The impact of the brand experience on Purchase Intentions (Case study West and Central branches of Tejarat Bank)

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Abstract

Present research aims to Investigating The impact of the brand experience on Purchase Intentions in West and Central branches of Tejarat Bank. Required information was adapted by the questionnaire-based on research model and was responded by 384 West and Central branches of Tejarat Bank customers. The Structural equation modeling was used to analyze data and reliability through Cronbach’s alpha, which was 0.87 had been measured. The result of this study confirmed that Brand Experience has effect on Brand Credibility, Brand Attitude and CBBE1. Brand Attitude has effect on CBBE and Purchase Intentions. But Brand Credibility has no effect on Brand Attitude and CBBE. At the end based on research findings recommendations were presented.

Keywords: Brand Experience - Purchase Intentions - Brand Attitudes.

1 Consumer Based Brand Equity
Introduction

Although, the concept of brand experience is not a new phenomenon, it has attracted a renewed focus from academicians and practitioners of recent times (Brakus et al., 2009). Around three decades ago, Holbrook et al. (1982), introduced the concept of experience in the marketing literature, and since then it continues to influence multiple disciplines such as economics (Pine and Gilmore, 1998), consumer behavior (Addis and Holbrook, 2001), and marketing (Brakus et al., 2009; Caru’ and Cova, 2003; LaSalle and Britton, 2003; Schmitt, 1999). The customer experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction. This experience is strictly personal and implies the customer’s involvement at different levels (rational, emotional, sensorial, physical, and spiritual) (Gentile et al., 2007, p. 397). Both the practitioners and academicians have shown great interest in understanding, creating, and measuring brand experience and fully acknowledge its place and value in broader marketing strategies (Zarantonello and Schmitt, 2010). A review of related literature indicates that recent studies discussed brand experience from multiple perspectives. Some were focused on the measurement aspect of the construct and thus contributed by developing a robust scale to capture consumer brand experience (Brakus et al., 2009), others were more interested in studying it from the perspective of brand management (Valencia, 2005). In recent years measuring the consequences of brand experience on some of the distinct but related concepts such as brand differentiation, sale promotion, customer satisfaction and loyalty has gained popularity among researchers (Brakus et al., 2009; Morrison and Crane, 2007; Zarantonello and Schmitt, 2010).

Statement of Problem

The above discussion raised several questions pertaining to the consequences of brand experience. Past research failed to provide sufficient empirical evidence that how brand experiences influences consumer attitude and perception related with brand credibility, brand attitude and consumer based brand equity in a holistic model. Furthermore, I is also not clear whether brand experience directly influence consumer based brand equity or it partially or fully mediate through other analytically and cognitively driven constructs such as brand attitude and brand credibility. Thus, investigating the structural relationships among the consequences of brand experience will provide a better understanding that how investments in generating positive brand experience leads to the customer’s preferential treatment of a brand. So in this research the main question is:

To what extent Customer experience from a brand has effect on purchase intentions

Literature review

1. Brand experience

Brand experience is related but distinct from some of the more popular concepts in branding literature, such as brand awareness, image, attitude, credibility and consumer based brand equity. In fact it is the acceptance of its distinct conceptualization by both the academicians and practitioners that has facilitated its practical implementation and raised its status as one of the most essential aspects of a firm’s marketing mix strategy (Brakus et al., 2009; Chang and Chieng, 2006; Choi et al., 2011). Thus, it is not surprising to note that creating and providing
best customer experiences has become one of the strategic objectives of most renowned brands of the world such as Starbucks, Toyota, Dell and IBM. Brand experience reflects an individual relative degree of familiarity with a brand resulting from some form of exposure (Braunsberger and Munch, 1998; Ha, 2005).

Brand experience is described as “subjective, internal (sensations, feelings, and cognitions) and behavioral responses evoked by brand related stimuli that are part of a brand’s design and identity, packaging, communications, and environments” (Brakus et al., 2009, p. 53). Although the term brand experience encompasses all types of consumer experiences, emotional, contextual, symbolic and non-utilitarian are the aspects that are receiving greater attention in recent times (Arnould and Thompson, 2005; Brakus et al., 2009; Hulte´n, 2009; Zarantonello and Schmitt, 2010). The modern history of brand experience started with a specific focus on the sensory, fantasy and emotive aspects of product related consumption experiences (Hirschman and Holbrook, 1982). The concept largely remained product/service oriented experience until the influential work of Schmitt (1999), who brought the world’s notice to the superficial aspect of sensory, affective and creative experiences (Brakus et al., 2009; Schmitt, 2009). Brakus et al. (2009), define brand experience as a multidimensional construct, triggered by consumers’ exposures to brand related stimuli’s that can be traced back to their long-term memory. They suggested that brand experience is a multidimensional construct reflected by sensory, affective, cognitive, behavioral and social dimensions (Brakus et al., 2009).

2. Brand credibility

Derived from signaling theory, the brand credibility concept suggests that firms can use their brands as signals for conveying information about their products (Erdem et al., 2002; Spry et al., 2011). Firms use various marketing mix strategies to signal the differential aspects of its brands and other product related information. Thus, in essence, brand signals embody all past and present marketing mix strategies of a firm (Meyer and Sathi, 1985; Spry et al., 2011). Nonetheless, brands that failed to generate positive credibility as a result of poor marketing mix strategies always struggle to succeed.

Brand credibility is a two dimensional construct reflected by expertise and trustworthiness as its second-order latent variables (Erdem et al., 2002). Expertise means that the brand has the potential to deliver what it promises, while trustworthiness indicates that a brand is viewed as capable of delivering what it has promised (Erdem and Swait, 1998). Brand credibility is one of the most important stepping stones on which a brand can build its consumer based brand equity. Although the presence of credibility is never assumed to be the only source of building brand equity, its absence can surely dampen any chances of building it.

3. Brand attitude

Attitude is the psychological evaluation of an object, measured by its attributes (Petty et al., 1997). Measuring consumer’s attitude towards the brand is fundamentally important because of its tendency to positively correlate with their brand preferences and purchase intentions (Kim and Pysarchik, 2000; Walgren et al., 1995). The theory of reasoned action (TRA) suggests that attitude is closely related to behavior (Ajzen and Fishbein, 1980). According to TRA, attitudes and subjective norms are the most important predictors of human behavior (Chakrapani, 1999; Ha, 1998). Therefore, it is imperative for marketers to measure consumer brand related attitude but also its antecedents and consequences. Plethora of research is available on the possible antecedents and outcome of consumer attitudes towards a brand. Nonetheless brand experience
as an antecedent of consumer brand attitude has received little attention in the past academic literature (Biedenbach and Marell, 2009; Fairclothe et al., 2001; Ghose, 2007; Grace and O’Cass, 2004). Furthermore, only a handful of studies are available which empirically explored the influence of brand attitude on consumer based brand equity (Chaudhuri, 1995; Fairclothe et al., 2001; Farquhar, 1989).

4. Customer-based brand equity

The term “brand equity” first appeared three decades ago in the marketing literature. Since then, interest in the subject has increased considerably (Cobb-Walgren et al., 1995). Academicians and practitioners equally emphasize on the importance of creating, measuring and managing brand equity (Lassar et al., 1995). A number of definitions and approaches are available in marketing literature to measure brand equity. These definitions are broadly grouped into financial and marketing perspectives. The first one involves understanding brand equity from the financial perspective, which measures it as a monetary value, associated with a brand but separable from the rest of a firm’s properties (Brasco, 1988; Pappu et al., 2005; Shocker and Weitz, 1988; Simon and Sullivan, 1993). The second category defines brand equity as the customer’s knowledge and value of a brand, largely resulting from a firm’s systematic marketing efforts (Aaker, 1991; Kamakura and Russell, 1993; Keller, 1993; Kim and Lehmann, 1990; Pappu et al., 2005; Rangaswamy et al., 1993). It is this later conceptualization that is used in this research to investigate the antecedents and consequences of brand equity in a holistic model. Aaker’s (1991) and Keller’s (1993), conceptualization of the consumer based brand equity has the most dominating influence on this body of research. Aaker (1991) defined brand equity as “a set of categories of brand assets (liabilities) linked to a brand’s name or symbol that add to (subtract from) the value provided by a product or service”. He conceptualized consumer based brand equity as a multidimensional construct having four second-order latent variables (i.e. brand awareness, perceived quality, brand associations, and brand loyalty). On the other hand, Keller (1993), defined brand equity as the “differential effect of brand knowledge on consumer response to the marketing efforts of a brand”. He proposed a two component model of customer-based brand equity, named brand knowledge and brand response. Brand knowledge was further divided into brand awareness and brand image, whereas brand response is the behavior of consumer towards a specific brand.

The Oretical Framework of the Research

In this research, for investigating key factors, Amjad Shamim and Muhammad Mohsin Butt (2013) questionnaire based on five dimensions of Brand Experience, Brand Attitude, Brand Credibility, CBBE and Purchase Intentions have been used. According to that, research conceptual model based on research subject is as following:
Figure 1: Research conceptual model

Methodology of the Research

Present research is a descriptive-survey research. Statistical universe includes all West and Central branches of Tejarat Bank customers. In order to gather data, a questionnaire has been used. The questionnaire consists of two parts. In the first part demographic information such as gender, education level, age, etc. were allocated. In the second part, 20 questions were allocated and they were confirmed by vote taking and consultation with experts and decision-makers and then after investigating its reliability and validity, it has dealt with data gathering. The questions were in closed type and Likert scale has been used that includes five points of strongly disagree, disagree, partially, agree, strongly agree. The way of scoring choices is from very low (1) to very high (5). It is worth explaining that the questionnaire was investigated by experts and professors and its reliability and validity were examined and they confirmed. In addition, hypotheses of the research are as follows:

1. Brand Experience has a positive and significant effect on Brand Credibility.
2. Brand Experience has a positive and significant effect on Brand Attitude.
3. Brand Experience has a positive and significant effect on CBBE.
4. Brand Credibility has a positive and significant effect on Brand Attitude.
5. Brand Credibility has a positive and significant effect on CBBE.
6. Brand Attitude has a positive and significant effect on CBBE.
7. Brand Attitude has a positive and significant effect on Purchase Intentions.
8. CBBE has a positive and significant effect on Purchase Intentions.
Analyzing the Data of the Research:

In following, results of research data analysis are presented: according to the analytical research model and for hypotheses examination, the Structural Equation Modeling was used to analyze data by LISREL 8.5 software have been used.

- **Kolmogorov-Smirnov test:**
  With respect to, one of the default assumptions of the correlation test is observations normally distributed, first, to ensure normality of the variables, we used the KS test.

  **Table1: Kolmogorov-Smirnov test**

<table>
<thead>
<tr>
<th>Component</th>
<th>KS statistic</th>
<th>Significant level</th>
<th>result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Experience</td>
<td>1.251</td>
<td>0.251</td>
<td>Normal</td>
</tr>
<tr>
<td>Brand Attitude</td>
<td>2.353</td>
<td>0.314</td>
<td>Normal</td>
</tr>
<tr>
<td>Brand Credibility</td>
<td>1.468</td>
<td>0.165</td>
<td>Normal</td>
</tr>
<tr>
<td>CBBE</td>
<td>3.221</td>
<td>0.214</td>
<td>Normal</td>
</tr>
<tr>
<td>Purchase Intentions</td>
<td>2.972</td>
<td>0.325</td>
<td>Normal</td>
</tr>
</tbody>
</table>

- **The theoretical model is based on software LISREL output**
  To test the hypothesis and validity of theoretical research model and influence coefficients Structural equation modeling method was used.
  LISREL Software was used to check the main research model. Finally, the model with the necessary corrections comes in below:

![Figure 2: Standardized values research model](image-url)
Hypotheses Test

In this section, by using structural equation modeling, the research hypotheses are discussed. According to discussed hypotheses, all analyzes have been done in the level of error 0.05 and confidence of 95%. To verify and accept the hypothesis, significant number of t-value should be larger than 1.96.

In the hypothesis, H0 assuming no correlation between variables and H1 confirmed positive correlation and significant effect between the variables.

First hypothesis: Brand Experience has a positive and significant effect on Brand Credibility. The Standardized value between Brand Experience and Brand Credibility is 0.86 which shows a significant and positive correlation and confirm the first hypothesis.

Second hypothesis: Brand Experience has a positive and significant effect on Brand Attitude. The Standardized value between Brand Experience and Brand Attitude is 0.62 which shows a significant and positive correlation and confirm the Second hypothesis.

Third hypothesis: Brand Experience has a positive and significant effect on CBBE. The Standardized value between Brand Experience and CBBE is 0.52 which shows a significant and positive correlation and confirm the Third hypothesis.

Fourth hypothesis: Brand Credibility has a positive and significant effect on Brand Attitude. The Standardized value between Brand Credibility and Brand Attitude is 0.05 which shows there is no correlation and not confirm the Fourth hypothesis.

Fifth hypothesis: Brand Credibility has a positive and significant effect on CBBE. The Standardized value between Brand Credibility and CBBE is -0.05 which shows there is no correlation and not confirm the Fifth hypothesis.

Sixth hypothesis: Brand Attitude has a positive and significant effect on CBBE.
The Standardized value between Brand Attitude and CBBE is 0.39 which shows a significant and positive correlation and confirm the Sixth hypothesis.

- **Seventh hypothesis**: Brand Attitude has a positive and significant effect on Purchase Intentions
  
The Standardized value between Brand Attitude and Purchase Intentions is 0.57 which shows a significant and positive correlation and confirm the Seventh hypothesis.

- **Eighth hypothesis**: CBBE has a positive and significant effect on Purchase Intentions
  
The Standardized value between CBBE and Purchase Intentions is 0.29 which shows a significant and positive correlation and confirm the Eighth hypothesis.

**Conclusion and Suggestions**

**Research suggestions**

- **Research Implementation Suggestions**
  
According to studies conducted in the research process and the results of statistical analysis of research data can be offered the following implementation suggestions:

  ✓ Combine concepts and advertising messages with positive characteristics stimulate the curiosity of potential customers.

  ✓ The use of celebrities in the bank ads, commensurate with the nature of products and services.

  ✓ It is recommended to Tejarat bank that fulfill their promise.

  ✓ Recommended to the Tejarat bank marketing managers that be assured creating the right brand experience according to the target customer profile

  ✓ Taking advantage of the various events and occasions To create positive attitude in customers

  ✓ Focus on the quality of banking services

  ✓ Focus on customer research and identify customer needs and expectations

  ✓ Brand image according to the needs and customer satisfaction

- **The other research suggestions**

  ✓ It is recommended that future researchers to use from this model in other banks and compare the results with this research.

  ✓ It is recommended that future researchers to use from other models.

  ✓ It is recommended that future researchers to use Mediating variables such as organization resources.

- **Limitations of the research**

  ✓ Some people do not cooperate in completing the questionnaire.

  ✓ The lack of a standard questionnaire for surveys the research purposes.

  ✓ Lack of scientific sources about this subject.

  ✓ Time-limited for further investigation.
References

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