experience
Dealers only have one in the training class does not contain products for sales skills courses, not have in-depth research and understanding for marketing and experience marketing, mostly through actual combat experience and learning.

If increasing the dealer’s knowledge of marketing, theory and research, and even a detailed study of the purpose and value of experience marketing, dealers can increase the marketing skills and have more awareness and motivation, more importantly, the sales of marketing knowledge can not only increase the rate of establish, but also can improve the quality of the individual, I think it is necessary and urgent things to add the relevant courses.

4.9. The courses to increase the quality of dealer
When the target customer came to NP, the lowest effective transaction results is the sales of the product, good dealers can not only sell the cause and even sales concept, increase the value of sales products CASE through sales themselves, and the knowledge of all aspects of sale is important .now there have the course that can improve soft power including a weekly study and business book guide, but I think we can introduce some business school courses and develop the dealer's ability of business magazine reading, we can be provided a platform in the daily morning meeting, as well as the group to do more soft power training, not only to enhance personal qualities, but also to enhance the target customer to improve the impression for the dealer NUSKIN.

5. Implication for practice
An excellent chance comes from the company brand and the team resource in direct-selling industry, which means that companies offer favorable scientific researches, brand images, bonus system and public relations marketing and the achievement of successful career actually depends on the team resource.

The Team NP2is famous at Nuskin Taiwan market. Our educational training is mainly from the courses that are accumulated by experience and constructed
systematically. Although lots of new knowledge has been introduced, most of it is only for sharing and short of theoretical research and the following practice and application.

I’m very glad to have this opportunity to have a deep study on recent direct distributors’ marketing innovations. And through the analysis of the construction, I have been offered business model theories for discussion that can be applied more and more in practice.

Most of direct distributors’ business models originate from the past successful marketing experience but most of experience lacks of the analysis of theories and specific marketing models. Therefore, it’s the most significant in this study to work out a specific marketing techniques targeting at service innovation, marketing experience, customer perceived value and post-purchase behavior rather than to rely on the general feeling to do business.

6. Concluding Remarks
According to the contents discussed above, there are several implications.
1. Service innovation may affect customer post-purchase behavior, mostly indirectly.
2. Experience marketing methods may strengthen or even make sure that the effects of service innovation can lead to positive customer post-purchase behavior.
3. Thus, the practical caring about the success and impact of service innovation should last till the success.
References


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