

ARE BRAND EXPERIENCE AND BRAND LOYALTY DIFFERENT IN PRODUCT AND SERVICE BRANDS?

Ruchika Ramakrishnan* and Anupama Vohra#

Abstract

It is commonly found in marketing literature, for development of marketing and consumer behaviour theories; a lot of importance has been attributed to an understanding of consumer-brand relationships. This paper makes an attempt to understand this consumer-brand relationship for brand experience and brand loyalty. The basic objective of this paper is to explore whether there are any differences in brand experience and brand loyalty between product and service brands. It presents a detailed analysis of an empirical research conducted on 423 actual consumers. The results show that though brand experience is different between product and service brands, brand loyalty is not.

Keywords: Brand experience, Brand loyalty, Brand experience Scale, Services marketing, Loyalty.

1. Introduction

It is commonly found in marketing literature, for development of marketing and consumer behaviour theories; a lot of importance has been attributed to an understanding of consumer-brand relationships. These relationships need to be understood in the areas of brand experience, brand loyalty, satisfaction, and brand trust among others (Lau and Lee, 1999). This paper makes an attempt to understand this consumer-brand relationship for brand experience and brand loyalty. Brand experience is a relatively recent concept (Brakus, Schmitt and Zarantonello, 2009) and requires a detailed research. Brand loyalty is undoubtedly, the end point for any marketer which makes it a constant area of research in marketing literature.

It was considered appropriate to undertake a comparative study between product and service brands as is well accepted in literature that services have a differential impact on various

* Assistant Professor, ShyamLal College, University of Delhi, Delhi. Email:ruchikaram75@gmail.com

Associate Professor, Faculty of Management Studies, University of Delhi, Delhi.
Email:anupamavohra@fms.edu

consumer behaviour responses. As observed by Auh and Johnson (2005), “Products and services vary in the quality and value provided to customers, which creates differences in customer satisfaction, which in turn creates differences in customer loyalty”. Thus, to make results of any marketing research fruitful, both product and service brands should be studied simultaneously.

Why Brand Experience?

Carbone and Haeckel (1994) stated that customers always get more than they bargain for, because a product or service always comes with an experience. They recognised experience as one of the paths along with the product’s performance and the service’s performance which can lead to customer preference. They observed, based on their real- life experiences, engineering customer experiences is an important- and largely unexploited- strategy for establishing and maintaining customer preference.

Specifically, in the context of services, Padgett and Allen (1997) noted the significant contribution of experience to service brand evaluations. They argue that due to production and consumption often occurring simultaneously in services, the service experience results in the active construction of meanings associated with the behaviours, thoughts, and feelings that occur during consumption, which consequently impact on the consumer’s perceived brand image. Additionally, Morrison and Crane (2007) noted that several scholars are of the opinion that the key to maintaining positive customer opinions of the service brand is to transform the service product into an experience product

Brakus, Schmitt and Zarantonello (2009) have provided a holistic definition of brand experience concept. They conceptualised brand experience as, “subjective, internal consumer responses (sensations, feelings, and cognitions) and behavioural responses evoked by brand-related stimuli (such as brand-identifying colours, shapes, typefaces, background design elements, slogans, mascots, and brand characters) that are part of a brand’s design and identity (e.g., name, logo, signage), packaging, communications (e.g., advertisements, brochures, Web sites), and environments in which the brand is marketed or sold (e.g., stores, events)”.

Why Brand Loyalty?

From a marketer’s point of view, there is little dispute that brand loyalty is important. The development and maintenance of brand loyalty is placed at the heart of companies’ marketing plans, especially in the face of highly competitive markets with increasing unpredictability and reducing product differentiation (Fournier and Yao, 1997). It has been

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asserted in literature that customers who exhibit loyalty reduce the marketing costs of doing business by reducing the customer acquisition costs, increase in positive word-of-mouth by loyal customers and less degree of price sensitivity in loyal customers (Ramakrishnan and Vohra, 2015). Dick and Basu (1994) suggested the other loyalty-related marketing advantages, such as favourable word of mouth and greater resistance among loyal consumers to competitive strategies i.e., a customer base less sensitive to the marketing efforts of competitors.

Duffy (2003) stated loyalty is the feeling that a customer has about a brand. Oliver (1999), defined brand loyalty as, “A deeply held commitment to re-buy or re-patronise a preferred product or service consistently in the future, thereby causing repetitive same- brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour.”

2. Objective of the Paper and Research Methodology

The basic objective of this paper is to explore whether brand experience and brand loyalty are different between product and service brands.

Operationalisation and Measurement of the Variables- The operationalisation of brand experience involved items measuring the consumer responses to brand-related stimuli. As stated in literature (Iglesias, Singh and Batista-Foguet, 2011; Nysveen, Pedersen and Skard, 2013; Zarantonello and Schmitt, 2010), the brand experience scale developed by Brakus *et al.* (2009) is the only theoretically derived and empirically tested brand experience scale. Thus, this scale has been primarily used to measure brand experience with some additional items.

To measure brand loyalty, we used measures of attitude towards intention to repurchase, willingness to recommend the brand to others, brand commitment and willingness to pay a price premium for the brand. Bennett and Rundle- Thiele (2002) have reported that these have all appeared in prior research to measure attitudinal loyalty and have been used to predict behaviour.

Selection of Test Brands- Based on a two-stage exploratory research, Dove and Head & Shoulders in the Shampoo category, Kissan and Maggi in the Tomato Ketchup category were used as the test product brands for this study. In services, Dr. Lal Path Labs and SRL Ranbaxy Labs (now known as Super Religare Laboratories Ltd.) in the Diagnostic Laboratory category and Airtel and Vodafone in the Telecommunications Service Provider category were used. The study included two brands per category to overcome delineation issues of brand versus category effects (Reast, 2005).

Sample- The sample consisted of individuals who were above 18 years of age and had used at least any one of the eight test brands in last one year or were using at the time of data collection. The final sample size was 423 (products- 216 and services- 207).

Data Collection- The data for this study was obtained by a field survey of the actual consumers. Both online and offline survey methods of data collection were used for a widespread research programme to ensure a better representation of the population.

3. Data Analysis and Interpretation

In this section, we present our analysis of the collected data. It covers sample demographics, reliability of the scales used, and results of Analysis of Variances (ANOVA).

Sample Demographics- Table 1 and 2 summarize demographic profile of our final sample of 216 respondents for product brands and 207 respondents for service brands respectively.

Table1: Demographics of Respondents for Product Brands

	Frequency	Per cent
Gender		
Male	98	45.4
Female	118	54.6
Age group (years)		
18-28	89	41.2
29-38	90	41.7
39-48	25	11.6
49-58	7	3.2
Above 58	3	1.4
Missing	2	0.9
Monthly Household Income (Rs.)		
Below 25000	28	13.0
25001-50000	50	23.1
50001-100000	67	31.0
Above 100001	67	31.0
Missing	4	1.9
Education		
School	1	0.5
Undergraduate	3	1.4
Graduate	42	19.4
Post Graduate	169	78.2
Missing	1	0.5

Number of respondents= **216**

Table 2: Demographics of Respondents for Services Brands

	Frequency	Per cent
Gender		
Male	142	68.6
Female	65	31.4
Age group (years)		
18-28	76	36.7
29-38	91	44.0
39-48	27	13.0
49-58	7	3.4
Above 58	5	2.4
Missing	1	0.5
Monthly Household Income (Rs.)		
Below 25000	29	14.0
25001-50000	43	20.8
50001-100000	62	30.0
Above 100001	71	34.3
Missing	2	1.0
Education		
School	0	0.0
Undergraduate	1	0.5
Graduate	47	22.7
Post Graduate	159	76.8
Missing	0	0.0

Number of respondents= 207

Reliability of the scales used - The most widely used measure of internal consistency of a measurement scale is Cronbach’s alpha coefficient. The closer the Cronbach’s alpha coefficient is to one, the higher the reliability of the scale. The Cronbach’s alpha coefficient for brand experience came out to be 0.893 for product brands and 0.890 for service brands. For brand loyalty, it came out to be 0.948 for product brands and 0.947 for service brands, which far exceeded the reliability threshold level of 0.7 (Nunnally, 1978; Nunnally and Bernstein, 1994) indicating the scales used were highly reliable.

Results of Analysis of Variance (ANOVA)

(a) Brand Experience in Product and Service Brands

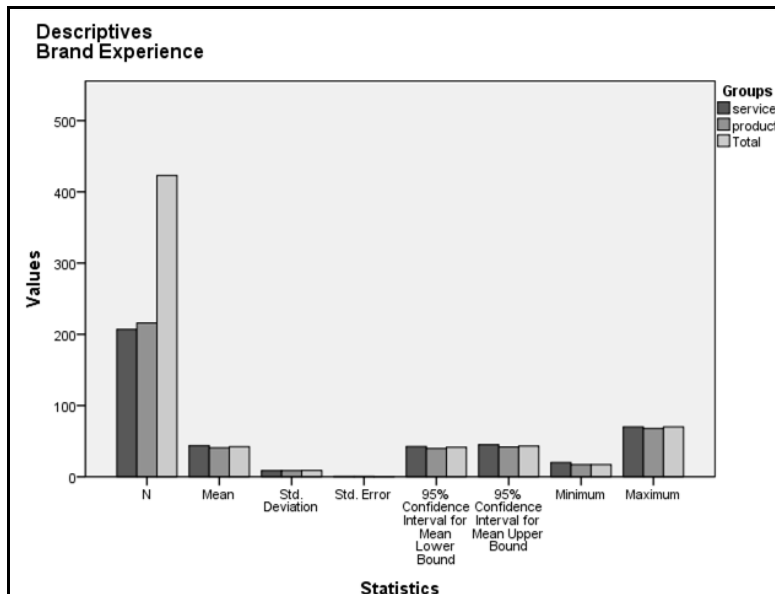
To test whether there is any difference in brand experience between product and service brands, a one-way between-groups analysis of variance (as there was one categorical

independent variable- product or service and one continuous dependent variable- brand experience) was conducted. The respondents were divided into two groups according to the brand category (Group 1: service, Group 2: product). Table 3 and Figure 1 depict the descriptives for the two groups - product and service brands.

Table 3: Descriptives for Product and Service Brands for Brand Experience

Brand Experience								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Service	207	43.78	8.752	.608	42.58	44.98	20	70
Product	216	40.77	8.609	.586	39.62	41.93	17	68
Total	423	42.24	8.798	.428	41.40	43.08	17	70

Figure 1: Descriptive for Product and Service Brands for Brand Experience



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Table 4: Test of Homogeneity of Variances for Product and Service Brands for Brand Experience

Brand Experience			
Levene Statistic	df1	df2	Sig.
.031	1	421	.859

The significance value (Sig.) for Levene’s test for homogeneity of variances (which tests whether the variance in scores is the same for each of the two groups,) was greater than .05 (Table 4). It was, thus, clear that the assumption of homogeneity of variance was not violated and our group variances could be treated as equal.

Table 5: ANOVA for Product and Service Brands for Brand Experience

Brand Experience					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	954.258	1	954.258	12.668	.000
Within Groups	31713.662	421	75.329		
Total	32667.920	422			

In Table 5, as the Sig. value was less than .05, it indicated there was a statistically significant difference at the $p < .05$ level in brand experience scores for the two groups- service and product [$F(1, 421) = 12.668, p = .000$]. Thus, the results indicate that there is a significant difference in brand experience between product and service brands.

(b) Brand Loyalty in Product and Service Brands

To test whether there is any difference in brand loyalty between product and service brands, a one-way between-groups analysis of variance (as there was one categorical independent variable- product or service and one continuous dependent variable- brand loyalty) was conducted. The respondents were divided into two groups according to the brand category (Group 1: service, Group 2: product). Table 6 and Figure 2 depict the descriptives for the two groups - product and service brands.

Table 6: Descriptives for Product and Service Brands for Brand Loyalty

Brand Loyalty								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Service	207	31.60	9.203	.640	30.34	32.86	0	50
Product	216	33.24	8.720	.593	32.07	34.41	10	50
Total	423	32.43	8.986	.437	31.58	33.29	0	50

Figure 2: Descriptives for Product and Service Brands for Brand Loyalty

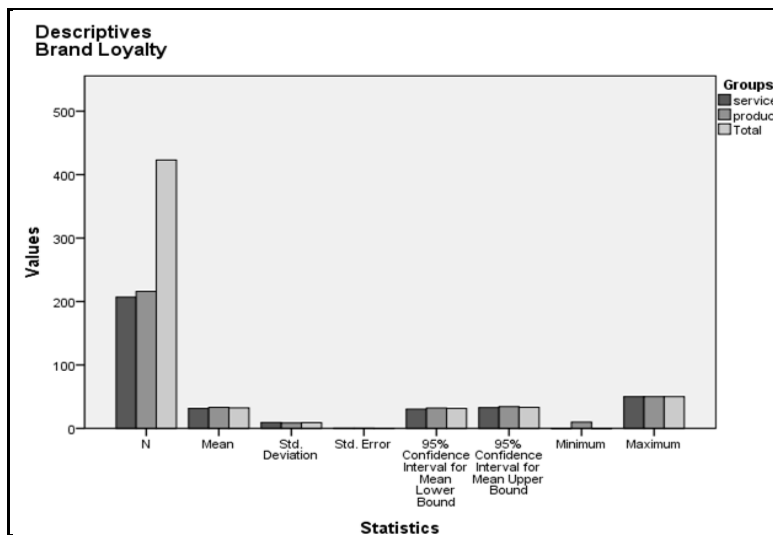


Table 7: Test of Homogeneity of Variances for Product and Service Brands for Brand Loyalty

Brand Loyalty			
Levene Statistic	df1	df2	Sig.
.041	1	421	.840

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As, the significance value (Sig.) for Levene's test for homogeneity was greater than .05 (Table 7), we concluded that the assumption of homogeneity of variance was not violated.

Table 8: ANOVA for Product and Service Brands for Brand Loyalty

Brand Loyalty					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	283.284	1	283.284	3.529	.061
Within Groups	33794.678	421	80.272		
Total	34077.962	422			

In Table 8, as the Sig. value was greater than .05, it indicated there was no significant difference at the $p < .05$ level in brand loyalty scores for the two groups- service and product. Thus, there is no significant difference in brand loyalty between product and service brands.

4. Conclusion

The basic objective of this paper was to explore whether brand experience and brand loyalty are different between product and service brands. An analysis was presented based on 423 respondents, 216 for the product brands and 207 for the service brands. The results of the empirical study showed that brand experience was significantly different between product and service brands but there was no difference in brand loyalty between the two. This clearly indicates that marketers should have different strategies for creating brand experiences for product and service brands. A generalised brand experience strategy might fail to connect with customers. As services are performances, the brand experience points should be carefully designed. For example, customer support staff should be well trained to reduce the apprehensions of the customers to make their brand experience more meaningful. This study can be made more robust by increasing sample size and more brands in various other product and service categories. The future research could be undertaken to understand the impact of brand experience on brand loyalty.

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