CHAPTER 3

OBJECTIVE OF THE STUDY, HYPOTHESES AND CONCEPTUAL MODEL

Based on the gaps identified in the related research area. The research questions and research objectives of the study have been formulated.

3.1 RESEARCH QUESTIONS

- Is there any significant relationship existing between service experience and brand experience?
- Do all the dimensions of service experience contribute equally to develop strong brand experience or do they differ in terms of their relative importance in creating overall brand experience?
- How does the relationship between brand experience and service experience influence or shape up consumer satisfaction level, their attitude and equity for the service brand, and also their intention to repurchase the brand again?

To address the above research questions, three specific research objectives are formulated.

3.2 RESEARCH OBJECTIVES

All the three research objectives are designed to address the research gaps mentioned in the previous chapter.
Objective 1 - To explore the relationship between service experience and brand experience

Objective 2 - To investigate the relative contribution of service experience dimensions on brand experience.

Objective 3 - To explore how this relationship between service experience and brand experience influences service brand attitude, consumer satisfaction, brand equity and repurchase intention.

Subsequent to the framing of research objectives, hypotheses are formulated and a theoretical model developed. In order to highlight the relevance of the formulated hypotheses, literature specific to each hypothesis is first presented before stating the hypotheses.

3.3 HYPOTHESES FORMULATION

To test the objectives of the study, hypotheses were formulated based on an extensive literature review / the evidences found and discussed in the past literatures, is discussed below.

3.3.1 Brand Experience and Service Experience

The concept of multi sensory brand experience with respect to human senses and mind has much relevance in differentiating and positioning a brand (Hulten, 2011). Consumers gather information also at the time of consumption, and this influences the consumer’s perception about the performance of the service and also the perception towards the brand. The experience gained from six sensors such as sight, smell, sound, taste and touch plays significant role in forming
sensorial gratification which in turn helps to create multisensory brand experience (Hulten, 2011).

Current literature emphasizes that the customers are co-producers of their own experiences (Prahalad & Ramaswamy, 2004), especially in case of service processes they create value for themselves (Gronroos, 2008). The core benefits of the product like quality, features etc are necessary but not sufficient (Arora, 2012). Services change its role from being only an activity to a form of value creation and delivery (Edvardsson et al., 2005). The firm should form and apply sensorial strategies to create a positive brand image (Hulten, 2011).

Arora (2012) conducted study to see the role of sensual delight and emotion in dining experience and explains “the dining experience can be seen as a process leading from preconsumption to consumptions and finally to post consumption”.

Not only the core features of the service being offered is only sufficient but the ambience and service setting where the service being delivered and that created the feeling of “awe” is also very important (Arora, 2012). According to Wakefield and Blodgett (1996), the elements of servicescape such as facility aesthetics, cleanliness, seating comfort, layout accessibility and displays effect the quality perception and also motivate customers to stay longer in the store. Colour, lighting and ambience of the store play an important role in making sensorial perception/impression. According to Hulten (2011), “the colors black and white are used in all stress, as well as other marketing channels and the lighting has to be strong in order to make the stores visible from outside”.

According to Hulten (2011, pp- 257), “the value of service, as a brand image, emerges when interactions occur through the customer’s sensory experiences in the value-generating processes. This image is based on how customers perceive and experience service and the process in reality”. The customer’s cognitive and emotional aspect about the service offered creates a unique identity or image in their mind which is equivalent with the brand (Groonos, 2008).

The service experience leads to the active construction of meanings associated with the thoughts, behaviors and feelings occurred in the consumption process (Padgett and Allen, 1997), which impact the consumers overall perception towards the brand image (O’Cass and Grace, 2004). Service experience is linked to brand experience, Edvardsson et al., (2005) described service experience as “…a service process that creates the customer’s cognitive, emotional, and behavioral responses, resulting in a mental mark, a memory” cited by Helklula (2011, p-376). Consumers emotionally attached to specific service brand specially to get emotional experience, enjoyment and excitement (Arora, 2012). Hulten (2011, p-263) described “the experience becomes an image, forming the mental conceptions and perceptions of interactions and inputs in the service process, which constitutes the final outcome of the multi-sensory experience within a brand perspective”. Rageh Ismail et al., (2011) gave propositions explaining the role of core service, employee service and servicescape in forming customer’s experience for the brand. Grace and O’Cass (2004) in their paper empirically shown the significance of positive service experience in forming aroused feelings for the service brand and feeling is the affective component formed for the particular brand. Feeling for a brand is one of the major dimensions of brand experience which plays significant role in developing unique experience with the brand. In
order to explore the relationship between service experience and brand experience, the following null hypothesis is formulated.

H1: The influence of service experience on brand experience is positive.

3.3.2 Brand Experience, Service Experience and Service Brand Attitude

Brand attitude represents consumer’s overall perception about the brand and it also forms the basis for taking decisions and shapes the behavior about the brand (Grace and O’Cass, 2004). Attitude can be seen as “the enduring affective and cognitive states” of consumers for the service offered (Arora, 2012). Brand attitude can be considered as a consequence of brand experience (Shamim & Butt, 2013). Service brand attitude talks about the overall perception of the brand formed due to its service brand experience. A number of brand dimensions are seen to have an effect on brand attitude in a service setting. Previous attitude towards a service brand act as an antecedent for forming satisfaction towards the brand and it leads to create emotional experience and sensual arousal (Arora, 2012). The experience leads to the creation of attitude (Danaher and Mattsen, 1998). Brand experience when created perforate deeper into the consumer’s memory and influence their brand perception and attitude (Shamim & Butt, 2013). The service experience also plays a major key role in shaping the attitude towards the brand. According to Arora (2012, pp 334) “since services are intangible, the role of experience may be very prominent in attitude development”. Brand attitude also play a mediating role in explaining the effect of brand experience on brand equity (Shamim & Butt, 2013). Favorable attitude towards the service brand is the consequence of the service experience and feelings aroused within consumers (Grace and O’Cass, 2004). Experiential types moderate the relationship between brand attitude and purchase
intention (Zarantenello and Schmitt, 2010). There is a need to explore the relationship between service experience and attitude towards the service brand (O’Cass and Grace, 2004). As such, the following null hypothesis is formulated to examine the relationship:

H2: Brand experience has a positive influence on brand attitude.

H3: The influence of service experience on service brand attitude is positive.

### 3.3.3 Brand Experience, Service experience and Brand Equity

Brand experience influences the consumer based brand equity, where the direct influence of brand experience on building the consumer based brand equity is not very strong compared to the indirect effect on consumer based brand equity when mediated by brand attitude (Shamim & Butt, 2013). Though this result is obtained with respect to product brands only, further work need to be done in the service setting by taking service brands into consideration (Shamim & Butt, 2013).

There is a need to empirically investigate the relevance or usage of brand experience in building both short term and long term effects such as brand equity (Schmitt, 2009). Brakus et al., (2009) suggested investigating whether brand experience affect the customer lifetime value in terms of developing strong customer equity for the particular brand and how should practitioner will manage the brands to create unique experiences which build such strong equity? Zarantenello and Schmitt (2010, pp-539) profiled the consumers according to their experiential appeals and suggested to examine the strength of brand experience in creating brand equity also to explore “whether different types contribute differently to brand equity?”. According to O’Cass and Grace
Combined with the identified uniqueness of services and the growing prominence of service marketing, is the heightened importance of brand equity as a marketing imperative and the need to understand and manage brand association. Berry (2000) conducted a study on 14 high performance and mature service firms to build a service branding model which incorporate service brand equity. Brand equity can be described through brand awareness and brand meaning. Brand meaning is in the other hand influenced majorly by the experienced gained in the service brand consumption process (Berry, 2000). As such, the null hypothesis is formulated to examine the relationship:

H4: Brand Experience has a positive influence on brand equity.

H5: Service Experience has a positive influence on brand equity.

### 3.3.4 Satisfaction and Service Brand Attitude

Attitude towards a brand is formed after the service consumption (Anderson, 1981). There is a positive relationship exist between attitude, satisfaction and brand loyalty (Spreng et al., 1995). According to Grace and O’Cass (2004, pp-457), “the service experience also has a positive effect on arousing the consumer’s satisfaction and attitude toward the brand”. Attitude also plays a major role in determining the satisfaction level of customer especially in the service sector (Arora, 2012). Satisfaction can play a central role in shaping the post attitude or it can be taken as the antecedent to the attitude (Spreng et al., 1996). Prior attitude for the service when reinforced or stimulated by sensual arousal form a favorable post attitude for the service being offered specifically in a service setting (Arora, 2012). Satisfaction can be viewed as the short term evaluation of the brand attributes whereas brand attitudes indicate a more long term assessment of brand (Crochin and Taylor, 1992). There is a strong association between the brand
experience and the satisfaction level (Crochin and Taylor, 1992). Researcher should explore the cognitive and perceptual processes which create experience for the brand and subsequently how it leads to different behavioral consequences such as satisfaction and loyalty (Zarantonello and Schmitt, 2010). Brand experience directly influences the satisfaction level of consumers and also their loyalty for the brand (Brakus et al., 2009). Arousal of cognitive aspect and sensual delight create emotional experiences and has significant linkages with attitude formation and satisfaction level of customers (Arora, 2012). Satisfaction from existing services significantly affect attitude towards the service brand (Lee and Kang, 2012). There is a need to investigate satisfaction as a consequence of brand experience for both service and product brand (Shamim & Butt, 2013). To examine this relationship between satisfaction and service brand attitude the null hypotheses formulated as follows:

H6: Brand experience positively influences the satisfaction level of customers.

H7: Satisfaction positively influences service brand attitude.

3.3.5 Brand Equity and Satisfaction

Customer’s satisfaction is defined as “the summary psychological state resulting, when the emotion surrounding disconfirmed expectation is coupled with a prior feelings about the customer experience” Oliver (1997, p. 28). Customer developed their cumulative satisfaction based on their entire experience in the whole consumption process (Olsen and Johnson, 2003). Ha et al., (2010, p-914) described satisfaction as “summary affective response of varying intensity after the customer frequently visits a facility”. Agarwal and Rao (1996) discussed the important role of satisfaction in building the brand equity. The very first step in managing brand
equity is related with the degree of customer satisfaction (Prasad and Dev, 2000). Satisfaction act as an antecedent to form strong brand equity (Ha et al., 2010) and it happens when consumers involve in evaluating / thinking about the relevant significance of the service or product satisfaction, as a result they agree to give more effort for obtaining their high equity brand (Keller, 1993). Pappu and Quester (2006) conducted study in retail setting and empirically shown increased satisfaction will contribute significantly for enhancing the brand equity. Brand equity will significantly influence the purchase intention of customers which is developed by their individual assessment of that particular brand (Shamim & Butt, 2013). Olsen and Johnson (2003) also empirically shown equity becomes an evaluation for repurchasing the brand again.

H8: Satisfaction positively influence brand equity.

### 3.3.6 Satisfaction and Repurchase Intention

According to Arora (2012) “Customer satisfaction refers to the ability of a business to serve its customer according to their expectations and to maintain a long term relationship with each customer”. Satisfaction is influenced by both the cognitive and affective component (Oliver, 1993). The satisfaction and dissatisfaction level of consumers resulted from their experience occur in a service encounter (Oliver, 1980). Satisfaction level of consumers and their intention to avail the service also form the post-attitude towards the brand (Arora, 2012).

Consumer takes the decision to consume the product again based on their satisfaction level and attitude towards the brand (Crochin and Taylor, 1992). The service experience created by the emotions and feelings during availing the service has a major role in shaping the attitude of
customers and it also increase the chance of repurchase (Arora, 2012). Phillips and Baumgartner (2002) explore the relationship between emotional experiences on the satisfaction level of consumers and he found that, positive emotional experience will develop a positive influence on satisfaction and vice versa. Increased level of consumer satisfaction is a way to improve the consumer loyalty towards the brand (Lee and Lee, 2013). Customer’s satisfaction level with the brand is directly proportional to the probability of future purchase intention (Roy, Tewari and Tewari, 2009), this means the probability of consuming the brand again is more if the customer is satisfied with the brand and the probability of future intention to purchase is comparatively low if the customer is not satisfied with the brand.

Study shows significant relationship between emotional experiences and role of senses in influencing satisfaction, attitude and repurchase intention in service consumption (Arora, 2012). In order to see the relationship between satisfactions and repurchase intention the following hypothesis is formulated.

H9: Satisfaction positively influences the future purchase intention.

3.4 CONCEPTUAL MODEL

A conceptual model is formulated based on the existing literature review. The conceptual model is presented in Figure-1. H1 is formulated to test the first research objective. To test the second objective the regression weights of the first order constructs (core service, employee service and servicescape) of service experience dimension are considered, as the regression weights of the
service experience constructs indicate the relative contribution towards service experience which in turn influence brand experience. For testing the third objective H2, H3, H4, H5, H6, H7, H8, H9 and H10 are formulated.

**Figure-1 Conceptual Model**

To test the above hypotheses proposed methodology is discussed in the next chapter.