INTEGRATING RELATIONSHIP MARKETING AND EXPERIENTIAL MARKETING IN VALUE CO-CREATION: REVITALISING POTTERY CRAFT CENTRES IN LOMBOK

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ABSTRACT

This paper examines relationship marketing and experiential marketing perspectives in light of value co-creation and how they can be integrated in order to revitalise and transform pottery craft centres into tourist destinations on Lombok island. The island has been popular as one of the main tourist destinations in Indonesia; however, creative industry (especially pottery craft), which should support tourism, has shown a negative trend as a number of micro enterprises have closed down and export has continuously declined. No pottery craft centre on the island promote differentiations they merely offer intrinsic products stressing rational but ignoring emotional side of customers’ desires. This paper proposes a differentiation through integrating and implementing both relationship marketing and experiential marketing perspectives in pottery craft centres. This needs to transform craftswomen and individuals in the community as experiential value co-creators and redesign their physical surrounding by building a demo corner as a workshop collective space. The experiential value co-creators have to be well trained to enhance their skills in strengthening bonding, empathy, reciprocity, trust, shared values and communication in interactions with visitors. These skills can generate memorable experiences leading to positive word-of-mouth promotion and repeat visits.

Keywords: relationship marketing, experiential marketing, value co-creation, pottery craft centres

1. INTRODUCTION

Since two decades ago Lombok Island has been one of the main tourist destinations in Indonesia. At the beginning, this sector was flourishing; however, since the social riots in the capital city in 1998, followed by terrorist attacks in Bali, the number of visitors to the island has sharply decreased. This negative trend was also seen in handicraft centres throughout the island. Craftswomen left the centres and worked overseas, and a number of art-shops seemed to struggle to keep business and were closed down. Sulhaini and Suprayetno (2014) reported that pottery craft centres such as Banyumulek (West Lombok), Penujak (Central Lombok) and Penakak (East Lombok) seemed to be dying as international orders suddenly dissapeared after Bom Bali II.

Based on the author’s observations of these pottery craft centres, it seemed that their offerings relied only on products’ intrinsic value to attract customers. They simply ignored the emotional side of their customer’s needs. It was clear, however, that the centres had great potential for redevelopment. In terms of product design, the craftswomen were trained by New Zealand experts; but in order to maintain the business, they need to continuously have new ideas for product design. Nonetheless, they still maintained traditional methods and used available natural resources for developing new materials, colouring and finishing. These resources are environmentally friendly. In colouring products, they used sap from tamarind tree, and they utilised dried rice trees for firing pottery. These unique methods can be offered to visitors who may enjoy the experience of pottery making. Unfortunately, there is no handicraft centre offering this unique experience that promotes value co-creation between craftswomen and visitors/customers.

It has been argued that traditional marketing fails to explain the marketing of tourist destinations, which should have a greater focus on emotional drivers of consumption. Marketing of
a tourist destination should strategically develop differentiation by developing experiential relationships (Hannam, 2004). The adoption of an experiential consumption-based approach to marketing in tourist destinations was highlighted by Leighton (2007), who emphasised the need to offer a package of exceptional visitor experience rather than solely intrinsic products to ensure positive word-of-mouth and repeat visits. Tourism marketing is surely becoming more complex. It is no longer about an image of a place highlighting “sand, sea and sun, as well as price,” but attempts to sell a memorable experience representing visitors’ lifestyles (Hannam, 2004). Experience, then, has a great role in tourism marketing, and thus it has to be offered at tourist destinations. The focus lies on how to stimulate visitors’ empathy for a particular destination to encourage them to visit and revisit. This means building emotional attachment with the visitors’ lifestyles to the destinations (Morgan and Pritchard, 2002), a view that also dominates in tourism marketing (Benkeinstein et al., 2003). This paper examines the relationship marketing and experiential marketing literatures in order to find out how they emphasise value co-creation. Following this, the paper discuss how those perspectives can be integrated and adopted to revitalise and transform pottery craft centres in Lombok. This paper proposes the idea to integrate the two distinct perspectives in marketing in order to create a differentiation and thereby transform the centres into tourist destinations that offer value co-creation to visitors/consumers, craftswomen and the community. In this way, diversification could be generated for tourist destinations on the island. However, the transformation is not intended to replace export; indeed, the idea of value co-creation will stimulate export since the main benefits gained by craftswomen are learning foreign customers’ preferences and boosting their own ability to innovate. This paper also provides useful recommendations for revitalising handicraft centres on the island.

2. LITERATURE REVIEW

Relationship Marketing

Relationship marketing is defined as all activities that build, develop and maintain successful transactions (Morgan and Hunt, 1994). According to the literature, suppliers and customers are mutually active in interactions, which underlines the value creation process (Juttner and Wehrli, 1994; Gronroos, 1997b; Smirnova and Kusch, 2006). A recent development in the literature is a strong argument that relationships provide the potential for the value creation process to occur (Forsstrom, 2003; 2004; Ritter and Gemunden, 2003; Broring and Cloutier, 2008; Liyun et al., 2008; Ngugi et al., 2010). This is because organisations can create value in relationships through which they learn customer preferences and needs (Sivasak and Dwyer, 2000; Rodriguez-Dias and Espino-Rodrigues, 2006; Haathi et al., 2005; Smirnova et al., 2009; Sulhaini, 2011, 2012).

Proffesionalism, contact personnel, quality and price, as well as emotional and social values, drive customer perception of value (Sanches et al., 2006), and customer relationship quality can be affected by those factors, especially the emotional value generated from interactive transactions and interactions (Molliner et al., 2007). They are not only cognitive but also affective. A customer/visitor will make a rational analysis of the relationship and his experience, and this analysis places a fundamental role on relationship quality judgments, whether a relationship satisfies their needs and happiness and whether trust and commitment has been stimulated (Molliner et al., 2007). Customers will be willing to be involved in a relationship when they believe that they can cultivate more benefits than costs. They evaluate value offered in the relationship. On the other hand, suppliers also asses the benefits they may cultivate in the interactions. They view relationship marketing strategies as ways to boost their competitiveness because relationships can enhance their value creation competencies (Hunt et al., 2006). Marketing in relational contexts is viewed as a process that supports the customer value creation process (Gronroos, 1997). Value creation is more than just product development; marketing strategy in this context lies on how to create customer value through relationships. Traditional marketing underlines that customer value is embedded in
trade exchange, while relationship marketing suggests the role of the core product is blurred. Companies need to know when and how to create customer value, and realise that value is created and perceived based on interactions in addition to the trade transaction (Gronroos, 1997). The value creation process requires firms to focus on resources, i.e., personnel, technology, knowledge, information and the customer itself (Gronroos, 1997). Consequently, firms pay greater attention to customer value creation through mutual communication and cooperative activities (Liyun, et al., 2008). This calls for a greater relational capability (Smimova dan Kusch, 2006), through which firms can develop customer/ market knowledge (Sulhaini, 2012). Smimova dan Kusch (2006) indicated that relational capability is the main determinant in value co-creation in customer relationships. This was also suggested by Ngugi et al. (2010), who argued that relational capability may enhance firms' innovativeness and value co-creation with customers.

The discussion above suggests that relationship marketing is aimed at value co-creation for both sides—a firm and its customer, and thus value is created mutually. This requires bonding, empathy, reciprocity and trust components (Yau et al., 1999), and also shared values and communication (Sin et al., 2002). A craftsman’s ability to promote all those factors becomes a prerequisite to ensuring that the value co-creation process runs smoothly in interactions with customers/visitors at pottery craft centres. Consequently, enhancing this ability through training is needed. The following discussion examines experiential marketing literature.

**Experiential Marketing**

Experiential marketing literature views consumption as a holistic experience involving the rational and emotional sides of customers (Pine and Gilmore, 1998; Petkus, 2012; Dirsehan and Yalcin, 2011). Schmitt (1999) explained that experiential marketing differs from traditional marketing in that the first perspective focuses on customer experience. Quality of customer experience refers to how a customer evaluates his consumption experience in relation to the physical surroundings, suppliers, other customers, their companions and themselves (Chang and Hong, 2010). This suggests that customers cannot be viewed as passive recipients of value created by their suppliers. The co-creation process is argued to be a new strategic capital, accumulated through the continuous accumulation of knowledge and skill from iterative interactions in the relationship (Ramaswamy, 2008). This may mean that interactions in the relationship will provide an arena for a firm to continuously learn from its customers. This reiterates the understanding obtained from the discussion in the relationship marketing literature above. Ramaswamy (2008) suggests further that if co-creative interactions are an emerging strategy for value creation, then a firm needs to learn how to sustain competitive advantage by co-creating experiences of value with customers. He calls it an Experience Co-Creation (ECC) process, which enables co-creative interactions so that customers can have meaningful and compelling engagement experiences. Emotional attachment to customers will increasingly become an important part of uniqueness that cannot be easily imitated by competitors. In sum, the basis and process of value creation shifts from product and services towards experience co-creation platforms, and from a unilateral value creation process by a firm alone to co-creation with customers through co-creative interactions (Ramaswamy, 2008). Value creation does not exist in a closed relation, but value co-creation process runs in an open system (Lindgreen and Wysotra, 2005).

In order to transform a pottery craft centre into a tourist destination that offers experiential value, support from the community is needed because the community has an important role as value co-creator of unforgettable experiences in the centre. There is a need to inform or campaign in the community about their important role. Redesigning the environment and involving the community are requirements for the integration of the perspectives as seen on figure 1. The figure illustrates three parties as experiential value co-creators, namely-craftswomen/micro enterprises, tourist/visitors/customers and the community. Relationship marketing emphasises customer.
experience and that customers act as co-creators of value (Palmer and Koenig-Lewis, 2009). The adoption of relationship marketing and experiential marketing perspectives allows for a greater focus on creating differentiation; merely relying on service and customer relationship building has become increasingly generic (Palmer and Koenig-Lewis, 2009).

Figure 1. Value Co-creation

![Value Co-creation](image)

Source: Adapted from Palmer and Koenig-Lewis (2009).

**Value Co-creation**

Based on a comprehensive review of traditional marketing, relationship marketing, and experiential marketing literatures regarding value co-creation, the author was able to develop the following table that summarises the main perspectives.

<table>
<thead>
<tr>
<th>Literature</th>
<th>Value Creation</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Marketing</td>
<td>Value is created for customers who are the passive parties in the transaction.</td>
<td>Slater, 1996; Rosen and Suprenant, 1998; Frostrom, 2003, 2004; Ritter and Gemunden, 2003; Matthing et al., 2004; Palmer and Koenig, 2009; Ngugi et al., 2010</td>
</tr>
<tr>
<td>Relationship Marketing</td>
<td>Value is co-created with customers, and both parties are actively in the process and get benefits from the interactions</td>
<td>Schmitt, 1999; Chang and Horng, 2010; Pine and Gilmore, 1998; Hollebeek and Brodie, 2009; Prahalad and Ramaswamy, 2000; Ramaswamy, 2008</td>
</tr>
<tr>
<td>Experiential Marketing</td>
<td>Value is created through experience co-creation process.</td>
<td></td>
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</tbody>
</table>

The development of relationship marketing perspectives currently show that all parties in a relationship are active value co-creators. Through iterative interactions and trade transactions, they gain value. The integration of the perspectives is of paramount importance to revitalise pottery craft centres so that they are not only places of trade transaction but also places that offer experiential value. This consequently requires a place that stimulates the value co-creation process, i.e., a demo corner.

A demo corner or a workshop collective should be close to the craftswomen's homes and the community. This is because craftswomen are housewives who do craft making after finishing their household chores. They create the experience value obtained by visitors. Customer involvement is related to the interaction between the visitors and craftswomen while pottery is being made; customer involvement is seen as customer interaction in the relationship (Carbonell et al., 2009), and
the interaction is believed to affect innovativeness and enhance customer value perception. This is due to the craftswomen as service providers having had a chance to understand customers needs, wants and behaviours so they can avoid unnecessary product features, which do not lead to better sales (Carbonell et al., 2009).

3. INTEGRATING THE PERSPECTIVES

Customers/visitors are argued to be not only interested in the intrinsic product but also in the total experience (Leighton, 2007). They subjectively and emotionally evaluate the quality of the experience and experiential value they gain from a tourist destination. In experiential value co-creation, empathy becomes a main factor that stimulates the experiential creators to be concerned about the affective and emotional side of individual visitors (Pine and Gilmore, 1998; Chang dan Hong, 2010). Similarly, relationship marketing perspectives show empathy as one of main dimensions of the relationship marketing orientation and relational capability; therefore, both perspectives can be integrated and implemented simultaneously by focusing on empathy.

The author of this paper proposes an adoption of those perspectives, which seems to require the development of a demo corner as a workshop collective in the pottery craft centers. The development should have a great emphasis on five dimensions proposed by Chang and Hong (2009): physical surroundings, service providers, other customers, customers’ companions and the customers themselves. Physical surroundings consists of four sub dimensions, i.e., atmosphere, concentration, imagination and surprise, and the last dimension of surprise includes the two sub dimensions of cognitive learning and having fun. How these dimensions can be applied to pottery craft centres in Lombok is discussed below.

Atmosphere refers to how customers emotionally perceive the atmosphere through interaction with physical facilities. This can be influenced by decoration, colour design, lighting and space design in the demo corner. Concentration reflects how the physical surroundings attract customers’ attention so that they can enjoy the service settings and immerse themselves in consumption activities. Imagination can be impulsive imaginative opportunities for customers; this dimension refers to how decoration may stimulate a feeling of fancy and being in a unique world and another imaginative space.

In the demo corner, surprise can stimulate customers’ perceptions more than they expect. Service providers in this paper refer to craftswomen and community who provide excellent, friendly and kindly interactions in which the visitor is treated with respect. Other customer public behaviour dimensions involve visitors in the demo corner other than the primary customer. Customer companions influence how individual visitors may share their experience of being in the demo corner. They may share the products that are being made with friends and families and that experience creates better relationships for the visitors. At the demo corner/workshop collective, craftswomen aid the visitors in learning how to make pottery in traditional Lombok ways. They may learn something new in the demo corner, and they may obtain satisfaction from the interactions with the craftswomen and the community, leading them to experience value that is co-created. In order to create optimum experiential value, implementation and the integration of the two important perspectives, i.e., relationship marketing and experiential marketing, is required. This calls for training for the craftswomen and the community so that they can promote bonding, empathy, reciprocity, trust, shared values and communication in interactions with visitors. Also, developing a demo corner that stimulates all dimensions articulated above as they determine experience value co-creation as argued by Prahalad and Ramaswamy (2003), who said that value creation is determined by the experience of the specific customer at a specific point in time and location, in the context of specific event. Interactions at a demo corner create the opportunity for co-creation of experiential value, which may be higher than intrinsic product consumption value. The main benefit gained from value co-creation lies in the potential of increasing the value perceived by customers. This can be generated through product consumption and the social interactions between customers/visitors and craftswomen and the community. The interactions are argued to enhance
value (Hollebeek and Brodie, 2009). Social and trade interactions provide windows for craftswomen to get closer to and learn from their customers. Understanding their customers better in terms of their behaviour, attitude and preferences may enhance their innovativeness in product design (Ngugi et al., 2010). Each party may contribute and gain value from interactions in the demo corner, as illustrated by the figure 1 above.

4. CONCLUSION AND RECOMMENDATIONS

This paper examined experiential marketing and relationship marketing perspectives and how they can be adopted and integrated for value co-creation in pottery craft centres in Lombok. The integration would create differentiation between the centres in order to revitalise and transform them into tourist destinations, a transformation that has become a necessity as the pottery craft trade has been in continuous decline. The transformation will then not only enrich but also advance diversification of tourist destinations on the island. To do so, it is important to build a demo corner at the centres where all participants (visitors, craftswomen and the community) may obtain benefits from the interaction by emphasising the five dimensions of experiential marketing, i.e., physical surroundings, service providers, other customers, customers’ companions and the customers themselves. The author of this paper calls this as “etalase wisata budaya.”

Positive interactions can boost craftswomen’s knowledge and innovativeness and also encourage visitors to make and buy pottery. This approach may mean “product” delivery in the visitors/consumer’s hand by giving them the experience of trying to make the pottery they want. This enhances their value perception and thus their satisfaction. Training is then required for the craftswomen to emphasise their competencies in bonding, empathy, reciprocity, trust, shared values and communication. Also, a campaign to inform the community about their important role in experiential value creation will encourage them to perform their important role in this process. The two perspectives may come together to enable visitors to feel a better atmosphere and stronger emotional ties with craftswomen and their communities, and the experience would inspire word-of-mouth promotion and revisits to the centres.

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