

# **FROM EXPERIENTIAL TO HUNGER MARKETING: A THEORETICAL OUTLINE**

## **ABSTRACT**

**Changes in the business environment are increasingly accelerated. The marketing activities operate as propellers of the modifications necessary for ensuring the competitiveness of the businesses. In this scenario comes the Hunger Marketing and increases the exchange function. It is innovative. However, in an accurate analysis, traces of Hunger Marketing strategies at other companies can be seen. From a case study, whose unit of analysis is the marketing actions of Xiaomi, the relationships between Hunger Marketing, Experiential Marketing and the essence of Marketing - the exchange function - are revealed. The experiential aspect opens up as a traditional marketing strand by creating a favorable environment for the exchanges stimulated by marketing. Also, the Hunger Marketing as part of the Experiential Marketing awakens in consumers an almost greedy and uncontrollable desire to acquire specific products and / or services.**

**KEY WORDS:** Marketing, Experiential Marketing, Hunger Marketing.

## **INTRODUCTION**

Nowadays, a reality of process changes and generation of new businesses open up at huge. In this scenario, the marketing activities operate as propellers of the modifications necessary for ensuring the competitiveness of the companies (Kotler & Keller, 2009; Yoon, 2012; Poblete & Sepúlveda, 2016; Vidigal, 2016). Despite the actions of marketing, it is also remarkable, a deployment of the function exchange in marketing. On the one hand, the experiential aspect is revealed as a strand of traditional marketing to create a favorable environment for the trades stimulated by marketing. And on the other hand, there is the Hunger Marketing as part of the Experiential Marketing, awakening in consumers a desire almost greedy and uncontrollable to acquire products and or services. These consumers when faced with offers of brands and producers are awakened to an immediate consumption, stimulated by a specific feeling: the fear of shortage of the product. Given the perception of scarcity, the consumer ends up evaluating the product as premium and, thus, the company generates value for its brand (Yan & Qu, 2014; Shih, Lin, and Luarn, 2014; Yixin, 2015).

Although there is little published on this issue, it represents a subject of interest for both the academics and for marketing managers. Thus, this paper aims to discuss the relationships between Hunger Marketing, Experiential Marketing and the essence of Marketing - the exchange function - through a case study, and also to stimulate debate on the subject. As a result of this thought, a summary model is proposed.

## **HUNGER MARKETING AND ITS BACKGROUND**

The term Hunger Marketing was highlighted by the Chinese Xiaomi mobiles and is a type of strategy that uses sensory behavioral knowledge to redirect the attention of consumers in order to purchase new products (Yan & Qu, 2014). The strategy that supports the concept of Hunger Marketing is simple to operate on. The business brings products to the market with an attractive price so that to attract potential customers, and then restricts the supply, resulting in an imaginary shortage that could increase prices and, therefore, generate higher profits (Drell, 2011; Schmitt, 1999; Stone, Satariano, and Toness, 2014). Nevertheless, the Branding concept is a factor which runs through the entire operation of Hunger marketing. As the consumer has the impression that the product is rare, he or she perceives the product as premium and the brand as special (Yixin, 2015). The final effect is not only the possibility to increase prices, but mainly to expand the brand value of the company (Sheeran, 2008). The strategies of Hunger Marketing have been used not only by Xiaomi, but also by Apple, broadening the craving for their products (Yixin, 2015).

For the Hunger Marketing to be effective, it is necessary to create experiences. Therefore, companies can use, for example, the interaction of online social media to make the relationship with their consumers closer, so that they feel part of the production process. In addition, they should monitor their sales volume so that their customers have the perception that they are acquiring a unique product, something that money by itself cannot buy, due to its limited production (Yan & Qu, 2014). Create experience, and tinker with all the senses and feelings, are well-known things of the marketing postulates. The Experiential Marketing highlighted those aspects in their theoretical considerations and practical recommendations. Various thoughts on ways to permeate the consumer with unique realities of service and consumption are derived from the definitions of Experiential Marketing, either from its concrete way - sensory perception, or metaphorical sense - an abstraction of the senses.

The goal of the Experiential Marketing is to create an extraordinary experience for consumers (Caru & Cova, 2007). The consumers, at times of decision-making, want to have an experience which stimulates their senses, links with their emotions, and refers to good memories. But this only happens with good communication and marketing campaign of the company seeking a greater identification with their customers and their lifestyles (Schmitt, 2002).

The base of the Experiential Marketing structure consists of five types of consumers' experiences, referred to as: use the senses, feel, think, act, and identify. The type of consumer experience called "use the senses" is the marketing of senses, and consists of the development of strategies that cause sensory impact in the five human senses - sight, hearing, touch, taste and smell (Schmitt, 2002). The experience called "Feel" is the marketing of feelings and refers to the personal feelings and emotions, ranging from a transitory and superficial feeling up to thrills; it intends to create affective and bond experiences with the brand by means of the experience providers (Moral & Alles, 2012; Same, 2012; Schmitt, 1999; Smilansky, 2009). The type of consumer experience called "Think" is the marketing of thought, and it involves complex reasoning, which generates cognitive experiences with the ability to break several paradigms and encourages the society to think about chances of problem solutions. On the other hand, the kind of experience called "Action" is the marketing of action; it enriches the life of the client by presenting a specific life style, inter-relationships and behavioral pattern changes, with the intention of presenting several alternatives for doing "things" as well. Finally, the type of experience called "Identify" is the marketing of identification, and it contains characteristics of the senses, feelings, cognition and action but goes beyond; it relates the individual with the social and cultural context of a brand, appealing to the desire for improvement and the need to be seen by others in a positive and differentiated way, i.e., the expanded social system (Moral & Alles, 2012; Same, 2012; Schmitt, 1999; Smilansky, 2009).

The establishment of the Strategic Experiential Models that are constituted by the strategic models of: sensations, feelings, thoughts, and actions may be created through the so-called providers of experiences that work as tactic tools. These are: communication, visual and verbal identity, the presence of the product, co-brands, spatial environments, electronic media and people. The communication involves advertising, internal and external communication and public relations campaigns. The visual and verbal identity has as its purpose to create a brand with a name, a logo and codes. The presence of the product refers to its design, packaging, display of the product, fonts used in the packaging and the material at the retail outlet. These attributes are intended to align themselves with the target market, to draw attention along with the communication and visual and verbal identity, thus starting up the experience. The "Co-brands" is the tool that relates to the marketing of events and sponsorship, alliances, community campaigns and partnerships, among others. It is a tool that aims to create an emotional and remembrance connection with the consumer regardless of the place where the latter is; in general, actions undertaken by this tool usually cause impact and have an effective payback and are cheaper than advertisements appearing in the media. Finally, the Environmental space is all the physical structure of the Company (Schmitt, 1999; Schmitt, 2002; Smilansky, 2009; Moral & Alles, 2012; Same, 2012). The experiential aspect opens as a strand of traditional marketing. Undoubtedly it is to be assumed that Experiential Marketing offers a range of possibilities to managers. However, as once and still now is postulated by academics, marketing in its essence is a function of the exchange. All changes of terminology that is given to a new set of marketing activities will always result in the understanding of the market to stimulate an exchange.

## **METHODOLOGY**

The article was structured under the exploratory qualitative research mode in order to become acquainted with the subject. The method of case study, among other possible methods, provides an analysis of similarities and differences between the unit of analysis and the theoretical principles presented in this paper. The case was led through the application of a structured protocol (Toledo & Shiraishi, 2009; Yin, 2014) consisting of open-ended questions, for greater scientific validation of the used method. Actions inherent to Hunger Marketing performed by the company were adopted as unit of analysis. The sources of evidence were collected in the second half of 2016. In-depth interviews with company managers, internal reports, YouTube videos and blogs were used for the process of data triangulation. The case study revealed the active phenomenon of Hunger Marketing in a company in their smartphones division, The Xiaomi. Nevertheless, the outcome of the survey provided a description of the case and an analysis of the approached theory (Demo, 1995; Moreira, 2002; Šalkovska & Ogsta, 2014).

## **HUNGER MARKETING AND XIAOMI**

The concept of Hunger Marketing was initially identified within the business units of the Chinese company Xiaomi. Xiaomi is a Chinese company founded in 2010 by the entrepreneur Lei Jun. The company produces software and electronic devices, as it has become the fifth largest distributor of smartphones in the world. In 2014, Xiaomi has consolidated itself in Hong Kong and Taiwan. Later in Singapore, the company achieved extraordinary results, and the whole stock of Mi3 cellphone was sold in just two minutes, popularizing the name of the company in the world. In 2015, the company was undergoing rapid expansion, and it began manufacturing other segments of products such as tablets, smart TVs, power banks and smartwatches. In the second half of 2015, Xiaomi began its sales of smartphones and accessories in Brazil. To avoid the high import taxes, they have decided to manufacture the apparatus in that country in partnership with Foxconn (Carvalho, 2015).

The company uses a method that counts on the consumer obsession. Using social networks, the company gets the feedback from its customers so that to help in the development of their new products. After this step, they make use of the limited inventory strategy to cut related costs; they provide, on a weekly basis, small quantities of products that are depleted in a few minutes (Gupta & Ishneet, 2014). One of their core values is to focus on their fans. Therefore, it seeks to engage them with interesting topics, answering reviews, sharing ideas, creating opportunities to map the company's relationship with its consumers. In addition, its software is weekly updated, so that their fans can test the new features. By doing so, they keep their customers always connected and waiting for something new from the company (Shih, Lin, and Luarn, 2014).

## **CRITICAL ANALYSIS**

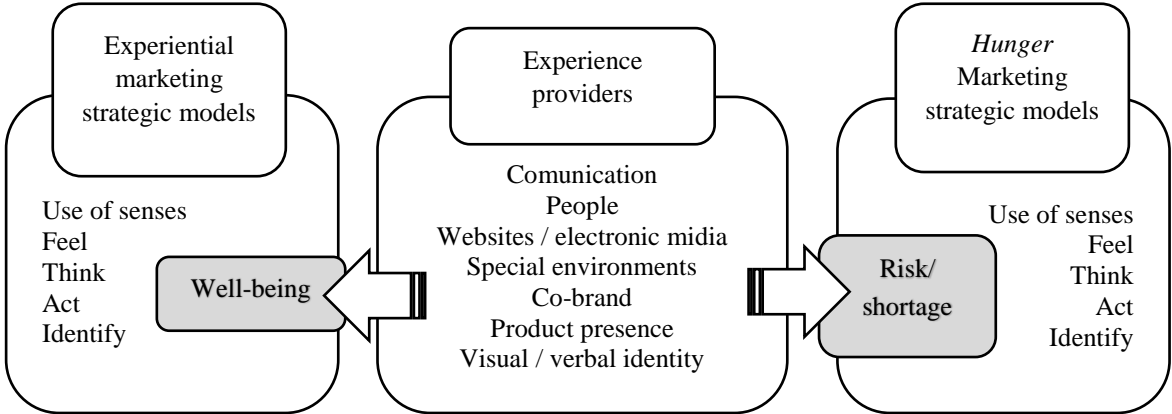
The Experiential Marketing has emerged as a way for the companies to obtain advantage on their competitors and to conquer market share. This aspect of marketing consists of the change in consumer behavior, which is to seek products that not only meet their needs, but which also can create them feelings. By knowing this new style of decisions-making from the customer, companies have begun to realize that it would be necessary to change their tactics of sales and their goal to please their consumers.

With the perception of customer behavior, it is possible for the company to understand the profile of purchase them and plot their strategies from it. Analyzing the preferences and what they seek on competitors, companies can change their products and adapt them to the preferences of the buyers. In addition, with the study of the behavior it is possible to stimulate the needs of the client, and not just to meet them. Consequently, it should be clear how the experience in the buying process and the expectation of purchase affect the market.

While the primary focus of traditional marketing was the product and its attributes and benefits, the Experiential Marketing changed that focus and replaced the customer as its objective and outlined its goals to satisfy the customer through the five senses experience. In summary, the consumer goes through five stages in the classic purchase model: recognition of necessity; search for information; evaluation of alternatives; purchase decision and post-purchase. One premise always permeates the consumer’s decision: avoid risks and maximize the benefits. The decision of a consumer to modify, defer or reject a purchase is highly influenced by the perceived risk. These risks are functional, physical, financial, social, occasional, and emotional. Thus, the traditional marketing, empowered of this information is always seeking to highlight the benefits of the products. Experiential Marketing, on the other hand, will prevent the perception of risk by leveraging actions through the five senses that arouse sensations and feelings of well-being. However, the Hunger Marketing, having this knowledge of consumer behavior treats the issue completely reversed. It exalts the sense of risk, risk of shortage, and the shortage as a promoter of perception of emotional risk, social risk, and risk of time. In this case, the risk of social failure is closely linked to the risk of not being able to acquire the product and being "outside" the reference group. The emotional risk is represented by the feeling of not having the product, and failure. The risk of time, due to the lack of agility in ensuring the acquisition of the product. The Hunger Marketing seems to mess with the negative feelings that "no purchase" may awaken.

With the emergence of the experiential aspect in marketing, the action horizon of the companies began to be more challenging, since they could awaken the need for what the client was looking for and based on what the company was offering. This new way of entering the market is the foundation of the Hunger Marketing, which arises from the creation of desire in consumers. Such a transformation is easily observable in Figure 1.

**Figure 1: Experiential Marketing and Hunger Marketing**



The term Hunger Marketing is new, but its essence is also based on the quest for experience and the needs of consumers. The main difference between hunger and Experiential Marketing is that the former creates the desire, while the Experiential Marketing seeks to meet that desire. Despite this, both have as main objective to satisfy the customer and ensure the generation of good feelings and satisfaction. One can also note that the use of this marketing cannot generate the expected results, because the company you are dealing with is a non-controllable variable, which is the consumer himself or herself. Working on customer needs can be advantageous and competitive, but care must be taken regarding their expectations, since for some customers to wait too long for the product to be sold at certain times can be pleasurable and interesting, while for some others it may generate frustrations and harassment, somethings that limit the purchase action.

## **FINAL CONSIDERATIONS**

In this scenario of changes companies have sought to redeem, modify or even innovate on the marketing aspect. The Hunger Marketing ensures at first exclusive "starving" consumers for the Company by offering them goods and services. Thus, one can assume that Hunger marketing, while in an environment of low rivalries, and despite the fact of making use of negative feelings among consumers, ensures the company's market share. But for how long? Customers engaged in a changing environment and with their exacerbated feelings of urgency may at any given time transfer their needs to other companies. In short, just new entrants with the same strategy of Hunger Marketing provide the necessary subsidies, so that consumers can evaluate new alternatives of consumption.

Why buy a pair of trousers X and not a Z? Why eat a sandwich at a restaurant and not one from another one? Why buy a luxurious perfume and not one from popular brand? Contrary to many people's beliefs, consumers do not make choices based on the cost-benefit of products. In this line, the Traditional Marketing, also referred to as the Marketing of Features and Benefits, is a model that focuses mainly the physical attributes of the products and emphasizes that these are the factors which differentiate the products. These characteristics generate benefits, which are the advantages that the consumer will have by acquiring the product with such features. Unlike Traditional Marketing, Experiential Marketing is focused on the experiences of the consumer. The experiences are facts lived by an individual and have a liaison with the senses and the feelings of the person. Going in the opposite direction, the Hunger Marketing does not care to show the benefits of goods and services, but rather awaken a state of urgency and thus perform the essence of traditional marketing, the exchange.

Being an exploratory research, the results of this study should not be generalized. In addition, the considerations observed in each of the activities of Hunger Marketing were made based on the interpretation around the declarations of the interviewees and the sources of evidence consulted. However, the results are relevant to draw attention to an issue that is still little explored by Academy. From the reflection made available in this study it is suggested to evaluate other cases with the objective of comparing them with the proposed model and yet, to develop quantitative studies in order to create and test hypotheses.

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