"Evaluate the sensory brand experience on brand equity based on customer emotional commitment and customer satisfaction"

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Abstract
The purpose of the current study was to examine the effect of sensory brand experience on brand equity with the mediating role of customer affective commitment. This research is applied in terms of purpose which employs survey data as research method. The statistical population of this study was the customers of Bank Saderat Iran (BSI) in Ghaemshahr city. The sample size was determined to be 384 people using Krejcie-Morgan table. For the purposes of this study, convenience sampling method was used. The research questionnaire was adopted from of Iglesias et al. (2018) which has 16 items. Cronbach's alpha was used to estimate the reliability coefficient, which shows that all coefficients are above 0.7. the SmartPLS2.0 was employed in this study to test the structural equation modeling and to analyze the data. The moderating role of employee empathy on the relationship between brand sensory experience and brand emotional commitment was approved in this study.

Keywords: brand experience, brand equity, customer feeling, customer satisfaction

1. Introduction
1.1. problem statement
In recent decades, the issue of brand has garnered widespread interest among both the scholars and market players in various fields. Many researchers and company executives are now realizing that the most valuable asset of any company in marketing aspects is branding, for which companies invest in marketing programs to shape a brand in the mind of the consumer.

1.2. The importance of the subject
In today’s competitive environment, shaping a proper impression in the mind of the consumer so that the consumer gets loyal to the company is of paramount significance. One of the factors which is highly effective in achieving such an impression is the brand equity. Brand equity is the ultimate utility or added value that a product creates through its brand, like Coca-Cola. Brand equity is considered an asset for the company that increases the turnover of the business.

Brand equity increases the likelihood of particular brand choice by shaping consumer loyalty, as companies can exploit this advantage to develop their product diversity. By extending the existing brand to new products, advertising costs for the new product can be greatly reduced. In today’s competitive market environment, there are a plethora of methods through which these marketing programs can be effective in establishing and improving brand equity. Distribution network approaches, communication strategies, pricing techniques and other marketing activities can either weaken or strengthen the brand, the positive mix of which would result in improved brand equity.

1.3. Brand equity
Brands should be managed as a valuable and long-term asset of companies. In consumer marketing, brands are the launch pads for differentiating between competitive bids and can be considered as critical factors to the success of companies. Wood argues that efforts that seek to define relationships between customers and brands have led to the notion of “brand equity”. The concept of brand equity has been discussed in both accounting and marketing, highlighting the importance of long-term focus on brand management.

The researchers examined the applicability of Keller’s customer-based brand equity (CBBE) model. Their findings indicated that only parts of this model are suitable for industrial markets and owing to the differences between the target and actual markets, implementing changes the Keller’s CBBE model and presenting a revised model that can be applied to this field by considering the indicators of industrial markets is of paramount value. These changes are:

- Evaluating the brand equity of the manufacturer (company) instead of the brand equity of the products.
- Company representatives (sales force) play an important role in industrial markets.
- The mental association of the brand is more about the functional characteristics of the product.
- Credit plays a much more important role in industrial markets.
- The buying process in industrial markets is more logical than emotional, and thus emotions do not play an important role in these markets.
- Brand resonance needs to be adapted to fit the industrial markets.
1.4. Employing brand equity

Han and Collins (2002) defined the concept of applying or employing brand equity: The results of decision-making opportunities for applicants for each company they look at as an employer. The efforts of every organization to employ job applicants are similar to their efforts to attract customers and sell their products or services.

Therefore, studies on brand equity help to better understand the views of job applicants on companies and employers. Collins and Stevens (2002) introduced two dimensions of brand equity: awareness and association. According to them, awareness pertains to the level of knowledge of applicants regarding each organization. Like customers, the awareness on each company increases the likelihood that applicants choose from among the available opportunities the company they are more aware of in their final decision. As discussed in previous sections on brand equity, researchers argue that brand associations include perceived attitudes and characteristics. The authors describe attitudes as the size of positive feelings that each applicant has toward an organization, while perceived characteristics relate to beliefs of applicants on specific aspects of the job and the work environment of the company (Kim et al., 2011).

1.5. Factors affecting brand and branding

Two important principles in branding are (1) informing about the emergence of the brand for customers and strengthening the brand image. One of the concepts related to brand image strength is the principle of brand personality. Brand personality is the characteristics of the brand shaped by the customer. These features are: Properties, utility and image status of the product and consumer, which are the two main types of four types of non-product related properties. The other two are price and packaging. Consumer and product image help the consumer build brand personality reputation and traits, which are created through direct experience or advertising and marketing. These personality conditions create the reputation and traits that the consumer expects of the brand. According to the corresponding literature, the main factor in brand choice by the consumer is the perception of the brand personality for the product or service according to the competitive environment. Another factor in choosing a brand is reputation. Having proper reputation, such as publicity through a popular athlete, urges customers to buy a product or service. It is needless to say that reputation inherently depends on the person and the product. The appropriateness of the endorser is important, so that a brand with a well-established personality can use it well (or not) for its own benefit, so the endorser personality must be fitting of the brand. The factors and variables that affect customer perception are sponsorship, theoretical framework, fitness, endorser personality, brand personality, attitude towards the sponsor, attitude towards the brand, purchasing behaviors, and product involvement (Acker, 1997).

1.6. Customer satisfaction

Customer Satisfaction denotes the positive feeling or attitude of customer towards a product or service after using it. Customer satisfaction is the ultimate goal of the marketer's activity that acts as a link between the various stages of consumer purchasing behavior. For example, if customers are satisfied with certain services, they are more likely to repeat their purchase. Satisfied customers are also more likely to tell others about their desired experiences, resulting in positive word-of-mouth advertising. Customer satisfaction is defined in two ways, that is, (1) as an output or (2) as a process. The former defines customer satisfaction as the end result of consuming a good or service (Fornell, 2008).

1.7. The effect of sensory brand experience on customer satisfaction

Since the mid-80s, the issue of customer satisfaction has been widely examined by researchers of various disciplines, especially in the marketing and services sectors. (Anderson, 1994). Traditionally, customer satisfaction means the post-consumption evaluation of a company or brand and its recommendations, which depend on perceived value, quality and expectations (Anderson, 1994).

Recently, various researchers have argued that customer satisfaction is the main output of the brand experience (Chahal and Dutta, 2015). In this regard, Meyer and Schawger (2007) considered customer satisfaction as the accumulation of multiple customer experiences with the brand. Lai (2015) further argues that customer satisfaction is the physical and affective result of the customer's personal experiences. Examining these new approaches, it can be concluded that many studies today examine the relationship between brand experience and customer satisfaction from a practical perspective.

Therefore, this hypothesis is confirmed that:

H3: Sensory brand experience impacts customer satisfaction.

1.8. The moderating role of employee empathy in the relationship between sensory brand experience, and customer affective commitment and customer satisfaction

Generally, empathy refers to the ability to understand and react to the thoughts and feelings of others (Barrett-Lennard, 1981). More precisely, in service settings, empathy is the main determining factor of desirable interactions
between clients and customers (Aggarwal et al., 2005). Empathy is also deemed as an essential skill for service personnel. Employees can convey positive emotions to customers (Howard and Gengler, 2001).

If employees become empathetic and compassionate enough during these interactions, these feelings can lead to affective commitment in customers (Mende and Bolton, 2011). This is of particular significance in the service sector because it requires much more interaction with customers than in consumer goods sector (Grönroos, 2006).

Researchers on service sector suggest that when service employees pay close attention to customers, customers will have a high affective commitment to that brand or company (Markovic et al., 2018). Research also suggests that there is a positive relationship between employee empathy and organizational communication (Fattahi and Khaleghjoo, 2016). In addition to the relationship between empathy and customer emotional commitment, there is evidence implying that customers are more satisfied with the brand when employees create a positive attitude (Markovic et al., 2018). Based on this, it can be confirmed that:

H4: Employee empathy impacts the relationship between sensory brand experience and customers affective commitment; and

H5: Employee empathy impacts the relationship between sensory brand experience and customer satisfaction.

1.9. The relationship between customer affective commitment, customer satisfaction, and brand equity

Even if it is claimed that many researches have studied customer satisfaction throughout history, still less attention has been paid to its results (Iglesias et al., 2017).

Also, when it comes to customer satisfaction, researchers fundamentally examine the behavioral outputs of customer satisfaction such as purchase intention and customer loyalty (Bracus et al., 2009). Among these few researches, those on the service sector are mentioned here. For example, in restaurant service, Lai (2015) concluded that customer satisfaction improves customer affective commitment. Also, in the travel services sector, Richard and Zhang (2012) revealed that customer satisfaction with a travel agency increases the customer affective commitment to that agency. Therefore, the following hypothesis is confirmed:

H6: Customer satisfaction impacts customer affective commitment.

It is true that empirically, research has not conclusively attributed customer satisfaction affective commitment, yet, the relationship between customer satisfaction and brand equity has been widely examined throughout the literature. For example, in the industrial services sector, researchers argue that customer satisfaction with the services provided enhances brand equity. Also, in the banking services and data stores, it is argued that customer satisfaction is of utmost importance and has a positive effect on brand equity. In this regard, Hu (2012) argues that customer satisfaction plays a major role in the life insurance industry and has a positive effect on brand equity. Therefore, the following hypothesis is confirmed

H7: Customer satisfaction impacts brand equity.

In addition to attributing customer satisfaction to brand equity, various studies have also directly or indirectly attributed customer affective commitment to brand equity. For example, Fullerton (2005) states that affective commitment reduces the inclination to switch brands. Gundlach et al. (1995) also state that positive feelings about a particular brand can thwart the need to seek for alternative brands. Among the few studies on the effect of affective commitment on brand equity the study on graduate education by Jillapalli and Jillapalli (2014) show that student affective commitment has a positive effect on brand equity. Therefore, by gaining empirical insights about this relationship, the following hypothesis is confirmed.

H8: Customers affective commitment impacts brand equity.
2. Research Background

Momene et al. (2016) performed a study entitled “The effect of sensory brand experience on the affective commitment of customers and brand equity of Persian Gulf Food Company”, the results of which revealed that sensory brand experience has a positive and significant effect on affective commitment and customer satisfaction. Sensory brand experience also directly and indirectly affects brand equity. Customer satisfaction has a positive and significant effect on the affective commitment of customers and brand equity. Finally, customer satisfaction has a positive effect on brand equity.

In their research entitled “Investigating the mixed effect of sensory marketing on brand equity and brand image (Case study: Royal Mattress brand)”, Hosseinzadeh and Baktash (2018) argued that sensory marketing is a novel marketing method that attracts target market customers through interaction on brand equity and appropriate mental image on brand. The results indicated that the sensory marketing mix has a direct effect on brand equity and brand image, and word-of-mouth advertising is the single most effective component of the sensory marketing mix. As such, employing sensory marketing is a proficient way to create the proper image by which the companies can turn their brand into a superior and valuable brand in the public mind.

In a study entitled “How does sensory brand experience influence brand equity? Considering the roles of customer satisfaction, customer affective commitment, and employee empathy” Iglesias et al. (2019) argued that the creation of a desirable sensory brand experience in service settings is of paramount importance for solidifying the competitive position of a brand and brand equity. Yet, little empirical research has been performed in this area. Surprisingly, most research on sensory brand experience has simply neglected the significance of employees in this area. This study examines the impact of sensory brand experience on brand equity in the banking industry through the mediating role of customer satisfaction and customer affective commitment. This article also examines whether employee empathy can mediate the effects of sensory brand experience on customer satisfaction and affective commitment. Based on data collected through a panel of 1,739 customers, the hypothetical structural model was tested using path analysis. The results show that sensory brand experience has a positive and indirect effect on brand equity through customer satisfaction and affective commitment. Furthermore, customer satisfaction has a positive effect on customer affective commitment, while employee empathy has a negative mediating role in the relationship between sensory brand experience and customer satisfaction.

In a study entitled “Does brand experience translate into brand commitment? A mediated-moderation model of brand passion and perceived brand ethicity” Das et al. (2019) argued that in an increasingly competitive and dynamic market, achieving brand commitment is one of the ultimate goals of branding. Considering the importance and significance of perceived brand ethicity and its symbolic benefits, the present study examines the effect of perceived brand ethicity on brand passion and commitment. The conceptual framework was tested using structural equation modeling (SEM) with responses from 273 clothing buyers collected using a structural questionnaire. Evidence indicated the mediato-mediator effect in which the moderating power of perceived brand ethicity is eliminated in the presence of the complete mediator of brand passion. Interestingly, in studying the links of mediated-moderation model, the evidence on the weakening effects of perceived brand ethicity in the game is prominent. The results of this article have a plethora of theoretical implications for managers.

In a research titled “The effects of brand communication and service quality in building brand loyalty through brand trust; the empirical research on global brands”, Zehir et al. (2017) sought to evaluate the impact of brand communication and service quality through brand trust in building brand loyalty for global brands. The instrument used in this study was a questionnaire administered among 258 consumers living in Istanbul, Turkey, who were randomly sampled for the research. The results of indicated that the concepts of brand communication and service/product quality can be considered as requisites for brand trust and thus indirectly impact brand loyalty. Brand communication has a significant and positive effect on brand trust while there was also a positive and significant effect of service quality on brand trust. Their findings also revealed that there is a positive correlation between brand trust and loyalty.

3. Methodology

This research is applied in terms of purpose which employs survey data as research method. The statistical population of this study was the customers of Bank Saderat Iran (BSI) in Ghaemshahr city. The sample size was determined to be 384 people using Krejcie-Morgan table. For the purposes of this study, convenience sampling method was used. The research questionnaire was adopted from of Iglesias et al. (2018) which has 16 items. The content validity of the questionnaire was confirmed and corrected correspondingly based on the opinions of experts and professors. Cronbach’s alpha was used to estimate the reliability coefficient, which shows that all coefficients are above 0.7. the SmartPLS 2.0 was employed in this study to test the structural equation modeling and to analyze the data (Table 1).
4. Analytical findings

4.1. Inferential statistics and measurement model

Confirmatory factor analysis examines the relationship between items and constructs. It is not possible to use research hypotheses based on the questionnaire data until it is proven that the questionnaire items measure the latent variables properly. Hence, confirmatory factor analysis was employed to confirm that the data were measured correctly. Table 2 shows the results of confirmatory factor analysis and convergent validity.

Table 2: Confirmation factor analysis and convergent validity

<table>
<thead>
<tr>
<th>Variable</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sensory experience</td>
<td>0.851</td>
<td>0.654</td>
</tr>
<tr>
<td>Affective commitment</td>
<td>0.825</td>
<td>0.612</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.919</td>
<td>0.792</td>
</tr>
<tr>
<td>Employee empathy</td>
<td>0.827</td>
<td>0.616</td>
</tr>
<tr>
<td>Brand equity</td>
<td>0.900</td>
<td>0.750</td>
</tr>
</tbody>
</table>

4.2. Measurement model

The model of post-intervention measurement in SmartPLS 2.0 in two modes of coefficients significance is as presented as follows:

Figure 2. (a) Reflective initial measurement model for standard coefficient estimation. (b) Reflective initial measurement model for significant coefficient estimation

4.3. Coefficient of variation and model quality

The correlation coefficient (r) indicates the intensity of the relationship between the two variables and its square ($R^2$) represents the amount of variance of the independent variable. Analysis of coefficient of variation helps understand how much of the variance of the dependent variable can be determined by a set of predictors (Sakaran, 2006). The coefficient of determination is a more informative criterion than the correlation coefficient. It is the most important criterion by which the relationship between two independent variables can be explained. Table 4 shows the results of the coefficient of determination and the quality of the model (Tables 3 and 4).

Table 3: Coefficient of variation and model quality

<table>
<thead>
<tr>
<th>Variable</th>
<th>$R^2$</th>
<th>CV COM</th>
<th>CV RED</th>
<th>COMMUNALITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sensory experience</td>
<td>0.649</td>
<td>0.373</td>
<td>0.656</td>
<td></td>
</tr>
<tr>
<td>Affective commitment</td>
<td>0.312</td>
<td>0.244</td>
<td>0.616</td>
<td>0.750</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.324</td>
<td>0.195</td>
<td>0.793</td>
<td></td>
</tr>
<tr>
<td>Employee empathy</td>
<td>0.117</td>
<td>0.472</td>
<td>0.750</td>
<td></td>
</tr>
<tr>
<td>Brand equity</td>
<td>0.423</td>
<td>0.472</td>
<td>0.750</td>
<td></td>
</tr>
</tbody>
</table>
Table 4: Fornell-Larcker table

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sensory experience</th>
<th>Affective commitment</th>
<th>Satisfaction</th>
<th>Employee empathy</th>
<th>Brand equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sensory experience</td>
<td>0.809</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affective commitment</td>
<td>0.317</td>
<td>0.782</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.405</td>
<td>0.700</td>
<td>0.890</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee empathy</td>
<td>0.378</td>
<td>0.608</td>
<td>0.637</td>
<td>0.784</td>
<td></td>
</tr>
<tr>
<td>Brand equity</td>
<td>0.493</td>
<td>0.328</td>
<td>0.710</td>
<td>0.364</td>
<td>0.846</td>
</tr>
</tbody>
</table>

The Fornell-Larcker criterion claims that a variable should be more distributed among its own references than the references of other latent variables. Therefore, statistically, the AVE of each latent variable must be greater than the highest second power of the correlation of that variable with other latent variables (Fornell and Larcker, 1981). Based on the results obtained from the correlations and the square of AVE placed on the diameter of this table, the divergent validity of the model’s reflective variables using Larcker and Larker criterion can be confirmed. As the table suggests, with a value of 0.649, the affective commitment variable of customers is strong, while the variables of customer satisfaction and brand equity are moderate, indicating that the independent variables are able to predict the behavior of the dependent variable well. And this indicates that the independent variables have been able to predict the behavior of the dependent variable well.

Also, all coefficients in the CV com section (quality of the measurement model) are evaluated as strong.

In the CV red section (structural model quality), affective commitment of customers (0.324) is evaluated as strong while customer satisfaction (0.195) and equity (0.117) are moderate, indicating the high ability of the structural model to predict.

4.4. Structural model

The structural model after execution in Smart Pls software in two modes of coefficient estimation and significance of coefficients is shown in Figure 3.

![Figure 3](image.png)

Figure 3. (a) Structural model for estimating standard coefficients, (b) Structural model for significant coefficients

5. Discussion

In this study, the moderating role of employee empathy on the relationship between brand sensory experience and brand emotional commitment was confirmed. Findings indicated that employee empathy has an effect on the relationship between brand sensory experience and the affective commitment of customers, while employee empathy has a mediating effect on the relationship between brand sensory experience and customer satisfaction. That is, since empathetic employees pay more attention to and understand the interests and needs of customers, they are better able to personalize services for each customer and thus increase their satisfaction (Giacobbe et al., 2006). The authors concluded that those service employees who are highly customer-oriented are more likely to keep customers satisfied. In addition to linking employee empathy to affective commitment and customer satisfaction, research also attributes empathy to brand experience. Employees are among the key stakeholders in service brands (Iglesias et al., 2017), to the extent that they can overhaul or destroy it (Rapper and Davis, 2007).

Also, in line with confirming the hypothesis that customer satisfaction affects their affective commitment, research on the banking industry provided empirical evidence that shows the positive effect of customer satisfaction on customer affective commitment. In a similar study that included four service sectors (namely, retail, entertainment, banking, and transportation), Dimitriades (2006) employed customer commitment solely by considering its affective element, and confirmed a positive effect on customer satisfaction.
In order to confirm the hypothesis that customer satisfaction has an impact on brand equity, it can be noted that in the industrial services, Geigenmuller and Bettis-Outland (2012) argued that customer satisfaction with the services provided strengthens brand equity. Also, in Banking Services and Discount Stores, Dadeha et al. (2010) report that customer satisfaction is essential and has a positive effect on brand equity. Furthermore, Hu (2012) argues that customer satisfaction plays a major role in the life insurance industry and has a positive effect on brand equity.

Finally, in line with confirming the hypothesis that the affective commitment of customers impact brand equity, Fullerton (2005) argues that affective commitment reduces the inclination to switch the brand. Gundlach et al. (1995) also stated that positive feelings about a particular brand can prevent the need to seek alternative one. Among the few studies on the effect of affective commitment on brand equity, the research by Sierra et al. (2017), in which the positive effect of emotional commitment on brand equity was proven, is rather noteworthy. Similarly, in the field of postgraduate education, Jillapalli and Jillapalli (2014) revealed that the affective commitment of students has a positive effect on brand equity. Therefore, by gaining empirical insights about this relationship, the aforementioned hypothesis is confirmed.

6. Conclusion

The purpose of this study was to examine the effect of brand sensory experience on brand equity with the mediating role of employee empathy. The results indicate the effect of brand sensory experience on brand equity which is consistent with the those of Iglesias et al. (2017). The findings also implied that in the banking industry, customer satisfaction has a positive effect on his/her affective commitment to the brand, which in turn positively affects the brand equity. These findings confirm the major role of customer satisfaction in establishing brand equity centered on brand experience in the service sector, a finding which is consistent with that of Howe et al. (2010). This study also proves customer satisfaction as a key output of brand experience, which is in line with Chahal and Dutta (2015).

Finally, researchers in this field can examine other products and industries in depth in their future research, and thus compare the results of their research in the field of products with those of similar studies in the field of services. Since the current study was performed on services with high involvement and on first-class needs and specifically in the banking class, it is suggested that researchers apply the research model to other categories of services with low involvement on less necessary needs, and thus compare the results if possible.

7. Limitations

Lack of cooperation of some branches, leading to more time and necessity of visiting other branches.

Lack of cooperation of some of the subjects.

References


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