CHAPTER 2

LITERATURE REVIEW

The literature review includes significant papers that contribute and emphasize the concept and role of experiential marketing in consumer behavior. Though research work in the area of consumption experience started with the work of Holbrook and Hirschman (1982) a long time ago, further research work in this area is still in its nascent stage. There are increasing numbers of contributions from different authors showcasing the unavoidable contributions of experiential marketing in present marketing scenario.

A literature review of both conceptual and empirical studies are presented in this chapter under the subheads: customer experience, brand experience and service experience. Thereafter the chapter discusses studies that link brand experience and service experience with other behavioral constructs in marketing. The chapter concludes by discussing and summarizing the relevant gaps present in the current literature and the scope for further research.

2.1 CUSTOMER EXPERIENCE

Customer experience can be defined as “emotion provoked, sensations felt, knowledge gained and skills acquired through active involvement with the firm pre, during and post consumption (Ismail et al., 2011). According to Schmitt (1999), “we are in the middle of the revolution, a revolution that will render the principles and models of traditional marketing obsolete, a revolution that will replace traditional feature-and-benefit marketing with experiential marketing”.
Maslow (1968) defined experiences as the peak moments of happiness and sense of fulfillment where one feels unusual intensity, joy and creativity. According to Holbrook & Hirschman (1982) experience can be explained solely as a personal incident, sometimes with emotional substance, created from the buyer-seller interaction in the product or service consumption process. Carbone & Haeckel (1994, pp-8) described experience as “the take-away impression formed by people’s encounters with products, services, and businesses, a perception produced when humans consolidate sensory information”. Pine and Gilmore (1999) defined experience as business events that both engage and involve the customers in a more unique and personal way, whereas Shaw & Ivens (2002, pp-6) explained customer experience as “an interaction between an organization and a customer. It is a blend of an organization’s physical performance, the senses stimulated and emotions evoked, each intuitively measured against customer experience across all moments of contact”. According to Robinette et al (2002, pp- 60) customer experience is “the collection of points at which companies and consumers exchange sensory stimuli, information, and emotion”. Whereas Gentile et al (2007, pp-397) says “customer experience originated 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 individual and implies the customer’s involvement at different levels (rational, emotional, sensorial, physical and spiritual). Its evaluation depends upon the comparison between a customer expectation and the stimuli coming from the interaction with the company and its offering in correspondence of the different moments of contacts or touch points”.

The basic characteristic of customer experience is its ability to create memorable moments which enable the customer to enjoy wonderful moments of the relationship with the company (Pine & Gilmore, 1999). The other characteristics of customer experience are “unique and extraordinary” (Lasalle & Britton, 2003), captivate customer senses in a more personal way (Schmitt, 1999), which is designed more deliberately to perform both social and physical interaction (Gupta & Vajic, 2000). The other characteristic of customer experience is “emotional arousal” which is considered as the heart of the overall experience (Ismail et al., 2011; Gentile et al., 2007; Meyer & Schwager, 2007; Shaw & Ivens, 2002). The dimensions of customer experience include fantasies, fun, excitement and emotion (Holbrook & Hirschman, 1982). Otto & Ritchie (1996) recognized six dimensions of customer experience particularly for a service industry and they are novelty, hedonic, safety, comfort, stimulation and interactive. Customer experience can be captured broadly by the level of customer involvement and the strength of the buyer-seller relationship (Pine and Gilmore, 1999). According to Pine and Gilmore (1999), a successful and strong customer experience can be created by considering the five dimensions and they are personal relevance, surprise, learning, novelty and engagement. Further the customer experience can be narrowed down to three broad categories and they are brand experience, transactional experience and relational experience (O-Loughlin et al., 2004). Ismail et al (2011) talks about shifting marketing focus from only consumption experience to create overall customer experience which equally considers the importance of before, during and after purchase activities.

Consumption experiences can also relate to the symbolic, hedonic, and aesthetic nature of consumption (Holbrook and Hirschman, 1982). In addition to the functional and rational
attributes such as quality or price, the sensorial strategies, which are based on psychological or emotional elements, play a significant role in building brand identity and value (Hulten, 2011). Customer experience research paper clearly establishes the importance of experiential marketing effects in creating a psychological and emotional product/service brand connect with the consumers.

2.2 BRAND EXPERIENCE

Brand experience created by both the managers and consumers at the corporate brand level which emits corporate value and the brand image. Some dimensions of this customer brand experience are sense, emotion, cognition, pragmatic, life style component and relational component (Gentile et al., 2007). ¹Frontline describes brand experience as, “integrating brands into people's lifestyles, adding value to the consumer's experience of the brand - engaging rather than interrupting, brand experience is about captivating your audience, not capturing them”.

Brand experience is about experiences related to the brand which adopt the hedonism approach more to feel, to sense and to imagine the brand. Brand experience is conceptualized as “subjective, internal consumer responses (sensation, 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). The multisensory brand experience offers emotional, behavioral, sensorial and cognitive value more deeply than the traditional models in creating the brand value (Hulten, 2011 p-269).

¹http://prwarrior.typepad.com/my_weblog/2007/06/brand_experience.html
Brakus et al., (2009) explored the dimensions of brand experience and constructed a scale to measure brand experience. Also they had shown the brand experience construct distinct from other brand related measures available. Broadly this paper explores the issues such as “How consumers experience a brand? How is experienced measured? Does brand experience affect consumer behavior?” The paper adopted both qualitative and quantitative method. A qualitative study was conducted to test if the dimensions taken from literature are the same with the consumer’s conception of brand experience and the content analysis result shows that all consumers had the concept of brand experience especially when they search, shop and consume the brand. The quantitative study is divided into six parts. The scale is planned to capture the role of sensory, affective, intellectual, behavioral and social factors in creating brand experience. Study 1, 2 and 3 were conducted to develop the brand experience scale (sensory, affective, behavioral and intellectual). Initially 131 items were generated in study 1 from extensive literature review in study 1 and were reduced to 12 items in study 2 and 3 by using factor analysis. Studies 4 and 5 were conducted to check the additional reliability and validity test of the brand experience scale. Study 6 was conducted to link brand experience and consumer behavior. 209 students were asked to give response on a 7 point Likert scale for brand experience (12 items), brand personality (15 items), satisfaction (5 items) and consumer loyalty (5 items). Structural equation modeling was conducted and the result show reasonably good model fit. The overall result says experience affects satisfaction and loyalty both directly and indirectly also it shows brand experience as a strong predictor of buying behavior than brand personality. The paper is a big contribution to the branding field as it developed the brand experience scale. The overall result from this study says the scale is stable and reliable, short and easy to administer,
internally consistent and the scale is related to but distinct from other branding measures. Brand experience arises in several settings when the consumers involve themselves directly and indirectly in the process of searching, shopping and consuming brands. Different brand related stimuli also play a role in forming brand experience.

Zarantonello & Schmitt (2010), by using brand experience scale developed by Brakus et al, (2009) profiled the consumers according to their different experiential appeals. The study explores “whether different consumers prefer different experiential appeals and whether experiential types moderate the relationships between brand attitude and purchase intention”. For conducting the study they have taken 3 brands from the automotive sector, 4 brands from consumer electronics and 6 brands from food and beverages segment, and asked the customers to give their response about the experience they derive by consuming the brand, their attitude towards that respective brand and their purchase intention. All items were measured on 7 point semantic differential scale for brand attitude and 7 point Likert scale for brand experience and purchase intention. The study adopted mall intercept method to collect data from shopping centers and city squares from 10 cities of Italy. The sample size was 1134. Cluster analysis was used to profile the consumers and regression analysis was used to see the moderating effect of experiential types in the relationship between customer’s brand attitude and purchase intention. The findings of the study shows consumers can be grouped into 5 groups: hedonistic, action oriented, holistic, inner-directed, and utilitarian consumers and the experiential types moderate the relationship between brand attitude and purchase intention. Also they had shown that the relationship between consumer attitudes and intentions is strongest for the holistic group of consumers and is weakest for utilitarian group of consumers. The major contribution of this
study is to Figure out the consumer market segment based on their “psychological concept of experience”, so there is a need for the marketer to focus not only on the intriguing thoughts but also to target the hedonistic appeal of consumers and give more stress to the emotional aspect of consumption. The scope of the study talks about establishing relationship between brand experience and brand equity and to investigate other behavioral outcomes such as consumer loyalty, customer delight and word of mouth affected by different experiential types.

Iglesias et al, (2011) conducted a study to explore the role of brand experience and affective commitment in ascertaining brand loyalty. The main purpose of the study is to explore the direct and indirect relationship between brand experience and brand loyalty. For conducting the study three product categories: cars, laptops and sneakers were chosen and respondents were asked to give response for their brand experience, brand loyalty and affective commitment with their current used brand in 3 product categories. Previous validated scales were considered to measure brand experience (Brakus et al, 2009), affective commitment (Evanschitzky et al, 2006) and brand loyalty (Jacoby & Chestnut, 1978). 195 responses were collected by using traditional random sampling from MBA class room and by emails. Structural equation modeling is used to analyze the measurement model and structural model. The study findings show complete mediating effect of affective commitment in the brand experience-brand loyalty relationship for the three product categories. The major contribution of this study includes validation of brand experience scale proposed by Brakus et al, (2009), role of affective commitment in building the loyalty through capturing unique experiences created by the brand. The scope of the study suggest to extend the study to service sector, incorporation of some other brand loyalty determinants like customer satisfaction, brand trust and brand affect.
Lee and Kang (2012) examine the importance of brand experience in customers brand relationship quality, where customer’s brand relationship quality is a combination of brand trust, brand commitment and brand loyalty. Valid and reliable measures were taken to measure brand experience (Brakus et al, 2009), brand trust and commitment (Gregoire et al, 2009) and brand loyalty (Aaker, 1991; Chaudhuri and Holbrook, 2001). Only affective and behavioral brand experience dimensions were considered for this study because of its significant role in deciding the brand attachment. 174 responses were collected from universities in South Korea. Structural equation modeling is adopted for the data analysis. The major findings of this study say overall brand experience might positively influence the customer-brand relationship quality but each dimensions of brand experience when taken separately might not positively influence the customer-brand relationship quality. Also it says the brand trust and commitment is more for those consumers who have “greater affective brand experience”.

Creating experience for the service brand is also an important concept in marketing because of the complex nature of service offering (Grace and O’Cass, 2004). The empirical and conceptual research papers on brand experience point out that multisensory brand experiences have a deeper effect on consumers than do traditional branding practices. Also unique experiences created by the brand impact behavioral outcomes of consumers

2.3 SERVICE EXPERIENCE

The concept of consumption is no more related to its utility aspect only. Customers are projected as the co creator of service processes (Gronroos, 1982). In order to create a unique service experience, service organizations should consider four factors such as, service workers, service
setting, service customers and service process at the time of service delivery (Business directory, 2013). Service experience is defined as “the customer’s cognitive and affective assessment of all direct and indirect encounters with the firm relating to their purchasing behavior (Klaus and Maklan, 2012).

Grace and O’Cass (2004) conducted an empirical study to explore the dimensions of service experience. Initial items were generated by literature review and in depth interview, refined by focus group discussion and pilot testing. 254 bank customers were considered for main study. The result of EFA shows core service, employee service, and servicescape as the significant predictors of service experience. The study further use partial least square method to explore the post consumption evaluation for a service brand. The results show that consumer satisfaction is the outcome of positive service experience, and “feelings aroused within” towards the service brand. Core service and employee service are very closely related to each other, the employee service indicates the performance of the employees in delivering the service whereas the core service explains about the process by which service is delivered (John, 1999). As the customer’s experience of service includes both the elements of core transaction and personal experiences which are present in different proportion in different setup and also in service encounters, there is a need to separate these two concepts, as it contributes to each individual’s experience in different ways. Experience arises from employee service and core service influence to shape up the customer’s perception of value (Reynolds and Beatty, 1999). They also play a major role in determining the satisfaction level of the service (McDougall and Levesque, 2000). The behavior of the employee at the time of service encounter is the most important thing to be considered as it influences the consumer’s evaluation of service provided and its performance (Brderick, 1999).
The employee service is the most important element as it affects the satisfaction level of customers (Gwinner et al., 1998), it also influences the perception of service quality (Crossby et al., 1990) and determine the future consumption behavior (Chandon et al., 1997). Core service is also equally important like the employee service. Both the concepts play vital role in service offering (Danaher and Mattson, 1998). The service experience can be considered as “hedonic impression” which talks about the imaginary concept or “practical contact” with the events and observable facts (Helklula, 2011). Servicescape is considered to be an important factor which builds the service experience and this further contributes to developed brand experience. According to Bitner (1992), service settings can affect consumer’s emotional, cognitive, and physiological responses, which in turn influence their evaluations and behaviors”, which further leads to create brand experience. The ambient, spatial layout and functionality are the main determinant of the servicescape which creates the service experience for the brand (Bitner, 1992). Servicescape is an important aspect which helps to reinforce multisensory brand experience in both regular and virtual service setting (Hulten, 2011).

Experience gained in service consumption significantly affects the service brand evaluation (Padgett and Allen, 2007). Studies also have indicated the inevitable role of experience in influencing the satisfaction level, developing strong attitude and equity for the brand. In addition, it increases the probability of customers being loyal to the brand.

As per empirical studies, experiential marketing efforts, which include brand experience effects, clearly influence service experience as well. Brand experience and service experience in turn might have their effect on both brand equity as well as other behavioral outcomes such as service
brand attitude, satisfaction and repurchase intention, which are widely used constructs in consumer behavior studies.

2.4 BRAND EQUITY

The focus of practitioners and academicians have shifted to build, manage and measuring brand equity because of its strategically crucial role in building the brand value. Brand equity can be described in both marketing as well as financial perspective (Shamim & Butt, 2013). The financial perspective says measuring the brand based on its monetary value which is associated with the brand but is separable from the firm’s other properties (Pappu et al., 2005). The marketing perspective describes brand equity as the customer’s knowledge and their perception of value for the brand, which resulted from a firm’s strategic and systematic marketing offers/activities (Aaker, 1991; Keller, 1993; Pappu et al., 2005). According to Aaker (1991), brand equity can be described 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”. Keller (1993), described brand equity as “differential effect of brand knowledge on consumer response to the marketing efforts of a brand”. Customer based brand equity can be derived through brand awareness, brand association, perceived quality and future purchase intention (Aaker, 1991) whereas it also can be described or measured through brand knowledge and brand response (Keller, 1993). Brand equity can be explained through brand awareness and brand meaning/image (Berry, 2000), where these two components can further divided into primary and secondary. Primary brand awareness sources are the firm’s controlled communication process such as advertising, company name and logo, service facilities, appearance of the service providers etc, whereas the information customers receive at their end and perception build about
the firms offering can be referred as the secondary brand awareness impact which is uncontrollable for the firms such as word of mouth and public relation (Berry, 2000). Primary brand image is majorly influenced by customer’s experience with the firm because of the inseparability nature of service offering where the evaluation of service mainly depends on the service employee’s performance, whereas the secondary brand meaning is the firm’s presented image via external brand communications to the customers (Berry, 2000). Few current studies have discussed/indicated the importance of brand experience in building the brand equity (Brakus et al., 2009; Schmitt, 2009; Zarantonello & Schmitt, 2010; Shamim & Butt, 2013; Kim, 2012; Biedenbach, 2009; Hung et al., 2012).

Shamim & Butt (2013) conducted an empirical study to examine the direct and indirect effect of brand experience on brand credibility, brand attitude and brand equity. The study adopts a survey design where 400 mobile handset users from Rawalpindi and Islamabad were asked to give response with respect to their existing mobile handset brand. Measures for brand experience (Zarantenello and Schmitt, 2010), brand attitude (Yoo and Donthu, 2001), Brand credibility (Erden and Swait, 1998; Spry et al, 2011) and brand equity (Yoo and Donthu, 2001) taken from previous validated studies. Structural equation modeling result shows brand experience directly influence brand credibility, attitude and brand equity, also the strong consumer based brand equity increase the probability of future purchase of the same brand again. The scope of this study indicates the extension of the study in service sector, comparison between product and service brand experience and its consequences (satisfaction, loyalty and commitment). There is a strong relation between brand equity and customer satisfaction. Brand equity also can be a result of customer’s satisfaction with the brand.
2.5 SATISFACTION

Satisfaction is always recognized as an important concept in consumer behavior, no general term is used to describe the concept (Rogers et al., 1992). It can be described as the “consumer’s fulfillment response” (Oliver, 1999). Customer satisfaction can be viewed as the response based on the evaluation and expressions during the purchase and consumption process (Khurana, 2013). Customer satisfaction can be seen as both cognitive (Churchill and Surprenant, 1982) and affective process (Cadotte et al., 1987). The satisfaction level of customers developed by the previous and current experience with the product or service (Anderson and Sullivan, 1993) and it plays a major role in building the brand trust (Ha and Perks, 2005). Anderson and Srinivasan (2003), described e-satisfaction as customer’s complacency with respect to their previous consumption experience with the electronic commerce firm. Customer satisfaction can be viewed as the last state developed from the consumption experience (Vavra, 1997), which driven by the emotional response resulted from the consumption and usage of the product or service. Sensual delight can lead to increase the affective satisfaction level of customers specifically in service sector (Arora, 2012). Satisfaction is also linked with the affective and emotional reactions to the overall consumption experience (Mano and Oliver, 1993). Satisfaction also is considered as “an affective summary response” that emphasizes the emotional dimension of consumption (Iglesias et al., 2011). Satisfaction also acts as an antecedent to form a favorable attitude towards the service brand.

2.6 SERVICE BRAND ATTITUDE
Attitude is described as the “psychological evaluation of an object”, can be measured by its indicators (Petty et al., 1997). Brand Attitude can be described as a “uni-dimensional summary evaluation” and enduring, service brand attitude significantly related to the purchase intention (O’Cass and Grace, 2004). Estimation of brand attitude is crucial as it positively correlates with customer’s brand preference and brand loyalty (Kim and Pysarchik, 2000). According to the theory of reasoned action attitude is closely associated with behavior (Ajzen and Fishbein, 1980), therefore its necessary for the marketer to measure brand attitude also its antecedents and consequences (Shamim & Butt, 2013). Attitudes are formed after the evaluation, interpretation and the integration of information which stimulate the consumption behavior (Low and Lamb, 2000). Brand attitude plays an important role in developing the brand equity (Faircloth et al., 2001; Farquhar, 1989). There is a significant relationship existing between the service brand dimensions, attitude towards the service brand and their usage intention (O’Cass and Grace, 2004). Brand attitude as a consequence of brand experience has received little recognition in past literature (Biedenbach and Marell, 2009; Faircloth et al., 2001; Grace O’ Cass, 2004; Shamim and Butt, 2013), where studies have empirically examined the positive and significant influence of brand attitude on consumer based brand equity (Chaudhuri, 1995; Fairclothe et al., 2001; Farquhar, 1989; Shamim and Butt, 2013). Shamim and Butt (2013, pp 107) in their study empirically investigated the relationship between brand experience, brand attitude and brand equity and state that “it is logical to assume that brand related experiences will be reflected in a person’s attitude towards the brand” and it plays significant role in building the brand equity. Attitude towards the service brand have positive influence on intention to purchase the service brand again in future which in turn will build the brand loyalty (O’Cass and Grace, 2004).
2.7 REPURCHASE INTENTION

Customer’s future purchase intention is the most cited concept in marketing literature because of its derived benefits which is accepted by both practitioners and academicians (Iglesias et al, 2011). According to Gould (1995), gaining a new customer is five times more expensive than retaining a customer. Loyalty towards a brand is generally related to the repeat behavior of purchasing the same brand in a specific time (Kumar and Advani, 2005) and it can be measured by purchase sequence (Kahn et al, 1986), purchase proportion (Cunningham, 1966), and probability of purchase again in future (Massey et al, 1970). Ehrenberg (1964) in his work explained brand loyalty as a short term phenomena, more prominently repeated purchase of the brand at least for once in a period of three consecutive purchase incidences, he used Markovian model to estimate the proportion of future loyal buyers in a short run. Consumer’s intention to purchase the brand again leads to create brand loyalty, which can be explained from behavioral aspect and attitudinal aspect (Rageh Ismail et al, 2011; Aaker, 1991). Behavioral loyalty talks about the behavioral outcome such as repeated purchases of the same brand over a period of time (Rundle-Thiele & Mackey, 2001) whereas attitudinal brand loyalty focus more on driving favorable and positive behavior towards the brand and is more enduring (Rageh Ismail et al., 2011). Brand loyalty not only facilitates customer retention power but also create resistance for the loyal consumers to switch (Dick and Basu, 1994). Brand loyalty also help to increase the market share, with this loyal customers are willing to pay premium because of the higher perceived brand value (Chaudhuri and Holbrook, 2001). Customer experience significantly influences their intention to purchase the brand again in future (Berry et al., 2002) and create positive word of mouth (Dick and Basu, 1994), which also can be termed as “brand evangelism”
(Deming, 2007). Customer’s intention to purchase the brand again is majorly influenced by positive experience about the brand (Lee and Kang, 2012).

From the above literature review, it is very clear that brand experience does have a role in influencing brand equity, satisfaction, service brand attitude and repurchase intention.

2.8 LESSER ADDRESSED ISSUES AND MOTIVATION FOR THIS RESEARCH

Research work in brand experience accelerated with the development of brand experience scale by Brakus et al, (2009). Studies have been conducted separately to explore brand experience and service experience and also their relationship with other behavioral and attitudinal constructs such as brand attachment, brand trust, satisfaction, commitment, brand loyalty etc. (Lee and Kang, 2012; Shamim & Butt, 2013; Iglesias et al., 2011; Zarantonello & Schmitt, 2010; Brakus et al., 2009) in consumer behavior. No work has been done till date to integrate service experience and brand experience. Buyer’s affective and cognitive experience developed from the service consumption creates a unique image of the brand in consumer’s mind, which is almost equivalent with a brand. Studies have been conducted separately on both these constructs but as such no studies seem to have thrown light to see how experiential marketing in service domain leads to create brand experience. Customer develop service experience directly in the process of encountering and availing the service which can be satisfactory or dissatisfactory, whereas brand experience is developed both directly (when customer interacts with the brand) and indirectly (exposed to any virtual situation, to any advertisement or promotional activity or website) based on their cognitive, affective, intellectual and behavioral aspect.
Also there is lack of research in obtaining the relative importance of individual dimensions of a service brand which are responsible for the creation of experience at the time of service consumption and their influence in developing an internal, subjective evaluation of the brand which induce their sensation, feelings and emotions.

O’Cass and Grace (2004) explored the dimensions of a service brand and argue for the need of exploring the relative weighting of these dimensions in the creation of unique experience for the particular service brand and their relationship with satisfaction, attitude and future purchase intention. Number of studies expressed brand attitude as an opinion about the brand based on their mental states evoked from the experience obtained from the brand performance (Shamim & Butt, 2013; Iglesias et al., 2011). Even though a couple of literatures pointed out the importance of brand experience and service experience in establishing attitude towards the brand separately (Grace and O’Cass, 2004; Edvardsson et al., 2005; Hulten, 2011; Rageh Ismail et al., 2011), as such no work seems to have explored how this relationship between brand experience and service experience leads to create favorable/ unfavorable attitude towards the service brand.

Literature has considered brand equity in the form of a relational construct, as it explains or describes its importance or value from its relationship with other brand related constructs. The increasing importance of services marketing and its nature, such as uniqueness, complexity in offering, intangibility aspect of service offering, has immense importance in creating the brand value and also there is a need to, not only understand but also to manage the brand association. Few recent studies have shown the importance of brand experience in creating brand equity, although no attempts seem to have been considered yet to see the mediating role of brand equity
and satisfaction in the relationship between brand experience, service experience and repurchase intention. Broadly two questions arise from the void present in the current literature and they are: Does any relationship exist between service experience and brand experience? And does this relationship lead to develop strong brand equity?

The uniqueness of services and their importance in creating unique, enduring and everlasting experience for the brand has significant contribution in consumer behavior. Though studies have indicated the importance of experience concept in services there is lack of a comprehensive plan for establishing a single model which will integrate brand experience and service experience with other brand related constructs. There is need for developing such a model and testing it empirically.

Specifically, the below mentioned gaps exist in branding literature:

**Gap 1** - Research which explores the relation between service experience and brand experience.

**Gap 2** - Research that explores the relative importance of service experience dimensions on brand experience.

**Gap 3** - Studies that integrate service experience and brand experience and explore how this relationship influences brand attitude, satisfaction, brand equity and future purchase intention of customers.