

# THE IMPLEMENTATION OF A 2<sup>ND</sup> SCREEN APPLICATION IN THE MEDIA INDUSTRY AS AN EXPERIENCE MARKETING TOOL

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## ABSTRACT

Lately there have been noticeable traces of a consumption pattern change in today's society that catalyzes various trends in the overall approach of commercialisation and distribution of media. This technical paper identifies whether a 2<sup>nd</sup> screen technology solution can be regarded as an experience marketing tool and examine its application to the media industry to meet the demands of the hedonic, digitalized trends that are currently affecting consumer behaviour. The study of this topic will reveal if the implementation of a 2<sup>nd</sup> screen mobile application can be the key to effective target audience engagement and content monetization. Through theoretical and empirical research this paper studies briefly the principals of experience marketing, the changes in media and the usage of 2<sup>nd</sup> screening. The graphs included in this technical paper were composed in cooperation with iMinds Living Labs, a Belgian applied research lab, within a three months active testing phase of a 2<sup>nd</sup> screen application called Spott designed by Appiness.

## INTRODUCTION

The economy and its way to market its goods and services have been changing over the last decades. With the social transformation and the trend towards a pleasure and leisure oriented society, economic variations and new orientations have been established. Lately there has been a significant shift towards more intentionally experiential marketing solutions away from its initially straight face-to-face approach. (Pine II und Gilmore 2014) Customers seem to seek experience and value the act of buying a product as much or even more than the product itself. True economics and pioneer businesses are responding to the new desires of their customers and start explicitly designing and promoting experiences around their product and/or service. (Pine II und Gilmore 1998) Especially already emotional commercialized products/services are suited for this new marketing approach.

Alongside the changes in the consumer behaviour of its clients, the media industry is also undergoing rapid change along the entire value chain. Propelled by its continuously rising consumer demand, digital technology and ubiquitous connectivity, trends are emerging at rapid speed around social media, mobile devices, cloud computing, real-time bidding, micro-transactions and

programmatic buying. These trends alter the way society access, consume, and pay for media. Thus creating endless consumer choices, from infinite device options to a choice of print vs. electronic, linear vs. on-demand, free vs. pay, own vs. rent, and transactional vs. subscription. The associated business model changes in this regard are profound, given that digital technology empowers companies to reduce boundaries between the individual steps in the value chain: aggregators and content producers are pursuing direct-to-consumer opportunities, distributors are moving into content production, and hardware producers are offering integrated solutions—combining devices, operating systems, and content access on one platform. (Bruns, Burgess 2015) (Artz 2015) Aim of this paper is thus to examine a new interactive solution for media players to engage their target audience according to the needs and demands of the hedonistic society according to the fast emerging trend of experience marketing and satisfy its own demand to monetize its content within a successful business model.

In general, the following key words are essential for a successful literature review search: experience marketing, consumer experience, viewer experience, 2<sup>nd</sup> screening, mobile application, consumer engagement, content monetization

## **AIM AND OBJECTIVES**

### **Overall Aim**

The overall aim of this technical paper is to identify whether experience marketing is applicable to the media industry and if a 2<sup>nd</sup> screen application could be considered as a resulting solution to the hedonistic, digitalized trends that are currently affecting consumer behaviour. The study of this topic will reveal if the implementation of a 2<sup>nd</sup> screen mobile application could be the key to effective target audience engagement and content monetization.

### **Overall Objectives**

Research questions, which should be answered with the objectives of this technical paper in order to meet the final aim of this work, could be:

Is experience marketing the future, profitable trend of marketing concepts, which enables the brand to reach out to its customer and its prospect customers? In what way is the target audience ready for an interactive 2<sup>nd</sup> screen experience? Will engaging the target audience through interaction with the content affect the loyalty and enrich the viewer experience? Can 2<sup>nd</sup> screening be regarded as a possible affective experience marketing tool to engage the target audience? Are there new ways to monetize content and engage the target audience at the same time?

Re-framing these questions into statements, the following research objectives can be concluded:

Analyse the principles of interacting experience and experience marketing methods. Explore the acceptance rate of consumer interaction with 2<sup>nd</sup> screening through analysing their Roger's Curve. Unravel the relationship between content interaction and content perception through active testing of a 2<sup>nd</sup> screen solution. Understand the possible relationship between monetization and customers' engagement in regard of the current market changes.

These objectives need to be proven with according literature, already existing brand experience theory and own conducted empirical test results. If some or all

research question can be proven as relevant and accord, the research objectives can be used as a base for the implementation of a 2<sup>nd</sup> screening application to engage the target audience in an experiential, interactive way, which will also affect the monetization of the content

## **FINDINGS**

### **Theoretical findings**

Since experience marketing is an up to date trend and already applied marketing strategy, there exists several practitioner-based articles and trade press, books, quality news media articles and industry reports, which address the technical paper subjects. Especially due to the recent developments and lately applied methods of famous entrepreneurs, the topic of this technical paper has a relevant significance and scope. While conducting the literature research, the author found out, that particularly the subject area around the meaning of customer experience could be analysed from two different points of view.

First literature reviews resulted in the conclusion, that already existing literature deals mainly with the psychological process of undergoing an experience. Schmitt, Brakus and Zarantonello (2009) for example define experience with the concept of the sense dimension of sense, feel, think, act and relate. In their opinion customers' desire for aestheticism can be satisfied with sensory experiences; feel experiences meet the customers' demand for fun and pleasure; think experiences enable customers to broad their knowledge; personal ties of the customers with the brand can be reflected through act experiences and relate experiences include interrelationships among customers. (Brakus, Schmitt and Zarantonello 2009) Holbrook and Hirschman rather understand consumption experience as the customer's way to pursuit fantasy, feelings and fun, (Holbrook and Hirschman 1982) which is closely related to Richins' opinion that emotions play a fundamental role in the consumption experience. (M. L. Richins 1997)

These authors however do not respect and include business aspects in their research such as business strategies, competitive advantages or customer orientation actions. Joseph Pine II and James Gilmore are pioneers in publishing scientific business articles about customer experience and the need to adapt to the ongoing social behavioural change of society. They've composed various articles (1998, 2007, 2008, 2011, 2014), which state the necessity to implement customer experience with long lasting benefits into companies' business models. Very interesting is their point of view of marketing itself and the lack of authenticity of those, who advertise their product/service in a phony-looking way. As a solution to this problem they suggest future investments of marketing money rather in experience places than advertisement. They state in one article that "the best way to generate demand for any offering in today's experience economy is with an experience so engaging that customers can't help but to pay attention and buy that offering." (Pine II and Gilmore 2014 p.28) Their conclusion is therefore that marketing has to become rather placemarketing, where companies create real and virtual sites, which embody authenticity and establish demand. (Pine II und Gilmore, 2014) (Pine II and Gilmore, 2004) (Pine II and Gilmore, 1998) Yasushi Kusume and Neil Gridley agree with Pine II and Gilmore, that common advertising is missing

authenticity and that the customers of today are seeking authenticity, integrity and confidence. They state in their book 'Brand romance using the power of high design to build a lifelong relationship with your audience' that design plays an important role in embodying and creating the lacking authenticity. And in turn design is able to create a series of experiences that increase customers' satisfaction, bonding and loyalty. (Kusume and Gridley 2013) Vargo and Lusch examine 'customer experience' from the economist's point of view and understand the concept of experience marketing as a service dominant logic, which results in a shift from a product centric view to a creating value approach. (Vargo and Lusch 2004) Newsom, Collier and Olsen even go one step further by introducing the concept of 'biztainment'. Biztainment describes the process of adding entertainment content to the company's product or service in order to increase the company's brand value perceived by the customer and gain competitive advantage. These entertainment contents again belong to customer experiences. (Newsom, Collier and Olsen 2009)

Overall all authors agree on the point that the ultimate goal of experience marketing is delivering brand experiences in order to effectively communicate the brand promise to the customers, offer them additional hedonic value and emotionally stimulate them. As a result, positively perceived brand experiences develop brand awareness, strengthen brand loyalty, create brand value and arouse customer delight/satisfaction. Furthermore, a customer who enjoys emotional brand experiences, and thus perceives the brand as being affective, builds trust in the brand, which in turn strengthens his/her brand relationship. Most of the researchers even indicate that the implementation of experience marketing into brand management implies monetary gains and influence in consumer behaviour. (Holbrook and Hirschman 1982) (M. L. Richins 1997) (Pine II und Gilmore, 1998, 204, 2014) (Vargo and Lusch 2004) (Brakus, Schmitt and Zarantonello 2009) (Newsom, Collier and Olsen 2009) (Kusume and Gridley 2013)

One can see that there are a lot of similarities in the profound understanding of experience marketing concepts and the media industry. Especially Kusume and Gridley (2013) pinpoint congruent aspects, which imply to both industry requirements. The media industry is alike suffering of the lack of perceived authenticity of its content and the unstable loyalty in regard of audience rate of its customer. Through new media in form of multi channel networks, new platforms such as vimeo or vine and self-made Youtube stars, the media landscape is filled with various content, which increases the competition and affects the loyalty of the audience. As Lee Artz (2015) mentions in his book 'Global Entertainment Media: A Critical Introduction' local media has now become transnational media with a broad reach with also increased competition environment. The new transnational market circumstances require a capitalist drive and ambition in order to be able to reconstruct the media production and content to meet the demands of the now transnational audience. (Artz 2015) Bruns and Burgess (2015) trace back the changes in the media industry mainly to the customers' demand for endless content regardless of the type of network. Content providers any form started to enter the value chain and filled the gaps between different networks and the other value chain components. This leaves the 'old, existing' media players to come up with a new business idea that engages their target audience on a personal, interactive level in order to increase their audience's loyalty. (Artz 2015) (Bruns, Burgess 2015)

## Empirical findings

To analyze whether experience marketing can be applicable to the movie industry in form of a 2<sup>nd</sup> screen solution, Appiness developed in this regard a 2<sup>nd</sup> screen application named Spott. Spott's technology can time stamp metadata, extract time frames of video content, track every seen item within the key frame and match it to online stores. Through this technology, Appiness is pursuing to offer a novel viewing experience, where viewers can interact with any local or international video content and purchase every seen item within it. The TV will thus become the users' favourite shop. Furthermore Appiness is achieving to gain valuable insights into the viewers' consumer behaviour, which illustrate how valuable content is to product placement deals. This way Appiness is establishing a solution to increase the monetization of content and making television advertisement more valuable through direct consumer interactions. To test if Appiness found a solution to implement experience marketing into the media industry, experiments were conducted by iMinds Living Labs with a broad target audience of 500 diverse users to explore their engagement with the content and their overall viewing experience.

As mentioned above in the research aims, it is important to examine the consumers' acceptance of interaction with 2<sup>nd</sup> screening through comparing their adaptation curve with the Roger's Curve. With 75% of the adoption rate covered by Innovators and Early Adopters, the test showed that the adoption rate of the usage of the second screen application is much higher and faster than the standard innovation (see Rogers in Shuen, 2008). This can be interpreted as a genuine user acceptance of interacting with 2<sup>nd</sup> screen technology.

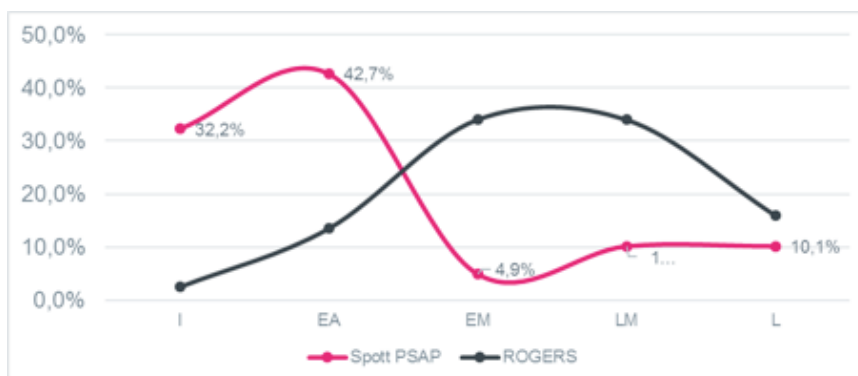


Figure 1 2<sup>nd</sup> Screen Application vs Roger's Curve

The third research aim of this technical paper is to unravel the relationship between content interaction and content perception through active testing of a 2<sup>nd</sup> screen solution. The 3-months test in cooperation with iMinds Living Labs, a Belgian applied research lab, proved that the 2<sup>nd</sup> screen application was not only considered as fun (see also adoption rate above), but also very functional (=useful). By questioning the participants it can be concluded that scrolling through the 'spotted' items detected within the content is perceived as being not only entertaining but also educational, since the user would now finally know, which exact item is displayed in the content and where it is purchasable. Because of the many features Spott offers, people used it more than expected, which is indicated by the growing percentage of the fun/functional parameter demonstrated by the graph below that led to an increase in usage. Also notable

is that the functional parameter extended even the fun parameter over the period of usage.

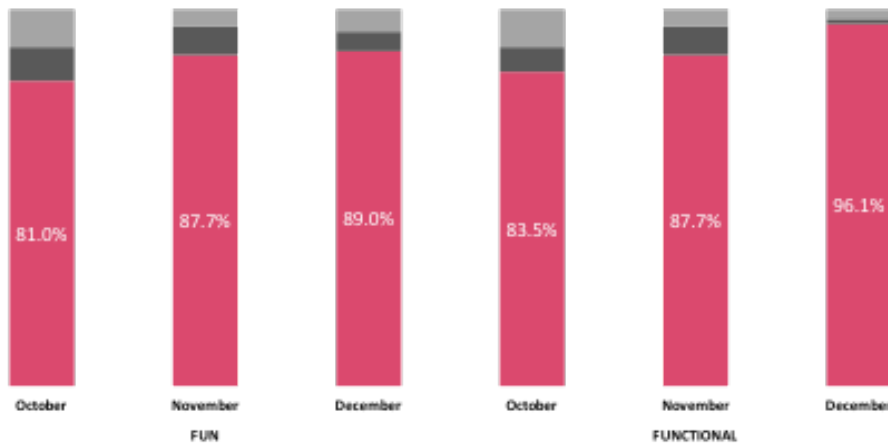


Figure 2 Fun perception vs functional perception

As a result, the relationship to the content itself thus also changed. Watching and engaging with the content became not only a leisure, fun experience but also a usage orientated experience with additional value of know how (what specific items are displayed in the content) and interaction (with one click users can now buy what they see in video content). This underlines the co-relation between increasing the value of the product through enriching it with an experience as mentioned by Holbrook and Hirschman (1982), Pine II and Gilmore (1998, 2011, 2014) Vargo and Lusch (2004), Brakus, Schmitt and Zarantonello (2009) et. al. The test results also showed that the 2<sup>nd</sup> screen usage would not disrupt the viewing experience. Because of the interactivity of relevant information on 2<sup>nd</sup> screen with the 1<sup>st</sup> screen, users clearly saw the service as enriching the viewing experience.

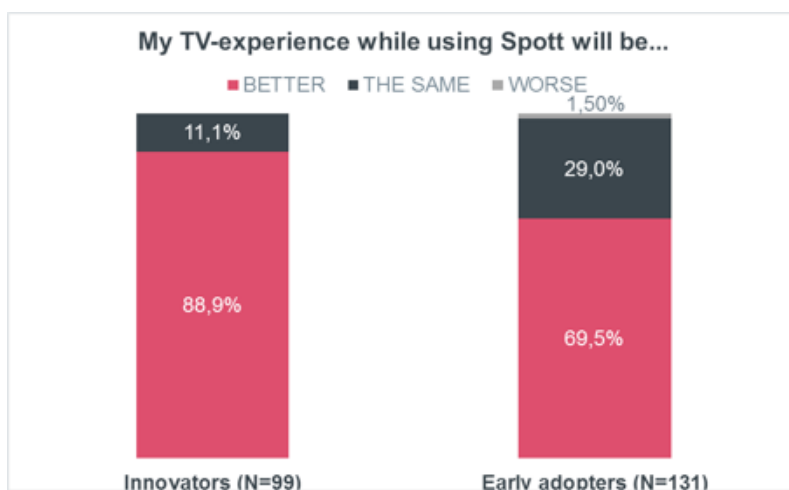


Figure 3 Enriched perception of the content

The last but not least research aim is to understand the possible relationship between monetization and customers' engagement in regard of the current market changes. The experiment clearly showed, that Spott is able to not only

enrich the viewing experience, but also triggers the consumers to impulse buying whenever the user gets inspired by the content. The figure below shows the results from questioning the innovators and early adopters about the likeliness to use the app to buy something they see in video content. The result shows that at least 24,4% (Early Adopters) would be likely to buy something at least once a month through the 2<sup>nd</sup> screen application whilst inspired by the content.

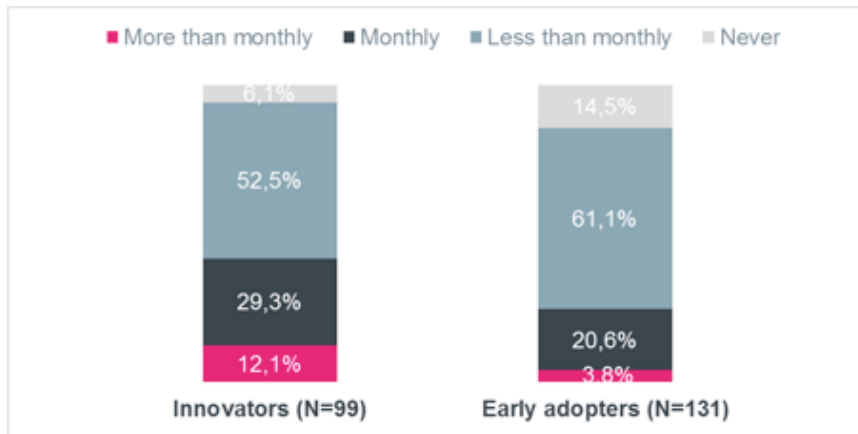
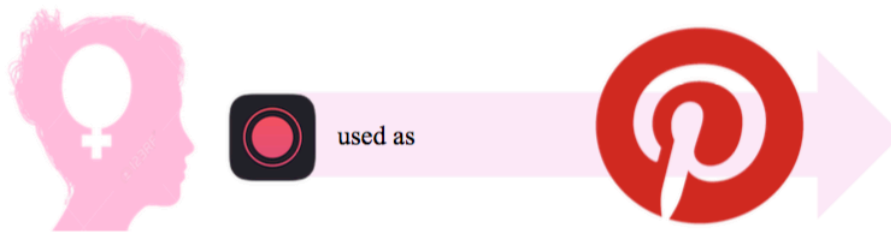
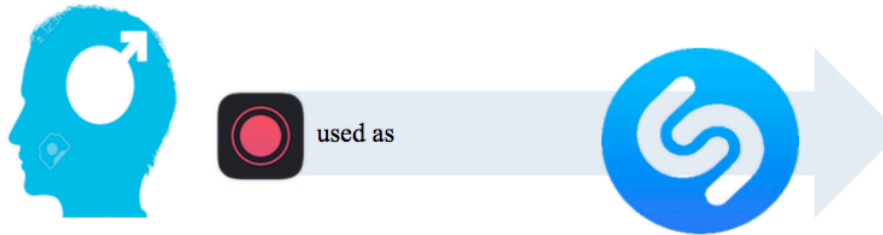


Figure 4 Likelihood of using the App for purchase

To analyze whether this monetization value can also be traced back to an enriched viewing experience of the content, one has to examine the overall usage of the application linked to the trigger of impulse buying. When looking at the usage of the 2<sup>nd</sup> screen application, it goes much further than only interacting while watching content. During the test only 33% of the users used it for functional recognition (mainly male, who perceived the service as a Shazam for television). About 57% used Spott during and after the viewing experience not only for recognition but also for inspiration (mainly women, who perceived the service more as a Pinterest for television). Thus one can say that the monetization process of the content is clearly linked to the experiential factor of the enriched viewer experience.



From **INSPIRATION** to purchasing



From **FUNCTIONALITY** to purchasing

Figure 5 Perception of the 2<sup>nd</sup> screen application

## CONCLUSION

As demonstrated by various researchers, experience marketing is a profitable marketing trend, which will have a positive effect on brand perception, monetization and loyalty. The implementation of experience marketing methods can also stimulate the customers emotionally and delight them, which will affect their consumer behaviour.

Given the results of the test conducted by iMinds Living Lab, Appiness' technology can overall be summed up as an enrichment of not only video content but also of user experience, both on an application level (with wish lists, spotting and buying items) as on a contextual level (with a promised enriched TV-experience). Appiness satisfies the end-user's need of finding and buying products that appear in TV-programs, whether they are locally or internationally. With high levels of perceived enjoyment, ease of use (see figure 1) and usefulness, the technology lives up to the expectations of test users (see figure 3). The fun and functional aspect of Spott leads to an enhanced usage of the application (see figure 2), which can be interpreted as an increase in loyalty. The usage of Spott even triggers impulse buying, which means Spott offers a new way of monetization of content (see figure 4,5).

Comparing the aspects of experience marketing and the test results of Appiness 2<sup>nd</sup> screen solution, one can say that the implementation of a 2<sup>nd</sup> screening application can be used to engage the target audience in an experiential, interactive way, which will also affect the loyalty towards and monetization of the content.

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