Brands are among the most valuable assets of any organization. They are the outcome of the concentrated and focused efforts of marketers over a long period of time. The process of creating a brand is the most time consuming task for marketers, as every successful brand has, behind it, innumerable untold stories of failure. The reason for the importance of a successful brand comes from the fact that there are strongly held beliefs and attitudes which occupy prominent positions in the minds of the customers, which cannot be easily duplicated and so there is a longer and safer expected return from them (Farquhar, 1989). Merriam-Webster’s Dictionary defines brand as “a category of products that are all made by a particular company and all have a particular name”. A brand is more than just a logo. It is the manifestation of the character, personality, and values of the company, product, or service” (Aaker, 2004). For a consumer, a brand is a guarantee of quality and consistency, inducing loyalty (Erdem & Swait, 1998).
1.1 Role of Loyalty

In response to the increasingly competitive marketplace, marketers are continuously in search of strategies to safeguard their brand and increase profit. One strategy that continues to gain popularity involves increasing the set of loyal customers. Howard and Seth (1969) pointed out that brand loyalty can improve sales. Dick and Basu (1994) have pinpointed the marketing advantages of loyalty such as positive word of mouth and resistance to change under competitive strategies. Thus, retaining loyal customers is less expensive and effortful when compared with creating a new customer. This will reduce the marketing cost which enables the marketers to generate higher rates of return on investment (Reichheld & Teal, 2001). Thus one of the major concerns of brand marketers is to improve the loyalty for the brand.

Brand loyalty is defined as ‘the biased (non-random) behavioural response (i.e. purchase), expressed over time, by some decision-making unit with respect to one or more alternate brands out of a set of such brands, and is a function of psychological (decision-making, evaluative) processes’ (Jacoby & Kyner, 1973). The study on brand loyalty has a long history of nearly nine decades, since Copeland’s introduction of ‘brand insistence’ (Jacoby & Chestnut, 1978). Since then, researchers have mainly focussed on the operationalization of loyalty. Jacoby and Chestnut were able to classify such operational definitions into three major categories, namely definitions based on behaviour, attitude and composite. Apart from the operational definition classification, the researches in brand loyalty have taken two basic approaches—the first one aligns brand loyalty to a stochastic (pure random process) while the second one assumes a deterministic (non-random process). Studies under the deterministic approach focus on the antecedents of loyalty to explain the
behaviour, while studies under the stochastic approach assume that purchase behaviour could be predicted from the past purchase history.

Many researchers (Ehrenberg, Goodhardt, & Barwise, 1990; Kahn, Kalwani, & Morrison, 1986; Uncles, Hammond, Ehrenberg, & Davis, 1994) believed that repeat purchase of the same brand can capture loyalty. Researchers like Bloemer and Kasper (1995), Fournier (1998) and Odin, Odin and Valette-Florence (2001) recently argued for the need to understand the difference between repeat purchase under inertia (spurious loyalty) and true loyalty. Bloemer and Kasper (1995), Dick and Basu (1994) and Odin et al. (2001) have suggested methods to distinguish true loyalty from inertia. Marketers who are responsible for enhancement of loyalty have lately identified consumer experience to be a major contributor to it. This is because of the very nature of experience as Aaker (1999) has pointed out- ‘If a brand is able to stimulate the senses, engage the mind and body, and makes a person feel good, a stimulation seeking organism may strive to receive such stimulation again’ (Brakus, Schmitt, & Zarantonello, 2009). Understanding this, companies have even created new executive positions focusing on managing customer experience with brands (Schmitt, 2009), thus illustrating its growing importance.

1.2 Role of Brand Experience

Customer Experience Management (CEM) proposed by Schmitt (2003) focuses on providing value to the consumer beyond the product attributes and benefits. Customer experience management assumes that consumers do not buy products or services alone; rather they also expect the experience associated with it (Morrison & Crane, 2007; Nysveen, Pedersen, & Skard, 2013). This paradigm has identified the important role played by brand
experience in providing value beyond the attributes to the customers. Brand experience is defined as the subjective internal consumer responses (sensations, feelings and cognitions) and behavioural responses evoked by brand related stimuli (Brakus et al., 2009). A consumer receives these brand related stimuli from the product itself, then from logos, signage, packaging, brochures, advertising and the environment (Schmitt, 2003). Research in this area include the contribution of Brakus et al. (2009), Iglesias, Singh, and Batista-Foguet (2011), Ishida and Taylor (2012), Nysveen and Pedersen (2014) and Shamim and Butt (2013) who were able to establish the relation between brand experience and brand loyalty, brand personality, satisfaction, affective commitment, brand attitude, brand credibility, brand equity. However these studies have not tried to distinguish between true loyalty and spurious loyalty.

1.3 Role of Involvement

Involvement with a product is defined as ‘perceived relevance of a product class, based on the consumer’s inherent needs, interests and values’ (Zaichkowsky, 1985). For the past three decades, many researchers have investigated involvement in the context of loyalty (e.g.: Brisoux & Cheron, 1990; Chaudhuri, 1998; Kim, Morris, & Swait, 2008; Knox & Walker, 2003; Mathew, Ali, & Thomas, 2014; Quester & Lim, 2003). However there was a lack of consistency in the findings regarding the effect of involvement on loyalty. Quester and Lim (2003) and Kim et al. (2008) stated that involvement will lead to high levels of loyalty, under both low and high involvement conditions. Further studies in this area have shown that customers show differences in their intensity of information search depending on the level of involvement (Bei & Widdows, 1999; Bloch, Sherrell, & Ridgway, 1986) and
those who show low levels of involvement consider the product to be trivial and take less effort to process the information obtained, when compared to the highly involved (Heath, 2001).

**Involvement as a Moderator**

Based on these differences, Mathew et al. (2014) were able to demonstrate the differences in the hierarchy-of-effects of *brand awareness* → *brand credibility* → *brand commitment* → *loyalty intentions* among low/high consumer involvement groups of deodorant users. If this is so, how would the efforts taken by the managers to provide memorable brand experience at every touch point of the customer, get converted to loyalty, under low and high involvement? Even though researchers in the area of brand experience have tried to see how this variable contributes to the formation of loyalty, there is very little research that has considered involvement as a moderator variable for brand experience effects.

Other perspectives are also seen in literature, namely ‘involvement as a product dependent variable’ (Amine, 1998b), ‘involvement as an individual dependent variable (ego involvement)’ Zaichkowsky (1986) and ‘involvement as both product and individual dependent’ Chaudhuri (2000) and Zaichkowsky (1994). Adapting all the three approaches in the operationalization is a rarely attempted design for the researches in this area. Thus the researcher decided to investigate the relationship among experience-belief-attitude-behaviour under different levels of involvement.

**1.4 Current Study**

The present research attempts to investigate the scientific structure in the contribution of brand experience to the formation of brand loyalty by
synthesizing past studies with some critical variables that are theorized to explain the role under different levels of involvement. The important constructs included in this study are brand credibility and affective commitment.

Using the arguments of Krugman (1965) and the attitude theory by Ajzen (1991), the researcher argues that brand credibility and affective commitment will have a mediating role in the effect of brand experience on true brand loyalty and that the mediating role will vary with the level of involvement. This research is an important contribution to marketers highlighting how loyalty could be improved effectively by managing brand experience, brand credibility and affective commitment under different levels of involvement.

1.4.1 Organisation of the Report

This thesis is organised in five chapters. Chapter One is an introduction to the study. Chapter Two provides the review of literature. Chapter Three provides an overview of research methodology used in this study. Data analysis and results obtained with respect to the effect of brand experience on true loyalty are presented in Chapter Four and the discussion on the findings is provided in Chapter Five.