Exposé

The impact of experiential marketing on customers’ brand perception in the champagne industry: a cross cultural analysis and an attempt to propose an innovative concept

Laëtitia Lefèvre
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European Master in Business Studies

Fachbereich Wirtschaftswissenschaften
DMCC – Dialog Marketing Competence Center
Mönchebergstraße 1, D–34125 Kassel
SVI-Stiftungslehrstuhl für Internationales Direktmarketing
Prof. Dr. Ralf Wagner
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1 Title
The impact of the experiential marketing on customers’ brand perception in the Champagne industry: a cross cultural analysis and an attempt to propose an innovative concept.

2 Abstract
Nowadays, Champagne Houses have to face a delicate challenge. They have to be innovative in order to differentiate themselves and acquire notoriety, but at the time, there is a need to respect the traditions acquired with centuries of history. One of the possible solutions applied by Champagne brands is to provide consumers with unique experiences. Experiential marketing is the focus of several studies in the consumer behavior field both for mass consumption goods and services. Even if some research already investigated the use of experience in the luxury sector, a gap of knowledge is remaining, especially for Champagne.

This research, therefore, aims to explore the impact of experiential marketing strategies used by champagne brands on their consumers’ brand perception. This exploratory study will offer a comparison between an emerging market, Russia, a particular market for champagne which is the French market, and a stable developed luxury market, the United Kingdom.

To conduct the research, the methodology used is a combination of a theoretical approach, an exploration of secondary data from champagne houses, and an empirical approach consisting in an online questionnaire for France, UK and Russian.

An additional objective is to develop an innovative experiential concept.

Keywords: experiential marketing, luxury, champagne, perception, cross-cultural, concept development

3 Introduction/Background
The uniqueness of the champagne is the result of several centuries of experience and know-how that had associated this particular product with historical authenticity and high-quality. Le terroir (the land), la méthode champenoise (method from the champagne area) and l’Appellation d’Origine Contrôlée (controlled designation of
origin) constitute the distinctive competences of Champagne and are part of its success on the international wine market (Sharp & Smith, 1991). The economic environment of the champagne market is changing, particularly since the growth of emerging markets such as Brazil, Russia, India and China, and thus Champagne brands are now facing new challenges in term of marketing strategy. They are aiming at preserving the brand equity acquired with the history, and simultaneously to increase the brand visibility by an image modernization. The respect of tradition and the necessity of being innovative seem to form the paradox of the marketing strategy of Champagne brands.

The strength of champagne brands lies in their Sustainable Competitive Advantages which are a mix of signals provided to consumers to help them distinguish their products from the ones competitors offer (Fahey, 1986). The necessity to demonstrate the supremacy of product quality arises from the insufficient knowledge of consumers or their inadequate understanding of Champagne quality (Gergaud & Vignes, 2000). The position of Champagne is difficult as it is a luxury product that is not always consumed in a luxurious environment.

4 Problem statement

In today’s marketing debate, the possibility to increase consumers’ satisfaction by providing a product or brand experience is becoming largely accepted by researchers. Experiential marketing has been the focus of several studies and it appears as one of the cornerstone of contemporary marketing for mass consumption goods and services. Luxury goods category is seen as a case apart because the experiential dimension is both intrinsic and extrinsic. However, there are some opportunities for Champagne Houses if the experience is exploited. Several instruments have been designed to conceptualize the experiential marketing and give a support to managers. Pine & Gilmore’s framework includes four dimensions (4Es) which are the entertainment, education, aesthetic and escapist. The execution of the 4Es is strengthening the customer experience and it takes into consideration the level of involvement of the consumers as well as his absorption or immersion. The entertainment dimension occurs when the customers have a passive participation in an event and refers to sensing. The education dimension requires an active participation from the customers who will acquire or increase his knowledge and
skills by *learning*. The aesthetic dimension is described as the passive immersion of the customers in the experience; it is about *being*. Finally, in the escapist dimension, customers seek to participate actively in the experience by *doing*.

However, there is a gap of research on the influence of experiential marketing on consumer’s brand perception, especially for a luxury brand such as Champagne. Moreover, various studies showed the importance of cultural influence on consumer behavior and its implication on branding and the marketing strategy. Many authors claimed the necessity of further empirical testing with regards to the development stage of the luxury market. The observation made is that emerging markets such as Brazil, Russia, India and China are showing dramatic changes in the field of consumer behavior and it is crucial to compare it with developed markets.

Taking the previous elements into account, researching the experiential marketing strategies applied by Champagne Houses and its impact on consumers’ perception in a cross-cultural context is even more relevant, as well as complex.

5 **Research purpose**

This research, therefore, aims to explore the impact of experiential marketing strategies used by champagne brands on their consumers’ perception of Champagne brands. Special attention will be given to the evolution of marketing strategies over time, the growing importance of the experiential dimension defined by Pine & Gilmore and the influence it has on consumers’ perception. This exploratory study will offer a comparison between an emerging market (Russia), a particular market for champagne which is the French market, and a stable developed luxury market, the United Kingdom.

An additional objective is to develop an innovative experiential concept and to test consumers’ perception of it in order to know if this concept could be exploited by a champagne brand.

6 **Hypotheses**

- **H1**: The use of marketing actions belonging to the educational dimension of Pine & Gilmore does influence consumers’ perception of champagne brands.
- **H2:** The use of marketing actions belonging to the escapism dimension of Pine & Gilmore does influence consumers’ perception of champagne brands.

- **H3:** The use of marketing actions belonging to the aesthetic dimension of Pine & Gilmore does influence consumers’ perception of champagne brands.

- **H4:** The use of marketing actions belonging to the entertainment dimension of Pine & Gilmore does influence consumers’ perception of champagne brands.

- **H5:** Experiential marketing using 4Es do have a positive impact on consumers’ perception of champagne brands.

- **H6:** There are differences between consumers’ perception from UK, France and Russia due to cultural background.

### 7 Review of Literature

#### 7.1 Experience economy: generalities and application to luxury

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<th>Title</th>
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• Fantasies, feelings and fun.  
• Experiential perspective. |
• Four economic stages (Commodities, industrial goods, services, experiences).  
• Experience has two dimensions: involvement and connection level.  
• Four realm of experience: entertainment, education, aesthetic, escapist. |
| Experiential Marketing | Schmitt, Bernd | Journal of Marketing Management, Vol. 15 Issue 1-3, | • Contrast between traditional marketing and experiential marketing.  
• 5 Strategic Experiential Modules: |
<table>
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- Experience providers: communication, visual and verbal identity, product presence, co-branding, spatial environments, electronic media, people.
brand experiences (pleasurable outcomes) lead to willingness from consumers to repeat these experiences.

Create a narrative to enhance the importance of the self in the consumption experience (added value).

Being the center of his own experience encourages consumers memory.

The relevance of studying the consumer behavior in order to explain and predict consumer purchasing behavior has been largely accepted in the past years. The consumer behavior science is defined as the “processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires” (Solomon, Bamossy, Askegaard, & Hogg, 2006). This marketing field recognized in the early eighties that the affective dimension is supplementing the cognitive dimension in order to explain human behavior. In addition of being rational, consumers are also driven by their emotions. The consumption is then seen as a hedonic pursuit of pleasure (Holbrook & Hirschman, 1982).

### 7.2 Understanding luxury products and brands: general elements

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<th>Title</th>
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- Brands and design are the most important elements influencing consumer perception.  
- COO not relevant in luxury goods perception.  
- Higher level of involvement leads to lower importance of COO. |
- Recreate the social distance.  
- Luxury for others (social function). |
### Marketing Upside Down

- Luxury for oneself (personal & hedonistic, multi-sensory & experiential).
- Luxury and fashion (timelessness).
- Unique, superlative, not comparable with competitors, emotional involvement with storytelling.
- Product of excellence, authenticity.

### Aesthetics and Ephemerality: Observing and Preserving the Luxury Brand

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<td></td>
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<td>Typology of luxury brands: modern (conspicuous possession), classic (aesthetic possession), postmodern (conspicuous consumption), wabi sabi (aesthetic consumption).</td>
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<td></td>
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<td>Growing importance of experiential dimension but important to keep a balance between with functional and symbolic dimensions.</td>
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### Crafting Brand Authenticity: The Case of Luxury Wines

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<td></td>
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<td>Protect brand status.</td>
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<td>Use of classification systems.</td>
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<td></td>
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<td>Commitment to historical quality and price performance.</td>
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<td>Sincere story.</td>
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<td></td>
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<td>Place as a referent (terroir).</td>
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<td>Traditional production methods.</td>
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<td>Stylistic consistency (continuity).</td>
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<td>Culture and history.</td>
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### 7.3 Luxury perception: overview of various measurement approaches

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<td>Brands and design are the most important elements influencing consumer perception.</td>
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<td>COO not relevant in luxury goods.</td>
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<td>Different perception of luxury between Indian and British due to cultural differences (important factor).</td>
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<td>Overall perception of luxury influence luxury purchase decision.</td>
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<td>Experiential/hedonic value dimension is non-significant in both countries.</td>
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<td>Massification of luxury responsible for a decrease of psychological meaning of luxury consumption.</td>
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<tr>
<td>Psychometric properties of Vigneron and Johnson’s Brand Luxury Index (BLI).</td>
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<tr>
<td>5 perceived values that differentiate luxury and non-luxury brands: perceived conspicuousness, perceived uniqueness, perceived quality, perceived hedonism, perceived extended self.</td>
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<tr>
<td>BLI scale is globally reliable but needs to be readapted for conspicuousness and hedonism perception measurement.</td>
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<tr>
<td>Luxury brands attributes perceived differently in a cross-cultural context.</td>
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<tr>
<td>Creating high quality service encounters enhance customer satisfaction, and thus leads to repurchasing behavior (Gupta et al., 2007; Heskett et al., 2004).</td>
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<tr>
<td>Experiential value directly and positively affects customer satisfaction.</td>
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<td>High quality service, positive perception.</td>
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<tr>
<td>Does experiential marketing affect the behavior of luxury goods’ consumers?</td>
<td>Snakers, E., Zajdman, E., &amp; Bengtsson, M.</td>
<td>Students Umeå School of Business Spring Summer 2010 Master thesis</td>
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<tr>
<td>Impact of interpersonal influences, brand origin and brand image on luxury purchase intentions: Measuring interfunctional interactions and a cross-national comparison</td>
<td>Shukla, P.</td>
<td>Journal of World Business, 46(2) (2011), 242–252</td>
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</table>
Luxury brands need to have an integrative marketing strategy.

Consumer Segments Based on Attitudes Toward Luxury: Empirical Evidence from Twenty Countries

Dubois, B., Czellar, S., & Laurent, G.

Marketing Letters, 16(2), 115–128 (2005)

International segmentation of consumers based on their attitudes toward luxury.

Scale to assess consumer attitudes toward luxury in 20 countries.

3 main segments: elitists, democratic, distant.

7.4 Wine and Champagne marketing: general elements

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• Best-quality champagne is not selected when consumers select according to the taste.  
• Possible dissonance with information signals and personal tastes.  
• Rational customers require information to judge of the best-quality product. |
• Brand not relevant (for wine consumption).  
• 3 segments: individualistic, hedonic, and collaborative. |
• Product experience makes learning process easier. |
<table>
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<th>Drinkers’ Development</th>
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<tr>
<td><strong>The “real thing”: Branding authenticity in the luxury wine trade</strong></td>
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<tr>
<td>Beverland, M.</td>
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<td>Journal of Business Research, 59(2) (2006), 251–258</td>
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| • Added value of conceptual and perceptual teaching.  
  • Perceptual learning (tastings) must be supplemented with conceptual learning. |
| • 6 attributes of authenticity: heritage and pedigree, stylistic consistency, quality commitments, relationship to place, method of production, and downplaying commercial considerations.  
  • Authenticity consists of both objective (real) and subjective factors (stylized or fictional).  
  • Authenticity affects consumers perception. |

| Emergence et dynamique du phénomène de réputation - Le vin de Champagne : entre savoir-faire et faire savoir |
| Gergaud, O.; Vignes, A. |
| • Advertising efficiency level depends on brand awareness.  
  • Knowledge gap of consumers lead to an inadequate understanding of Champagne quality (advertising is then more efficient to influence purchasing behavior).  
  • Brand recognition depend either on quality or on the communication/advert. |

| Impact of the information provided to consumers on their willingness to pay for Champagne: comparison with hedonic scores |
| Lange, C., Martin, C., Chabanet, C., Combris, P., & Issanchou, S. |
| Food Quality and Preference, 13(7-8) (2002), 597–608 |
| • Impact of external information greater than impact of sensory characteristics.  
  • Consumers’ choice depends on the brand awareness.  
  • Brand has a positive influence on perception. |

| Champagne’s Sparkling Success |
| Sharp, A., & Smith, J. |
| International Marketing Review, 8(4) (1991), 13-19 |
| • Distinctive Competences of Champagne: terroir, méthode champenoise, Appellation d’Origine  
  • Sustainable Competitive Advantages: Supreme product |
### 7.5 Cross cultural context in consumer behavior

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### 7.6 Concept testing

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<th>Title</th>
<th>Author(s)</th>
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<tr>
<td>Concept Testing</td>
<td>Moore, W. L.</td>
<td>Journal of Business Research 10</td>
<td>Estimate consumers’ reaction to a new concept. Generate concept idea: conjoint</td>
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8 Methodology

For this paper, the methodology used is a combination of a theoretical approach, an exploration of secondary data emanating from champagne houses, and an empirical approach.

This approach fits the overall research design because:

- The main topics of this paper which are experiential marketing and consumer luxury perception have already been partly investigated and thus it is important to take the available knowledge into consideration.
- This research will analyse the different marketing strategies used by 3 or 4 champagne brands and the impact on consumer perception. Secondary data emanating from these brands (see appendix 1) will be used to understand what are the actions undertaken in the context of Pine & Gilmore framework of experiential marketing 4Es.
- However, considering the research gap referring to experiential marketing applied to champagne brands and its effects on consumer perception, an empirical approach is necessary to develop the knowledge.

8.1 Theoretical approach

The theoretical approach aims at analysing the existing literature linked to the present topic, and to offer an overview of the various existing scales dealing with consumers’ perception of luxury and experience measurement, based on the literature mentioned previously, and with the objective to design a questionnaire to support the empirical research.

Consumer perception of luxury in general is different from one culture to another. In order to explain the noticeable differences between the western world and the eastern world, researchers are referring to the cultural dimensions established by Hofstede, especially the individualism versus collectivism aspects. The values that luxury conveys might be different across cultures.
This research is dealing with the perception of luxury brands. Thus, it is important to highlight that the primary value of this category of brand is psychological and symbolic, and the consumption of luxury is directly linked to individual and social cues (Christodoulides, Michaelidou, & Li, 2009). The value of the consumption of a luxury product lies in the psychological and symbolic representation for the individual (self-identity) and their reference group (social identity), and this is what differs luxury brands from non-luxury brands. Several scales and framework have been built by researchers in order to enhance the understanding of luxury brand perception. The use of the Brand Luxury Index scale (BLI scale) carried out by Vigneron and Johnson is adequate to measure perception of luxury products, and it has been validated by Christodoulides, Michaelidou and Li (2009). Five dimensions of luxury brand perception have been identified and divided into two categories which are the non-personal oriented perception and the personal oriented perception. The non-personal oriented perception refers to the perceived conspicuousness, the perceived uniqueness and the perceived quality. The personal oriented perception refers to the perceived hedonism and the perceived extended self (Vigneron & Lester, 2004).

However, this scale is focusing on the global perception of luxury while we are interested mainly in the experience and hedonic value perceived. Thus, the BLI scale will be supplemented by other scales dealing with the experience value such as the experimental value scale (EVS) of Mathwick et al. (2001) which measures escapism and aesthetic dimensions among others. Other scales will be studied such as the brand experience (affective) scale from Brakus, Schmitt, and Zarantonello (2009), the enjoyment (expected) from Miller, Kahn, and Luce (2008), and the transcendent customer experience scale from Schouten, John W., James H. McAlexander, and Harold F. Koenig (2007) in order to decide which one is the more relevant to build the questionnaire.

8.2 Secondary data

The core of the empirical research is to study the impact of various experiential marketing actions undertaken on consumers’ perception within Pine and Gilmore framework (four realms of experience: education, entertainment, aesthetic, escapism). Thus, there is a need to analyse what are the current practices of
champagne brands in term of experiential marketing. In order to decide either an action is belonging to one dimension or another, it would be more precise to pre-test consumers directly to see which experiential dimension is affected. However, due to a lack of time this won’t be possible. However, a scale will confirm or not the belonging to one dimension (Mehmetoglu & Engen, 2011).

8.3 Empirical approach

8.3.1 Innovative concept development:

In today’s business world, companies have to be creative and innovative in order to gain a sustainable competitive advantage. Therefore, one of the objectives of this master thesis is to develop an innovative concept in order to enhance consumer brand-related experience. Kotler (2005) stated that the customer’s role shouldn’t be neglected in the final decision of starting a launching a new concept as they are the main actors of its success. Taking this into consideration, the following steps are describing the proposed methodology for innovative concept development.

8.3.1.1 Define the targeted audience

The targeted audience will be defined, using the various consumers segmentations mentioned above in the literature review. It is crucial to know for whom the concept will be developed because it provides with the consumers characteristics and give an overview of their shared values and expectations.

8.3.1.2 Benchmarking and mind-mapping

Secondly, in order to generate innovative ideas, an exploratory market research will be conducted as well as a benchmarking and then a mind-mapping.

8.3.1.3 Pre-test the concept: focus group

Thirdly, a focus group will be organized in order to pre-test this concept. Several concerns will be addressed to the participant such as the clarity of the concept statement, and the perceived usefulness of the concept. A focus group is a relevant technique to adjust proposed innovative concepts as it highlights the defects, disadvantages and advantages perceived by a specific group.

The focus group will be composed of 5 to 8 champagne consumers. It will take place in France, in the Champagne region, and the participants will be French. The concepts will be presented to the audience and discussed (advantages,
disadvantages). The overall session should lead to an improvement of the primary concepts.

The use of materials such as images, sounds, or any other material that could help to stimulate the participants will be defined later on.

8.3.1.4 Test the concept: quantitative techniques

The previous focus group will be then supported by the use of a quantitative method. Indeed, in the consumer behavior fields, a mix between qualitative techniques and quantitative techniques is recommended. What ultimately counts is the approval of consumers. Thus, a section of the questionnaire will be dedicated to the understanding of customers’ perception of the proposed concept, and help to decide whether or not there is a potential success behind the innovative idea.

8.3.2 Online questionnaire

8.3.2.1 Setting

- France: original and particular market for champagne product.
- United Kingdom: developed and stable luxury market
- Russia/Ukraine/Belorussia: emerging luxury markets with a fast growth and represent the BRICs category.

8.3.2.2 Participants

The ideal respondent for the online questionnaire is a luxury consumer that can express an opinion about Champagne even if the level of involvement and knowledge can be various. The objective is to obtain more than 150 answers for each of the three studied region (France, UK, Russia). However, the questionnaire will have different sections measuring different experiential marketing actions from various champagne brands. Thus, it is more relevant to aim at 30 respondents per actions, and per country group.

8.3.2.3 Intervention materials

See above the section dealing with concept development and pre-test focus group.

8.3.2.4 Measurement instruments

The questionnaire will be designed with respects to the five points Likert scale and perception scales reviewed in the literature such as:

- BLI scale from Vigneron and Johnson (2004)
- Brand Experience (Affective) from Brakus, Schmitt, and Zarantonello (2009)
- Enjoyment (Expected) from Miller, Kahn, and Luce (2008)
- Transcendent Customer Experience from Schouten, John W., James H. McAlexander, and Harold F. Koenig (2007)

Items emanating from previous studies cited in the literature reviews will be used if the validity of the scale in the experiential context is proved.

The questionnaire design will be subdivided into categories oriented on the four realm of experience framed by Pine and Gilmore - the education, entertainment, aesthetic and escapism dimensions.

Questionnaire will be available in French, English, Russian.

8.3.2.5 Procedures

The questionnaire will be designed with Sphinx, software allowing online survey. The link of the online survey will be diffused widely on social network communities (particularly linkedIn, corporate blogs). Champagne houses and associations will be contacted in order to see if they can provide any support in order to collect data.

8.3.2.6 Data analysis

The questionnaire will be analyzed with Sphinx.

8.3.3 Methodological concerns

Firstly, one of the main concerns is the reliability of the scales that will be used. A deeper analysis would be needed in order to ensure the validity of the scales.

Secondly, the respondents’ profile needed (luxury consumers) is not easy to find and approach.

Thirdly, as this study is a cross national comparison, the data collection will require dedicating a sufficient amount of time to achieve the objective of 150 respondents per markets.

Fourthly, the concept development is also a process that requires more developed methods than a single focus but it is mainly an attempt to design an experience and test it because of the time limitation.

9 Overview of Chapters:

1 Abstract
1.1 Introduction

1.2 Background

1.3 Problem Statement

1.4 Purpose and Research Questions

2 Theoretical framework

2.1 Experience economy

2.1.1 From commodities economy to experience economy

2.1.2 Definition of experience economy

2.1.3 Why is the experiential economy relevant for business?

2.1.4 How to design experiences?

2.1.4.1 The four realm of experience: Pine & Gilmore framework supported and complemented by other researchers’ findings

2.1.4.2 Entertainment

2.1.4.3 Education

2.1.4.4 Aesthetic

2.1.4.5 Escapist

2.1.5 Measuring brand experience: brand experience scales of Brakus, J. J., Schmitt, B. H., & Zarantonello, L.

2.1.5.1 Brand Experience (Affective)

2.1.5.2 Brand Experience (Behavioral)

2.1.5.3 Brand Experience (Intellectual)

2.1.5.4 Brand Experience (Sensory)

2.2 Luxury marketing: different rules

2.2.1 Definition of luxury

2.2.1.1 Origin of luxury

2.2.1.2 Conceptualization of luxury

2.2.2 Luxury brands

2.2.3 Luxury consumers: value based segmentation

2.2.4 Luxury perception

2.2.4.1 Luxury perception scale: BLI scale of Vigneron & Johnson
2.2.5  Luxury and experiences
2.2.6  Luxury markets: different stage of development and importance cross-cultural

2.2.6.1 Developed market
2.2.6.2 Emerging markets: BRIC

2.3  Champagne: luxury and experience
2.3.1  Overview of the champagne market
2.3.1.1 General trends
2.3.1.2 Developed market vs Emerging market

2.3.2  Champagne: more than a sparkling wine
2.3.2.1 Distinctive Competences of Champagne
2.3.2.2 Sustainable competitive advantage
2.3.2.3 Brand authenticity

2.3.3  Impact of the brand on consumer perception
2.3.3.1 Consumer perception of quality
2.3.3.2 Champagne and emotions

2.4  Champagne: the experience of a luxury product

3  Methodology

3.1  Theoretical approach: review of literature
3.2  Collect secondary data from Champagne Houses

3.2.1  Global picture of main actors / benchmarking
3.2.2  List experiential marketing actions undertaken
3.2.3  Brand awareness

3.3  Design of an innovative experiential concept

3.3.1  Define targeted audience
3.3.2  Brainstorming and Mind Mapping
3.3.3  Focus group: pre-test concepts and source of improvement

3.4  Empirical quantitative approach
3.4.1 Setting
3.4.2 Participants
3.4.3 Measurement Instruments

3.4.3.1 Brand-Experience perception measurement scales applied within the 4E’s experience framework of Pine & Gilmore

3.4.3.2 Perception of innovative concept scales

3.4.4 Procedures
3.4.5 Data Analysis

4 Findings

4.1 Sample description
4.2 Results of Statistical Testing: data description

4.2.1 Entertainment experience perception
4.2.2 Educational experience perception
4.2.3 Aesthetic experience perception
4.2.4 Escapism experience perception
4.2.5 Brands perception
4.2.6 Innovative concept perception

4.3 Interpretations of Statistical Results

5 Conclusions/Discussion

5.1 Summary of Findings
5.2 Theoretical implications
5.3 Managerial implications
5.4 Limits

5.5 Recommendations for further research
## 10 Plan of Work

### Time Management

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11 Appendix - Proposition for the brand selection

- **Moët & Chandon**
  - Moët Ice Impérial
  - Celebrity

- **G. H. Mumm**
  - 100 Champagne protocole

- **Pommery**
  - London Eye Concept
  - Expérience Pommery

- **Nicolas Feuillatte**
  - Less than 40 years old
  - New identity recently

- **Luxor**
  - Golden Flakes Champagne

- **Veuve Clicquot Ponsardin**
  - Concept Night Clubber
  - Champagne Bar in Harrods
12 Bibliography


