3. MODEL DEVELOPMENT & HYPOTHESES

3.1. CHAPTER OVERVIEW
3.2. MODEL DEVELOPMENT FOR THE STUDY
3.3. HYPOTHESES FOR THE STUDY
3.4. MODERATING VARIABLE & HYPOTHESES
3.5. CONCEPTUAL RESEARCH MODEL
3.6. SUMMARY
3.1. CHAPTER OVERVIEW

The chapter builds on the conceptual model of the study based on the theories and literature delineated in the second chapter. It presents an overview of the proposed conceptual framework and elucidates the hypothesized relationships among different variables in the framework.

The study aims to explore the implications of consumers’ brand experiences on the brand equity of luxury brands. A conceptual model explaining the relationship between the constructs of brand experiences and constructs of brand equity is proposed in this chapter and the step wise approach to brand building through the different brand equity constructs is also tested through a set of hypotheses. The study also seeks to understand the role of hedonistic motives of consumers in the luxury context.

Section one of this chapter first comprehensively conceptualizes brand experiences based on the Schmitt (1999) and Brakus, Schmitt and Zarantonello’s (2009) work and draws from literature to explain the role of brand experiences in the luxury consumption process. This section also outlines the constructs of Customer Based Brand Equity based on Keller’s (2001) work. Empirically testable hypotheses of the study are developed and the theoretically derived conceptual model integrating the above constructs is illustrated in Figure 3-1.

The next section introduces hedonistic motives as a moderating variable in the study. Hypotheses outlining the role of the moderator on brand experience and brand equity and their relationship are developed. This section is followed by a summary of the chapter.
3.2. MODEL DEVELOPMENT FOR THE STUDY

3.2.1. BRAND EXPERIENCE CONSTRUCTS

Pine and Gilmore (1999) and Schmitt (1999) posited that companies need to offer ‘consumer experiences’ in addition to products and services in order to remain competitive in an increasingly commoditized world. Literature provides examples of companies that provide differentiated consumer experiences such as Starbucks Coffee for their rich multi-sensory store environments and Walt Disney for the world amusement parks which offers wide-range of theatrically and physically rich environments. Another example includes Starwood Hotels and Resorts who employ “experience engineers” whose primary aim is to transform the service culture and to deliver consumer experiences to increase customer satisfaction and loyalty.

The shift from consuming things to consuming experiences is a direct result of the time-starved, fast-paced lifestyle that evolved during and after the 1980s. Consumers looked to experiential offerings as a way of getting more enjoyment out of their time and, importantly, as a means of feeling connected, important and understood (Norton, 2003).

Research shows that experiences occur when consumers search for products, when they shop for them, receive service and when they consume them (Arnould, Price and Zinkhan, 2002; Brakus, Schmitt, and Zhang, 2008; Holbrook, 2000). This study focuses on post purchase brand experiences and consumers who have owned, consumed and repurchased one or more luxury brands in the identified categories.

From the literature review we can conclude that brand experience is a multidimensional construct having multiple underlying dimensions. The review of literature indicates five main dimensions, Sensory, Affective, Intellectual, Behavioral and Social, based on the most significant contributions by Schmitt.
(1999) and Brakus, Schmitt and Zarantonello (2009). Each of the brand experience constructs are discussed in the section below.

3.2.1.1. SENSORY EXPERIENCES

Sensory experiences appeal to the five senses of sight, sound, scent, taste and touch (Schmitt, 1999). The overall purpose of sensory experiences is to provide aesthetic pleasure, excitement, beauty, and satisfaction through sensory simulation. Schmitt and Simonson (1997) in their book ‘Marketing Aesthetics’ refers to the marketing of sensory experiences by corporates and brands contribute to organization’s or brand’s identity. According to them, a brand’s visual identity is often the most important component for invoking attitudes, associations and customer responses. Hence, we can say that visual identities offer the sensory experiences that attract a consumer to a brand.

According to Schmitt and Simonson (1997) the corporate identity, primary elements, styles and themes of brands result in customer impressions. At the corporate level, the identity elements include properties, products, presentations and publications which manifest the brand/corporate expressions in a visual/sensory manner. Similarly at the brand level, primary elements, (color, shape, typeface, loudness, pitch, material, texture etc.) styles and themes form an expression of the brand. These primary elements relate to the five senses of sight, sound, touch, scent and taste. The primary elements are building blocks of style (which refers to distinctive, constant and consistent quality of sensory experiences) and themes add meaning and content to styles, serving as mental anchors and reference points. These styles and themes provide overall impressions to consumers.

Schmitt (1999) posited sensory experiences as those that appeal to the five senses with the objective to differentiate products, motivate consumers and convey value to them.
Bloch, Brunel and Arnold (2003) introduced the concept of Centrality of Visual Product Aesthetics (CVPA) which refers to the overall level of significance that visual aesthetics hold for a particular consumer in his/her relationships with products. It involves the detailing on the materials, proportion, color, ornamentation, shape, size and reflectivity which create the product's appearance and its visual appeal. These characteristics create a product's appearance and have the capacity to affect observers and consumers (Lawson 1983).

Parsons and Conroy (2006) examine the use of sensory stimuli in the creation of store atmosphere in the online context. The result of their study suggested that Internet shoppers strongly indicated their desire for particular aural and visual stimuli when shopping online.

In summation, sensory experiences are crucial to creation of a unique identity and thereby creation of customer impressions, positive associations and attitudes, which not only differentiate products but also motivate consumers to respond to brands.

3.2.1.2. AFFECTIVE EXPERIENCES

Affective experiences involve creation of feelings during the consumption experience. According to Schmitt (1999), these feelings may range from mild positive or negative mood states to intense emotions. Schmitt (1999) defines moods as unspecified affective states and emotions in contrast are elucidated as intense, stimulus-specific affective states. Further, Schmitt goes on to explain, complex emotions as blends and combinations of basic emotions, typically the ones generated as a result of marketing campaigns.

According to Schmitt (1999) feelings are most powerful when they occur during consumption. Strong feelings result from contact and interaction and develop over time. They are related to personal encounters with brands.
Holbrook and Hirschman (1982) were among the first to write about experiential aspects of consumption that focuses on its symbolic, hedonic and esthetic nature as compared to information processing model of consumption. Hirschman and Holbrook (1982), in their seminal work on hedonic consumption, call for more focus on emotional and experiential aspects of consumption.

Emotions have been studied in varied contexts in past researches. Emotions as a result of consumption have been studied by Holbrook et al (1984) focusing on emotions related to products, and Derbaix and Pham (1991) focusing on emotional experiences associated with different consumption situations e.g. vacation, restaurant visits, shopping and hobby related purchasing. Arnould and Price (1993) studied affective dimensions of consumption. They looked at extraordinary experiences in the context of white-water rafting and found that affect, narrative and ritual are important factors in the delivery of extraordinary experiences. Richins (1997) classified commonly experienced emotions during consumption situations in to sixteen types plotted on the dimensions of positivity-negativity and receptivity (inward / outward oriented).

Past studies also focused on the dimensions of emotional/affective experiences. For instance, pioneering works included Mehrabian and Russell’s (1974) Pleasure-Arousal-Dominance (PAD) model. They proposed a three dimensional schema of basic emotional states: pleasure, arousal and dominance (PAD). Pleasure– displeasure dimension referred to the degree to which the person feels good, joyful, happy, or satisfied in the resulting situation; arousal–non arousal refers to the degree to which a person feels excited, stimulated, alert or active in a specific situation; and dominance–submissiveness referred to the extent to which the individual feels in control of or free to act in a particular situation. Most studies that tested the PAD model found that the pleasantness and arousal dimensions described well the affective space evoked by environments, while dominance was found to be of less predictive value in similar situations, for
example, Donovan and Rossiter (1982) suggested that consumers’ experience in store environments are evident in terms of only two major emotional dimensions and these are arousal and pleasantness. Edell & Burke (1987) in their study identified three factors of emotions: upbeat feelings, negative feelings and warm feelings, based on their study on feelings elicited by advertisements.

Past research has also indicated an important as aspect of emotions being direct antecedent to shopping behaviors. For example, pleasant shopping environments eliciting positive emotions have been found to have a positive impact on approaching orientation, purchasing intention, duration of the visit, satisfaction/attitude and product evaluations (Donovan and Rossiter, 1982; Hui and Bateson, 1991; Baker et al., 1992; Sherman et al., 1997; Spies et al., 1997; Donovan and Rossiter, 1982; Donthu & Yoo, 1998; Bitner, 1992).

In conclusion, moods and emotions or affective states play an important role in the overall experiences of consumers, from the time of first contact to interactions over time.

3.2.1.3. INTELLECTUAL EXPERIENCES

Intellectual experiences are based on the ability of marketing to encourage consumers to engage in elaborative and creative thinking (Schmitt, 1999). Guilford (1956) explains the two types of creative thinking that consumers engage in everyday, as convergent and divergent thinking. Convergent thinking is analytical reasoning and divergent thinking is more freewheeling. The key principle to provide the right motivation to think combines element of surprise, intrigue and sometimes a sense of provocation. Smith & Yang (2004) suggest that creative advertising helps to attract more attention from consumers because divergence creates a contrast with less-creative ads, providing theoretical explanations for how the divergence factors should impact different stages of information processing in consumers.
While Smith & Yang (2004) particularly focus on the role of creative advertisements on the cognitive processing among consumers, even more indirect stimuli such as PR activities or when a brand is seen in a virtual environment online can have an impact on the intellectual engagement of consumers. Hence it can be argued that direct or indirect brand related stimuli can play an important role in generating intellectual experiences among consumers.

3.2.1.4. BEHAVIORAL EXPERIENCES

Behavioral experiences refer to consumer experiences related to the physical body and the patterns of behavior and lifestyle (Schmitt, 1999). These experiences move beyond the realm of sensation, affect and cognition. Schmitt (1999) explains that these experiences may occur privately or through public interactions and customers may use their actions to display their self conceptions and values. These actions are the responses to the behavioral experiences of consumers with the brand.

Most luxury brands embody a distinct set of values communicated through their marketing efforts, which may appeal to a particular consumer segment. This may stimulate behavioral experiences and actions on the part of the consumers such as purchase, repurchase, advocating the brand or recommending the brand. Hence behavioral experiences are important from the perspective of evoking the right responses amongst the target consumers.
3.2.1.5. SOCIAL EXPERIENCES

Social experiences expand beyond the individual’s private sensations, feelings, cognitions and actions by relating the individual self to the broader social and cultural context reflected in a brand (Schmitt, 1999).

Solomon (2004) examines how our world is influenced by the action of marketers, and considers how products, services and consumption contribute to the broader social world we experience.

The essence of social experience is to get people to relate to other individuals as well as entire groups and cultures via brands. The purpose of relating to others seems to be motivated by a need for categorization and a search for meaning.

According to Tajfel’s (1979) Social Identity Theory, social identity is a person’s sense of who he / she is based on his/her group membership(s). Tajfel proposed that the groups (e.g. social class, family, football team etc.) which people belonged to were an important source of pride and self-esteem. Identification with a group also involves contrast with another group created by the need for social distinctiveness. The Social Identity Theory states that the in-group will discriminate against the out-group to enhance their self-image, which is a visible trait amongst luxury consumers.

On similar lines, Schmitt (1999) posited social experiences as ranging from straightforward reference group identification to formation of brand communities in which consumers view a brand as a centre of the social organization and take on a marketing role themselves. He also argued that powerful social experiences result from the interplay of the socio cultural meaning and the consumers need for a social identity.
Research on social groups in the brand context by Muniz and O’Guinn (2001) described brand communities as a structured set of social relationships among brand users. Furthermore, McAlexander, Schouten and Koenig (2002) suggested that competitive advantage can be gained by marketers if they concentrate on the consumers’ experience of owning the product. They expanded the brand community model to entities beyond peer to peer relationships, considering communities as consumer centric.

Another notable work by Fournier (1998) examined the consumer-brand relationships in the context of consumer goods and proposed seven brand relationship dimensions: (1) Voluntary versus Involuntary; (2) Positive versus Negative; (3) Intense versus Superficial; (4) Enduring (long-term) versus Short term; (5) Public versus Private; (6) Formal (role-or task-oriented) versus Informal (personal) and (7) Symmetric versus Asymmetric.

Consumption of luxury brands is often associated with the desire for social status (Amaldoss & Jain, 2005; Han, Nunes and Dreze, 2009). Vigneron & Johnson (1999, 2004) and Wiedmann et al.’s (2009) research find empirical support in this notion. Tsai (2005) also notes that social oriented consumers are motivated to possess luxury brands in order to display their status and success to their targeted social groups. Hence, we can say without any doubt that social experiences have an impact on luxury consumption.

Brakus et al. (2009) empirically tested these five dimensions of experience that are theoretically derived. The results revealed a four factor solution, indicating ‘Relate/Social’ as a unique factor. Brakus et al.’s (2009) study is based on 30 experiential brands from various product categories. However prior research indicates well established social context in the luxury environment, hence it is proposed to include the Social dimension in this study and test it empirically. The review of literature has revealed that brand experience can be
explained through Sensory, Affective, Intellectual, Behavioral and Social experiences.

Hence, the first hypothesis of the study is deduced as,

\[ H1: \text{Brand Experience is explained through Sensory, Affective, Intellectual, Behavioral and Social Experience.} \]

3.2.2. BRAND EXPERIENCES IN THE LUXURY CONTEXT

Traditionally, luxury goods and brands are characterized by a premium image, higher perceived price, outstanding quality, uniqueness/scarcity, not a necessity, ancestral heritage, personal history, aesthetics, and experientiality (Dubois et al., 2001; Kapferer & Bastien, 2009; Keller, 2009). Kapferer and Bastien (2009); Phaus and Prendergast (2001) linked luxury brands with exclusivity, a well known identity, high brand awareness and perceived quality and customer loyalty. According to Danziger (2005) the old luxury was defined by the product category, while new luxury is independent of product category, but is all about the experience. Berthon et al. (2009) defined experiential value of luxury brands as the individual’s thoughts and feelings towards the luxury brand because of their rare, precious and unique traits.

The dimensions of experiential and symbolic value are well pronounced in luxury brands and clothing and apparel products are categories of products that are considered more experiential than other categories (Hirschman & Holbrook, 1982). Hence, this study focuses on the apparel and accessories luxury brands.

Aron and Westbay (1996); Fournier (1998) and Kleine et al. (1993) posited that positive brand experiences are seen as creating stronger positive feelings toward brands and can generate greater consumer loyalty. Atwal and Williams (2009) further emphasized on the experiential value of luxury brands. Keller (2009) also characterized luxury brands as high quality products and services with pleasurable purchase and consumption experiences.
Studies with managerial perspectives, such as Atwal and Williams (2009) conceive that experiences are central to luxury consumption and conclude that innovative experience design will become an increasingly important component of luxury marketing. Atwal and Williams (2009) further explained how the marketing of luxury goods has become increasingly complex, being associated not only with conveying an image of quality, performance and authenticity, but also with attempting to sell an experience by relating it to the lifestyle constructs of consumers.

Okonkwo’s (2007) also observed the need for luxury fashion brands to create a compelling, memorable, enjoyable and positive total customer experience in the context of online shopping.

There is a dynamic growth in the luxury market and the availability of luxury goods to a wider range of consumers than ever before. This has also led the luxury market to a new experiential sensibility (Wiedmann, Hennigs and Siebels, 2007).

Hence, literature provides ample evidence about the significance of the role of brand experiences in the luxury consumption activity. The challenge for luxury brands is to ensure that the customer has the right brand knowledge, the right experiences, eliciting the right responses leading to lasting loyalty amongst consumers.

3.2.3. BRAND EQUITY CONSTRUCTS

We now examine brand equity and its underlying constructs for understanding their structure. The value that firms derive from building and owning brands is known as brand equity (Aaker, 1996). It is a multidimensional concept and a complex phenomenon. According to Keller (1993) the implications of customer-based research suggest that measures of customers’ brand perceptions are accurate reflections of brand performance in the marketplace.
Strong, positive customer-based brand equity has a significant influence on the financial performance of the firms (Kim and Kim, 2005).

According to Keller (2000) the power of a brand lies in the minds of consumers, in what they have experienced and learned about the brand over time.

This study adopts the conceptual framework provided by Keller’s (2001) in-depth Customer-based brand equity (CBBE) model, as it is the most comprehensive brand equity model from the customers’ perspective. The CBBE model proposes a sequence of four sequential steps for building a strong brand. The first stage of brand development is identity. At this stage, consumers are just beginning to understand what the brand is. This stage is also referred to as building salience. Brand salience refers to how easily or often a consumer thinks of the brand, especially at the right place and right time.

The second stage is meaning. Here, consumers begin to understand points of difference and points of parity such as performance and reliability.

The third stage is response, which is where consumers judge the brand with their heads and hearts. Consumers judge factors such as credibility, expertise, and trustworthiness. Feelings at this stage can be divided into two categories: experiential and enduring. Warmth, fun and excitement are experiential feelings. They are more immediate and short-lived than enduring feelings. Enduring feelings, such as security, social approval, and self-respect, are private and potentially part of day-to-day life.

The final stage is resonance, or intense, active loyalty. This is where consumers feel as connection or sense of community with the brand and they would miss it if it went away.

We further discuss the stages of brand salience, brand meaning, brand response and brand resonance in detail.
3.2.3.1. BRAND SALIENCE

The fundamentals of attaining the right brand identity requires, building brand salience with consumers, which is also commonly referred to as the aspect of brand awareness (Keller, 2001). Brand awareness is the capability of the prospective buyer to recognize or recall a particular brand when in the selection process of certain categories of product (Aaker, 1991). Brand name plays an important role in creating brand awareness. This is because the name is a ‘short-hand’ by which a brand can be identified in the marketing communication process (de Chernatony and Riley, 1998). Schmitt (1999) claims that brand names confer products with an ‘ID’. Furthermore, as Kohli (1997) points out, brand names provide a consistent and continuing source of brand differentiation. A consumers’ brand awareness would be higher as his or her exposure to the brand increases (Woodward, 2000). Companies use the brand name to build brand awareness through its marketing communications activities and the visual elements of brands such as brand colors, brand logos, brand symbols, brand environments, brand personnel etc to extend a unique identity to each brand, if delivered consistently over time and different media.

Keller (2001) proposed, brand salience as the first step in building a strong brand by creating saliency of brands in the mind of the consumer. Brand Salience refers to aspects of the awareness of a brand such as the top-of-mind awareness of as brand, retrievability of the brand, and the overall strength of awareness. A brand with high saliency can be characterized by a great amount of depth and breadth of brand awareness. Aaker (1991) proposed that brand awareness / salience was essential in building of brand equity. Aaker (1991) further explained that in most cases, brand awareness is not a sufficient condition for consumers to purchase instead it acts as a launch point for building the meaning of the brand in the mind of the consumer.
Keller (1993) argued that there are three reasons why brand awareness was important in consumer decision-making. Firstly, it was essential that the brand came to consumers' minds when they thought about the product category. Secondly, brand awareness affected decisions about brands in the consideration set, even if there were no essential brands associated. Thirdly, brand awareness affected consumer decision-making by influencing the formation and strength of brand association in the brand image.

Luxury brands are considered as one of the purest forms of branding (Keller, 2009) that enjoy high levels of salience amongst the target groups. Hence we conclude that building brand salience for luxury brands is an important stage in the brand building process, which not only involves recognition of the brand with respect to other competing brands but also recalling the brand at the time of consideration and purchase situations.

3.2.3.2. BRAND MEANING

If a customer was aware of a certain product or brand, there was a higher possibility that the customer would have a favorable image of the product or brand (Aaker, 1991). Therefore, positive brand image through high brand awareness, increases the likelihood of brand purchase leading to brand loyalty (Keller, 1993). While, Aaker (1991) and Keller (1993) emphasized that the awareness of the product or brand was the beginning of loyalty, there is research to support that salience/awareness is not a sufficient condition for purchase and it does not ensure brand equity or loyalty (Tong and Hawley, 2009). Hence it is important to focus on the intervening stages of brand building such as brand meaning and response.

As discussed in the earlier section, brand meaning represents the performance and the imagery dimensions of brand equity. Brand performance refers to the intrinsic product qualities, such as the functional features. Luxury
brands are typically associated with craftsmanship, exclusivity, premium pricing with strong quality cues and few discounts or mark downs.

According to Keller (2001) brand imagery is an extrinsic, intangible characteristic of the brand gained from direct or indirect exposures to the brand. Brand imagery is built to meet the consumers’ psychological or social needs.

Keller (2009) in the luxury brand context explains imagery, as how people think about a brand abstractly rather than what they think the brand actually does, thus imagery is intangible. According to Keller (2009) consumers form imagery associations directly based on their own interaction with the product, brand, target market or usage situation or indirectly based on exposure to brand advertisements or by some other source, such as word of mouth.

Luxury brands have an important imagery dimension which communicates its personality, its heritage, exclusiveness and its aura, which is distinct and consistently executed across all the brand elements and environments. This imagery conveys the premiumness and exclusivity of these brands thereby creating a draw for their target consumers. Hence we could state that creating the right imagery around brands can impact the overall equity of the brands positively.

3.2.3.3. BRAND RESPONSE

The next stage of brand building is brand response, which is a critical one in the sense that it involves the response of consumers to the marketing efforts of brands. This stage is also significant as it precedes the brand resonance stage, which involves building of intense and active loyalty for the brand.

Brand response is defined by Keller (2001) using the dimensions of brand judgment and brand feelings. Brand judgment refers to the quality, reliability and superiority aspects of brand consideration. In the case of luxury brands, secondary associations with personalities, events, country-of-origin etc. rationalize the
quality, reliability and superiority concerns and can be important drivers of brand equity (Keller, 2009).

Brand feelings are consumers’ emotional responses and reactions with respect to the brand (expressed as emotional- warmth, pleasure, tension, security, social acceptance and self respect). The feelings of warmth, pleasure and tension are momentary and short lived, whereas the feelings of security, social acceptance and self respect are more enduring. These feelings may be mild or intense and can be positive or negative. According to Keller (2009) brand feelings are often of paramount importance for luxury brands.

Hence it is understood that brand response is a stage where consumers develop judgments and feelings around brands based on their interaction with the brands.

3.2.3.4. BRAND RESONANCE

The construct of brand resonance reflects the intensity or depth of the psychological bond that the consumers have with the brand, as well as the level of activity engendered by this loyalty.

Aaker (1996) defined loyalty as repurchase intention and the core dimension of brand equity. Dick and Basu (1994) conceptualized the customer loyalty model explaining the combined effects of attitude and behavior. They suggested that loyalty is the result of the interaction between a customer's relative attitude to a brand or store and their repeat purchase behavior for that brand or store. Whereas brand resonance is defined as active intense loyalty (Keller, 2001) referring to the relationship between brand and its users and their willingness to purchase and to recommend to others. The power of a brand lies in the minds of consumers, in the effect of what they have experienced and learnt about the brand and their responses to the brand over time (Keller, 2000).
Some scholars even asserted that loyalty management, brand management, or relationship management are the same thing (Crosby and Johnson, 2002). Brand resonance could help in predicting repurchase intention, future earnings and firm’s value in various markets (Aaker and Jacobson, 2001). Hence in this study, loyalty or repurchase intentions are construed to be a part of the larger brand resonance construct.

Brand resonance is conceptualized by Keller (2001) as the relationship between the consumer and the brand and the level of consistency and effort on behalf of the consumer. According to Keller (2006) brand resonance is characterized by strong connections between the consumer and the brand. Brands with strong resonance benefit from increased customer loyalty and decreased vulnerability to competitive marketing actions. Brand resonance is capable of building deep attachments and evoking strong emotions (Keller, 2001; Escalas, 1996) and emotions are known to influence consumer attitudes (Edell and Burke, 1987).

As discussed in the literature review, brand resonance has been defined by four dimensions (Keller, 2001), behavioral loyalty, attitudinal attachment, sense of community, and active engagement.

To summarize, brand resonance is characterized by strong connections between consumer and the brand, the ultimate bond shared between the brand and its consumers and the extent to which customers feel they are ‘in sync’ with the brand (Keller, 2003). Brands with strong resonance benefit from increased customer active loyalty and decreased vulnerability to competitive marketing actions. In the CBBE model, resonance occurs when it completely reflects a harmonious relationship between customers and the brand. With true brand resonance, customers have a high degree of loyalty marked by a close relationship with the brand such that customers actively seek means to interact with the brand.
and share their experiences with others. The challenge is to ensure the customer has the right experiences to create the right brand resonance (Keller, 2003).

Literature review in this area reveals that brand equity can be explained through the dimensions of Brand Salience, Brand Meaning, Brand Response and Brand Resonance.

Hence we deduce the next hypothesis of the study,

H2: Brand Equity is explained through Brand Salience, Brand Meaning & Response and Brand Resonance.

3.3. HYPOTHESES FOR THE STUDY

Experiences provide sensory, affective, intellectual and bodily stimulation, which results in “experiential value,” and thus increases the perceived value of a brand to a consumer, relative to another brand (Brakus, Schmitt & Zhang, 2008; Pine & Gilmore, 1999). Brand experience encompasses everything from the direct interaction with a brand at the point of purchase to an indirect exposure to advertisements in online and offline media, to word of mouth discussions with others. For a brand to be salient in the consumers’ mind, marketers need to create positive experiences and associations. These experiences may create strong, unique and favorable brand associations that impact the consumers’ response to the brands (Keller, 1993, 1998) thereby affecting its brand equity. The literature review demonstrates that brand experiences affect some components of brand equity, such as brand loyalty (Brakus, Schmitt & Zarantonello, 2009; Iglesias, Singh & Batista-Foguet, 2011) and brand resonance (Chang & Chieng, 2006).

Further Kotler & Keller (2009) substantiate this point by stating that successful brand management requires a keen understanding of exactly how consumers feel, think and act towards brands. Hence, shaping the feelings, thoughts and actions of consumers through positive experiences across all
interactions, can play a definitive role in building the brands’ equity. Hence this study examines extant literature on the constructs that build consumers’ brand experiences and their effect on the brand equity constructs and thereafter proposes a conceptual model and hypotheses based on theoretical underpinnings for empirical testing.

3.3.1. EFFECT OF SENSORY EXPERIENCES ON BRAND SALIENCE, BRAND MEANING, BRAND RESPONSE & BRAND RESONANCE

Schmitt (1999) explains the ‘sensory experience’ as an important dimension of brand experience which includes aesthetics and sensory qualities of a brand and its communication. In fact, sensory associations have been seen to increase in importance as more brands focus on the sensory experiences of pleasure, excitement and fun (Holbrook & Hirschman, 1982; Schmitt, 1999).

The ‘sensory experience’ of a brand is the cornerstone of the brand experience. Okonkwo (2009) argues that luxury brands are sensory in nature, which translates to the fact that the human senses of visuals, smell, touch and feel are considered imperative in selling luxury brands.

The proposition of superior brand experiences in the luxury category is strengthened by Rossiter, Percy, and Donovan’s (1991) study, which states that premium products are high-involvement and that transformational brand choices like sensory gratification, social approval and stimulation are the key reasons for purchasing a premium product.

Martin Lindstrom (2005), the author of Brand Sense states, success lies in mastering a true sensory synergy between the brand and its message. While communication & visual identity focus mainly on sight and sound, an accurate poly-sensorial identity integrating touch, smell (and taste when applicable), sends a more powerful emotional message to consumers, multiplying the connections or touch points through which the consumers can be attracted, convinced and
touched by the brand. It enables and encourages consumers to “feel” and “experience” the brand. According to him, these experiences are capable of providing emotions, sensations and pleasure. Purchasing acts are driven by this desire for sensational experiences that re-ignite senses and drive emotions. No matter how effective a product may be, it is its hedonist and emotional added-value, as well as the distinctive experience it offers, that lead consumers to buy it and ensure its loyalty.

Brand salience is the first step in building a strong brand (Keller, 2001). It is associated with the identity of the brand through the brand name and other elements and its association with a particular product category. Keller (2009) explains the importance of brand elements (logos, symbols, packaging, signage etc) apart from fundamentally strong brand names as important drivers of brand equity for luxury brands. These elements of luxury brands also convey the premiumness and prestige value of the brands. They not only facilitate brand awareness but also symbolize quality and prestige to the consumers.

In addition, the environment and service provided by luxury brands are considered a crucial attributes in the luxury proposition (Okonkwo, 2007; Moore & Britwistle, 2005) as they provide elevated sensory experiences which are stimulating for consumers. Luxury stores are considered shopping cathedrals (Zola, 1863) that use architecture to convey a sense of splendor (Bruce & Kratz, 2007) and define the shopping experience for its consumers. Flagship stores offer the luxury environment and experience of a brand displaying the full collection of a fashion brand’s merchandise. These stores are symbolic of the brands reputation and are crucial to the brand’s marketing communication process. The point of sale experience and customer service in luxury brands are vital (Okonkwo, 2007; Danziger, 2005) and best managed at a flagship / company owned stores (Jackson, 2004). The shopping and consumption experiences provide insights into the brands’ lifestyle by making it a reality (Chevalier & Mazzalovo, 2008). Hence we
can say that branding the experience is becoming as important as branding the product.

Ehrenberg (1997) explains how effective brand communication and sensory simulation can increase the brands’ ‘share of mind’ and thereby increasing the likelihood of its consideration. Hence, salience or ‘share of mind’ of a brand can be related to consumer behavior and defined as ‘the propensity of the brand to be noticed or come to mind in buying situations’ (Romaniuk & Sharp, 2004). In other words, it refers to how easily or often a consumer thinks of the brand (strength of recall and recognition of the brand), especially at the right place and right time (recall of the brand at the time of making the purchase decision).

The key aim of brand salience is to establish the brand in the consumers’ mind which provides a strong foundation for building brand awareness and knowledge (Keller, 1998). It can be assumed that brand knowledge has an important role to play in how consumers feel about and respond to brands. Drawing from Keller’s (2001) belief that, strong rational and emotional relations bring out strong, positive and unique associations, which are important to build brand loyalty. Taking in to account the laddering approach of brand building suggested by Keller (2001), first set of hypotheses is proposed. The sensory brand experiences play a cardinal role in building brand salience, creating brand meaning, generating brand responses and building brand resonance.

\textbf{H3: Sensory experiences created by luxury brands have a significant positive effect on brand equity.}

\textbf{H3a: Sensory experiences created by luxury brands have a significant positive effect on brand resonance.}

\textbf{H3b: Sensory experiences created by luxury brands have a significant positive effect on brand salience.}
**H3c**: Sensory experiences created by luxury brands have a significant positive effect on brand meaning.

**H3d**: Sensory experiences created by luxury brands have a significant positive effect on brand response.

### 3.3.2. EFFECT OF AFFECTIVE EXPERIENCES ON BRAND SALIENCE, BRAND MEANING, BRAND RESPONSE & BRAND RESONANCE

A considerable amount of research has examined how brands create experiences (Gobe & Zyman, 2001; Schmitt, 1999; Srivastava et al., 1999; Zaltman, 2003). Gupta and Vajic (2000) state that an experience occurs when a customer has any sensation or knowledge acquisition resulting from some level of interaction with different elements of a context created by a service provider. Successful experiences are those that the customer finds unique, memorable and sustainable over time, would want to repeat and build upon, and enthusiastically promotes via word of mouth (Pine & Gilmore, 1998, 1999).

Beyond brands providing mere sensory simulations, they may also evoke positive and negative moods and make consumers feel joyful and happy or angry and sad (Schmitt, 2012). Schmitt’s (1999) views on ‘affective experience’ are in line with research in consumer behavior (Richins 1997), wherein the ‘affective experience’ includes moods and emotions. Richins (1997) differentiated the purchase or consumption related emotions based on intensity and quality, from the emotions arising from intense personal relationships. Chaudhari and Holbrook (2001) similarly defined ‘affect’ as the ‘brand’s potential to elicit a positive emotional response in an average consumer as a result of its use’. Furthermore, Pullman and Gross’s (2004) study further substantiated that experiences are inherently emotional and personal. Sheth et al. (1991) defined emotional value as, the perceived utility acquired from an alternative’s capacity to arouse feelings or affective states.
Strong emotional ties with brands can result in higher brand salience, wherein the brand occupies significant consumer ‘share of mind’ and recalls the brand at the right time and the right places.

Luxury brands are sold in exclusive and well designed retail environments which provide a luxurious and pleasant atmosphere with highly professional and trained personnel who interact with consumers. The experiences arising in such purchase situations, which are different from the ‘everyday experiences’ (Caru and Cova, 2007), often give rise to luxurious feelings (Keller, 2009). The pleasure emotions and positive feelings arising out of these purchase situations create and aura and social mystique of a luxury brand (Berthon et al., 2009) which may lend positive meaning to future interactions consumers will have with these brands.

Previous research findings have indicated that emotions play a significant role in consumer response and are a focal point in many consumer behavior studies (Bagozzi et al., 1999; Chaudhuri and Holbrook, 2001; Richins, 1997).

A strong connect is seen in some studies between feelings and emotions consumers have for brands and their effect on brand equity dimension of loyalty. Dick and Basu (1994) posited that positive ‘affect’ and mood are associated with higher levels of brand loyalty. Chaudhari and Holbrook (2001) also suggest that ‘affect’ significantly impacts attitudinal and purchase loyalty (relating it to brand resonance) in both services and product categories.

Hence we conclude that a product acquires affective or emotional value through experience and this value affects brand awareness, brand knowledge, specific feelings and judgments and generates favorable responses, significantly impacting brand resonance. In view of the above, we propose the next set of hypotheses:

\[ H4: \text{Affective experiences created by luxury brands have a significant positive effect on brand equity.} \]
H4a: Affective experiences created by luxury brands have a significant positive effect on brand resonance.

H4b: Affective experiences created by luxury brands have a significant positive effect on brand salience.

H4c: Affective experiences created by luxury brands have a significant positive effect on brand meaning.

H4d: Affective experiences created by luxury brands have a significant positive effect on brand response.

3.3.3. EFFECT OF INTELLECTUAL EXPERIENCES ON BRAND SALIENCE, BRAND MEANING, BRAND RESPONSE & BRAND RESONANCE

The intellectual experience includes convergent/analytical and divergent/imaginative thinking (Schmitt, 1999).

Brakus et al., (2009) explained that brand experience construct is distinct from brand associations and brand image. Brand associations may be defined broadly as something that reminds a consumer of the brand. The most significant associations for building brand equity are the beliefs and meaning created in the minds of consumers by the brand managers through a mix of media and non-media elements (de Chernatony and Riley, 1998). Brand associations act as symbolic mechanisms for creating desire for a product among the public (Gottdiener, 1998). These associations trigger the intellectual processes of rational and creative analysis in the consumers mind before the brands are considered for purchase.

Hence, it can be hypothesized that intellectual experiences also may positively influence the brand equity constructs of brand salience, brand meaning, brand response and brand resonance. The specific hypotheses are as follows:
H5: Intellectual experiences created by luxury brands have a significant positive effect on brand equity.
H5a: Intellectual experiences created by luxury brands have a significant positive effect on brand resonance.
H5b: Intellectual experiences created by luxury brands have a significant positive effect on brand salience.
H5c: Intellectual experiences created by luxury brands have a significant positive effect on brand meaning.
H5d: Intellectual experiences created by luxury brands have a significant positive effect on brand response.

3.3.4. EFFECT OF BEHAVIOURAL EXPERIENCES ON BRAND SALIENCE, BRAND MEANING, BRAND RESPONSE & BRAND RESONANCE

The behavioral experiences refer to bodily experiences of consumers. These experiences are characterized by purchasing, consuming, advocating and recommending the brand to others. These experiences affect not only past-directed satisfaction judgments but also future-directed consumer loyalty (Brakus et al., 2009). Hence behavioral experiences play an important role in building brand response and resonance.

Furthermore, Atwal and Jain (2012) affirm that brand experiences focus on pleasurable and meaningful aspects of brand interaction. These interactions generate sensations, feelings and actions.

Hence behavioral experiences provide the positive stimulus required for the brand to create resonance value with its consumers, where in the consumers not only display behavioral and attitudinal loyalty to the brands, but also actively engage with the brand at various levels and draw from the social value they derive as owners of these brands.
This research proposes to study the effect of behavioral experiences on all the four constructs of brand equity as they are explained to be sequential steps in the CBBE model proposed by Keller (2001). Hence we propose the following hypothesis:

\[ H6: \text{Behavioral experiences created by luxury brands have a significant positive effect on brand equity.} \]

\[ H6a: \text{Behavioral experiences created by luxury brands have a significant positive effect on brand resonance.} \]

\[ H6b: \text{Behavioral experiences created by luxury brands have a significant positive effect on brand salience.} \]

\[ H6c: \text{Behavioral experiences created by luxury brands have a significant positive effect on brand meaning.} \]

\[ H6d: \text{Behavioral experiences created by luxury brands have a significant positive effect on brand response.} \]

### 3.3.5. EFFECT OF SOCIAL EXPERIENCES ON BRAND SALIENCE, BRAND MEANING, BRAND RESPONSE & BRAND RESONANCE

The essence of social experiences is based on how people relate to self, other individuals as well as to entire groups and cultures via brands (Schmitt, 1999). According to Schmitt (1999) the purpose of relating to self is driven by the desire for becoming the ‘ideal self’ and relating to others may be motivated by the need for social identity and categorization or reference group affiliation through communities. Abundant research studies explain the symbolic nature of luxury brands and how individuals associate themselves with these brands and other users of these brands.

In the context of luxury advertising, Kapferer and Bastien (2009) explain its aim as recreating the dream and not just to sell products. Explaining this further, they conduct a functional analysis of luxury, offering the two value facets—luxury for oneself and luxury for others. The researchers feel that to
sustain the latter facet it is essential that there should be many more people that are familiar with the brand than those who could possibly afford to buy it for themselves. Hence for the new aspiring luxury consumer, this in effect creates a dream, an aspiration and a reference point with other luxury consumers.

Strong social experiences result from the interplay of socio cultural meaning to the relationship between the brand and the consumer and the need for social identity amongst the consumers (Schmitt, 1999).

The manifestations of these experiences may range from reference group identification, to formation of brand communities which interact at the specially organized brand events and at the online social media environments. Specially organized brand events are experiential platforms that celebrate the association between the consumer and the brand and actively engaging the consumers with the brand.

Hence, we propose the following hypothesis:

\begin{align*}
H7 &: \text{Social experiences created by luxury brands have a significant positive effect on brand equity.} \\
H7a &: \text{Social experiences created by luxury brands have a significant positive effect on brand resonance.} \\
H7b &: \text{Social experiences created by luxury brands have a significant positive effect on brand salience.} \\
H7c &: \text{Social experiences created by luxury brands have a significant positive effect on brand meaning.} \\
H7d &: \text{Social experiences created by luxury brands have a significant positive effect on brand response.}
\end{align*}
The sub hypotheses (H3a, H3b, H3c, H3d, H4a, H4b, H4c, H4d, H5a, H5b, H5c, H5d, H6a, H6b, H6c, H6d, H7a, H7b, H7c and H7d) were proposed to be tested in the study.

Brand building is a sequential step wise process as posited by Keller (2001) in the CBBE model, hence we propose the following hypothesis,

**H8:** Brand salience of luxury brands has a significant positive effect on its brand meaning.

**H9:** Brand meaning of luxury brands has a significant positive effect on its brand response.

**H10:** Brand response of luxury brands has a significant positive effect on its brand resonance.

### 3.4. MODERATING VARIABLE & HYPOTHESES

As luxury brand literature suggests, consumers typically hold strong personal or interpersonal motives with regards the luxury products. In this study the personal motives of hedonism which are closely associated with luxury products, are examined as a moderator.

#### 3.4.1. HEDONISTIC MOTIVES

From the prestige seeking motives of luxury consumers identified by Vigneron and Johnson (1999), the Conspicuous Consumption, Bandwagon and Snob motives have low social acceptability due to which there could be a respondent bias in responding to questions on these motives. However, Hedonistic motives are socially acceptable and relevant when it comes to buying luxury brands. Also literature supports the notion that consumers rationalize their behavior while purchasing luxury products more on the emotional and affective aspects (Dubois and Duquesne, 1993). Other studies in the luxury context also indicate hedonic pleasures as the primary reasons for consumers to buy and use...
luxury brands (Dubois, Laurent & Czellar, 2004; Kivetz and Simonson, 2002; Strhilevitz & Myers, 1998). Chevalier, M. and Mazzalovo, G. (2008); Patrick, MacInnis and Park (2007) also affirmed that when it comes to luxury, hedonism takes precedence over functionality. Past researches have also shown the perceptual and behavioral differences towards brands and services between high and low hedonistic consumers in different product and service contexts.

Therefore, focusing on hedonic motives as a moderator in this study was logical. The following hypotheses were proposed for testing the moderating effect of hedonistic motives of luxury brand consumers on the measurement models of brand experience and brand equity and the structural model of the study examining the relationship between brand experiences and brand equity.

H11: The Brand Experience measure is invariant across high and low hedonistic respondents
H12: The Brand Equity measure is invariant across high and low hedonistic respondents.
H13: There is significant difference between high and low hedonistic respondents in the structural model.
3.5. CONCEPTUAL RESEARCH MODEL OF THE STUDY:

Based on the above mentioned research studies conducted across markets and product and service categories, the conceptual foundation was developed for the model in this study (Figure 3-1).

Figure 3-1: Conceptual Model of the Study

The suggested model illustrates the relationship between constructs of Brand Experience and Brand Equity and the moderating effects of hedonistic motives, which forms the basis of empirical testing and analysis.
3.6. SUMMARY

This chapter of the study presented the developed theoretical framework of dimensions of brand experience and brand equity of luxury brands and moderation effect of hedonistic motives of luxury consumers, and a set of hypotheses accompanied by arguments for each hypothesis. A summary of all hypotheses generated in the study are illustrated in Appendix E.