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**Brand and Customer Experience in Service
Organizations: Literature Review and Brand
Experience Construct Validation**

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PREFACE

This working paper presents a discussion of literature on brand and customer experience with particular focus on service organizations. The paper also reports the results from a construct validation exercise exploring the brand experience construct. Again, particular attention is paid to service brands and telecommunication brands are used as the empirical context. The literature review has been written mainly by Siv Skard whereas the rest of the paper is a joint effort by all authors. The paper is a preparatory document for future work at the Center for Service Innovation (CSI) and the work has been funded by a generous grant from Telenor ASA.

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ABSTRACT

Commoditization of goods and services has generated a need for providing customer value beyond functional attributes and benefits. The concepts of brand and customer experience have therefore gained increased interest among marketing scholars and practitioners. The experience literature is primarily descriptive and managerially oriented, for the most part ignoring the conceptual nature of experience, its underlying dimensions, and its relationship with other key brand concepts. Following a literature review of how brand and customer experience have been conceptualized and empirically studied, this paper presents a study with the purpose of testing a recently published brand experience scale. In addition to validating the established dimensions of the measurement scale, the study tests an additional dimension; relational experience, which is proposed as particularly relevant for service brands. The study also reports results of a test of the relationship between experience and other brand-related scales.

1. INTRODUCTION

“What people really desire are not products, but satisfying experiences”

(Abbott 1955)¹

In their influential introduction of the “Experience Economy”, Pine and Gilmore’s (1998) fundamental claim is that *“as goods and services become commoditized, the customer experiences that companies create will matter most”* (p. 97). Research indicates that modern consumers no longer simply buy products and services, but rather the experience *around* what is being sold (Morrison and Crane 2007). Concepts like customer and brand experience have therefore gained increased interest in marketing literature. However, as evident by Abbott’s (1955) citation above, the idea of experiential attributes of consumption is not new. Holbrook and Hirschman (1982) are commonly credited for being the first to introduce the experiential perspective of consumer behavior and marketing. Their perspective represented a shift away from an analytical and cognitive perspective of consumers as information-processors, towards a more holistic perspective that considers both rational and emotional aspects of customer value (Schmitt and Rogers 2008). The idea of creating unique and valuable customer experiences has turned into a key strategic focus among practitioners and become accepted as a theoretically unique construct in the academic literature. Consequently, managerial concepts such as experiential/experience marketing (Schmitt 1999; Tynan and McKechnie 2009), customer experience management (Schmitt 2003; Verhoef et al. 2009), and experience design (Pullman and Gross 2004) have emerged in the marketing and management literatures.

Despite the growing interest regarding experience in a consumer-oriented context, the academic field is so far characterized by managerial oriented contributions with lack of theoretical understanding regarding the nature and dimensionality of experiences (Brakus, Schmitt, and Zarantonello 2009; Helm and Jones 2010; Verhoef et al. 2009). Recognizing the pressing need for an in-depth conceptualization of brand experience, Brakus et al. (2009) have recently identified four underlying dimensions of the construct (sensory, affective, intellectual, and behavioral), developed a scale that measures experience strength evoked by a brand, and demonstrated the scale’s reliability, validity, and distinctness from other brand measures. The research presented in this report builds on such multidimensional conceptualization of brand experience. Our aim is to validate the brand experience scale

¹ Cited in Palmer (2010).

(Brakus et al. 2009) in a service context, and to further explore its conceptual relationship with other established brand measures.

Terminology

The notion of experience appears in the marketing literature through expressions such as *customer experience* (Gentile, Spiller, and Noci 2007), *consumer experience* (Tsai 2005), *service experience* (Hui and Bateson 1991), *product experience* (Hoch 2002), *consumption experience* (Holbrook and Hirschman 1982), *shopping experience* (Kerin, Jain, and Howard 1992), and *brand experience* (Brakus et al. 2009). These terms are often used interchangeably, and few provide a thorough discussion of their conceptual differences. Zarantonello and Schmitt (2010) argue that brand experience spans across all the different contexts in which the concept of experience has been investigated. We concur with this perspective and regard brand experience as the broadest conceptual idea of experience in a marketing context. Accordingly, brand experience is considered the umbrella term, since the remaining terms refer to specific offerings (e.g. service/product experience) or specific phases in the consumer life cycle (e.g. shopping experience). The concept of customer² experience is the most common notion of experience in the marketing literature. As for brand experience, we consider customer experience to span the context-specific experience terms such as shopping experience and service experience. However, if one assumes that both customers and non-customers may have experiences with a brand, brand experience remains the conceptually broadest experience construct. Although we recognize differences with respect to conceptual level, we will use *B/C experience* as a common term for brand and customer experience throughout the report.

Context: Experience in Service Organizations

Vargo and Lusch (2008) consider the concept of experience as a service-marketing initiated concept, and there is a general recognition that the need for a profound understanding of how experiences influence consumer behavior is particularly evident in the service sector (Pullman and Gross 2004; Tynan and McKechnie 2009). Duncan and Moriarty (2006) postulate that a service in itself is a communication experience. They argue that the primary value of a “touchpoint” (a brand contact point) is the experience it provides: “A *brand touchpoint is*

² Customers are considered a subset of consumers. However, in accordance with the broader experience literature, we make no attempt to distinguish between consumers and customers in this report.

created when a customer, prospect, or other stakeholder is exposed, in some manner, to a brand and consequently has “a brand experience”” (p. 237). The interaction between employees and customers is considered an important factor in creating customer experiences for service brands (Biedenbach and Marell 2010). The role of the employees in creating brand experiences is in fact a key factor distinguishing service brands from product brands. It has even been argued that the brand in essence is nothing else but its employees behavior and attitudes (Alloza 2008). Harris (2007) also stresses the role of the employee in creating customer experiences: *“It is the employees who enact the attributes of the brand and whose actions ultimately foster customer experience – whether good or bad.”* (p. 102).

The contextual focus in this paper is brand and customer experience in service organizations. However, the literature review presented in the following section considers the broader marketing literature when mapping how experience has been defined, operationalized, and measured.

2. THE EXPERIENCE CONSTRUCT: A LITERATURE REVIEW

The huge hit rates in online databases for the search term ‘customer experience’ signifies the emerging interest in the concept of experience as a new marketing paradigm. Despite this evident interest in creating and managing customer experiences in both research and practice, it has been speculated whether the concept of customer experience is merely consultants’ hype and used primarily as a substitute for the language of ‘customer relationships’ (Palmer 2010). A key concern is whether B/C experience offers anything new theoretically, beyond established concepts of consumer behavior. Relatively few studies on B/C experience provide a systematic conceptualization of the experience phenomenon. Despite some recent exceptions, the academic literature on B/C experience has to a large extent ignored the theories underlying its antecedents and consequences, as well as its dimensional structure (Brakus et al. 2009; Verhoef et al. 2009).

An exact phrase search³ in peer reviewed articles in *Business Source Complete* indicates a considerably higher number of references for the term “customer experience” (238) compared to “brand experience” (49). The poor understanding of what constitutes a consumer’s experience with a brand, product, or service clearly manifests itself in how B/C experience has been measured empirically. Definitions of experience tend to be circular (Palmer 2010) and the experience measures employed in empirical studies seem to overlap other key brand constructs.

A fairly large number of the references treat experience as a construct that merely resembles familiarity or expertise as a result of a number of exposures, and are consequently excluded from the review. The majority of the articles does not contribute significantly to a theoretical or empirical understanding of the experience concept, and is first and foremost a practical-oriented discussion of how customer experience represents a new marketing paradigm. In addition to the peer reviewed articles that contribute to the conceptual and/or empirical understanding of B/C experience, the review includes a selection of frequently-cited book references on the topic of customer experience management (e.g. Pine and Gilmore 1999, Schmitt 2003). The following sections provide an overview of how B/C experience has been formally defined, a summary of conceptual and empirical articles regarding drivers and

³ In order to generate a review base of relevant articles, we limited the search criteria to abstract, title, or keywords. This would ensure a hit of those articles that treat experience as a focal theoretical concept.

effects of B/C experience, as well as a review of some methodological approaches to measuring experiences.

2.1 Definitions

The Oxford English Dictionary (2011) offers the following definition of experience:

“The fact of being consciously the subject of a state or condition, or of being consciously affected by an event. Also an instance of this; a state or condition viewed subjectively; an event by which one is affected”.

This definition proposes that experiences involve conscious processes, but it is not specific in terms of what types of mechanisms are activated. Cambridge Dictionary (2011), on the other hand, defines experience as: *“something that happens to you that affects how you feel”*, implying that experiences concerns *emotional* reactions to an event. In accordance with this generic view on experience, underpinning much of the literature on B/C experience is the recognition of hedonistic aspects of goods and services, hence some value creation beyond functional aspects. This is reflected in some of the formal definitions where experience is conceptualized as purely emotional (Hui and Bateson 1991; Lee 2010). The focus on emotions denotes the differentiation of experiential marketing as a new marketing concept, evolving past the traditional focus of product features as differentiators. However, most definitions of B/C experience recognize experiences as not only emotional responses, but undertake a more holistic approach by identifying affective, cognitive, and behavioral processes. Hence, multidimensionality is expressed in several formal definitions of B/C experience (e.g. Brakus et al. 2009; Gentile et al. 2007).

Appendix A provides a summary of formal definitions of the terms *customer experience* and *brand experience* found in the literature. In addition, we enclose two definition of experience as a generic term proposed by marketing scholars. Since we are concerned with B/C experience in service organizations in particular, we also include two definitions of *service experience*. Finally, the table contains a definition of *Total Customer Experience* (TCE).

The summary shows that definitions vary substantially in breadth and focus. Some are explicit in terms of specific underlying dimensions, whereas others are more generic and comprehensive. We also recognize that some definitions are explicit in regards to sources of

the experience. With respect to dimensionality, 6 of the 12 definitions of *customer experience* identify what kind of response the experience elicits. The only definition of *brand experience* that conveys dimensionality is the one by Brakus et al. (2009), which identifies four underlying experience dimensions. 4 out of 5 definitions of brand experience focus on the multiple sources of brand experience, hence promoting the idea of a total brand experience where a series of touch points between the brand and the consumer creates the total experience. One of the two definitions of service experience identifies responses as emotional, whereas the definition of Total Customer Experience recognizes three dimensions: social, physical, and emotional. Dimensions of responses identified in formal definitions of experience are summarized in the table below:

Table 2.1 Underlying experience dimensions in formal B/C definitions

| Author | Construct | Dimensions identified in formal definition |
|---------------------------------------|---------------------------|--|
| Pine and Gilmore (1999) | | Emotional, physical, intellectual, spiritual |
| Carbone and Heackel (1994) | | Sensory |
| Gentile et al. (2007) | Customer experience | Rational, emotional, sensorial, physical, spiritual |
| Sundbo and Hagerdorn-Rasmussen (2008) | | Performance, learning, fun |
| Lee (2010) | | Senses, emotions |
| Brakus et al. (2009) | Brand experience | Sensations, feelings, cognitions, behavioral responses |
| Hui and Bateson (1991) | Service experience | Emotions |
| Mascarenhas et al. (2006) | Total Customer Experience | Social, physical, emotional |

We also recognize that most definitions are explicit in regards to sources of experience. Four out of five definitions of brand experience focus on the multiple sources of brand experience, hence promoting the idea of a total brand experience where a series of touch points between the brand and the consumer creates the total experience. Some are being specific: “*brand-related stimuli that are part of a brand’s design and identity, packaging, communications, and environments*” (Brakus et al. 2009) or “*brand images projected in advertising, during the first personal contact, or at the level of quality concerning the personal treatment they receive*” (Alloza 2008), whereas others are more general: “*different elements of a context*” (Gupta and Vajic 2000) or “*direct or indirect contact with the company*” (Meyer and

Schwager 2007). The idea of a total experience created as a result of all the touch points between the consumer and the brand has resulted in the term *Total Customer Experience* (TCE). A core assumption is that the customer experience is part of a customer's ongoing life, not in terms of a single episode (Heinonen et al. 2010). According to Verhoef et al. (2009), a customer's total experience with a brand involves different phases, including the search, purchase, consumption, and after-purchase phases. However, based on the assumption that brand experience is a broader concept than customer experience, one should also consider other contact points beyond those identified by Verhoef et al. (2009). For example, a brand experience may occur regardless of the consumers active search behavior after some need recognition. According to Duncan and Moriarty (2006), marketing managers tend to adopt a narrow view of touch points as they are considering only those created by planned marketing communication activities. In support of this view, Berry et al. (2002, p. 89) point out that: "*Anything that can be perceived or sensed – or recognized by its absence – is an experience clue*". Or, as argued by Klaus and Maklan (2007, p.119): "*companies do not have the luxury to decide whether or not to engage with customer experience. Every customer contact, consumption experience and communication creates an experience in the mind of the customer*". When taking into account only those contact points that are controlled by the firm, important determinants of brand experience may be ignored. Many of the definitions of B/C experience represent a narrow view, considering experience as something constructed, staged and created by the service company (see for example Gupta and Vajic 2000; Pine and Gilmore 1998). For example, The definition of TCE proposed by Mascarenhas et al. (2006) suggests that experiences occur as a result of *distinct market offerings*, hence ignoring non-controllable influences. A more holistic approach would suggest that experiences occur regardless of the company's offerings. According to Heinonen et al. (2010), the definition proposed by Brakus et al. (2009) also advocates such narrow view. Their definition of brand experience assumes that the service company can essentially control the customer's experience by managing the different types of brand-related stimuli (e.g. name, logo, advertisement, packaging, stores, etc.). It may be argued, however, that this definition in fact considers non-controllable aspects; For example, a brand's *identity* (included as a brand-related stimulus in the definition) is to a large extent influenced by sources outside the firm's control, and *environments* may pertain to non-controllable factors surrounding the brand. Heinonen et al. (2010) advocates a broad view of experiences, arguing that customer

experience is not only a result of the company's actions, but rather something beyond direct interactions between customer and company.

Although definitions vary somewhat in scope, context, and focus, we are able to identify some common aspects across the majority of the definitions: (1) Experiences are subjective; (2) they are internal/mental; (3) they result from multiple touch points between the brand and the consumer (which may be direct or indirect, controllable or non-controllable), (4) an experience may involve different types of relations (e.g. between customers, or between the brand and customers), and (5) maybe most importantly, an experience is a multidimensional construct since it involves different types of consumer responses.

2.2 Brand and Customer Experience versus other Brand Concepts

Brakus et al. (2009) provide a conceptual discussion and subsequent empirical testing of the discriminant validity of brand experience compared to related brand concepts, including brand involvement, brand attachment, customer delight, and brand evaluation. Results indicate that brand experience is distinct, but related, to these constructs. This is the only known published study which empirically has tested the validity of B/C experience as a theoretically unique phenomenon. However, the literature provides some conceptual reflections on this matter. We consider here important ongoing discussions in the literature regarding the difference between experience and the concepts of satisfaction, attitude, and emotion.

Experience versus Satisfaction

Despite scarce empirical evidence, scholars seem to be in agreement of a conceptual distinction between customer experience and customer satisfaction. According to Schmitt (2003), satisfaction can be described as an outcome-oriented attitude that occurs when customers evaluate the performance of a product according to their expectations of it. In contrast, an experience is characterized as process-oriented, including value beyond the functional, product-driven determinants of satisfaction. Meyer and Schwager (2007) suggest that customer satisfaction is the culmination of a series of customer experiences, where degree of satisfaction is the net result of good experiences minus bad experiences. Puccinelli et al. (2009) use the term '*customer's satisfaction with an experience*', thereby supporting Schmitt's (2003) take on satisfaction as outcome-oriented and experience as process-oriented,

as well as Meyer and Schwager's (2007) idea of satisfaction as the result of a series of experiences. The experience literature acknowledges that satisfaction often is a poor predictor of loyalty and purchase behavior, hence pointing to the experience construct to explain higher-level consumer effects. Satisfaction measures tend to capture parts of a service that the organization can control, but since the total customer experience will be influenced also by non-controllable elements, an experience measure is likely to predict consumer effects beyond the satisfaction measure.

Experience versus Attitude

According to Fishbein and Ajzen (1975), attitudes are "*learned predispositions to respond in a consistently favorable or unfavorable manner with respect to a given object*". Brakus et al. (2009) argue that brand attitudes are general evaluative judgments about a brand, and therefore must be distinguished from brand experiences, which on the other hand include specific sensations, emotions, cognitions, and behavioral responses. They note that an experience may result in a general attitude of the experience itself, but this will only capture a small part of the overall brand experience. Palmer (2010) argue that Fishbein and Ajzen's definition of attitude is inconsistent with hedonistic definitions of customer experience, given that the hedonic view of experience regard novelty as a source of value. The value of an experience can therefore be said to lie in the lack of learned response, hence clearly distinguishing experience from attitude (Palmer 2010).

Experience versus Emotion

Advocates of experience management as a new marketing paradigm tend to promote non-utilitarian aspects of consumption, such as emotions and sensations. Accordingly, several formal definitions and conceptual discussions are confined to emotional mechanisms and responses. In their discussion of the conceptual difference between brand experience and brand attachment, Brakus et al. (2009) maintain that brand experience is not an emotional concept: "*Over time, experiences may result in emotional bonds, but emotions are only one internal outcome of the situation that evokes experiences*" (p. 54). In accordance with Brakus et al. (2009), most definitions displayed in appendix A concur with the idea of experience as a multidimensional construct, including responses beyond emotions. The next section deals specifically with the underlying dimensions of experiences, as they have been identified in the literature.

2.3 Underlying Dimensions

From the previous section we may conclude that there is a clear tendency to consider B/C experiences as a holistic construct consisting of multiple underlying dimensions. Although variations are evident, the review indicates a rather high consensus around five main dimensions: sensory, cognitive, emotional, behavioral and relational. We have summarized underlying experience dimension identified from the literature in appendix B. The most significant contribution in this area is by far the study by Brakus et al. (2009), which provides a test of five theoretically derived dimensions of brand experience: sensory, affective, intellectual, behavioral, and social. Analyses revealed a four-factor solution, excluding the social dimension as a unique factor. In this regard it should be noted that Brakus et al. developed their scale using product brands. It should be expected that the relational factor will be more relevant in a service brand context, due to the direct and immediate interaction with the service provider. We therefore suggest that the scale should be further tested in order to validate the factor solution across different contexts.

2.4 What is a Good Experience?

The multidimensional conceptualization of B/C experience suggests that customers may have different *kinds* of experiences. However, it is not evident from the literature review what characterizes a *good* or a *bad* experience. According to Pine and Gilmore (1998), a successful experience is one that “*a customer finds unique, memorable and sustainable over time*” (p. 12). They also propose that a rich experience is characterized as having a “sweet spot” or elements of active and passive customer participation and immerse and absorptive connection in the context. Arnould and Price (1993) describe extraordinary experiences as those characterized by high level of emotional intensity and disclosure over time. According to McLellan (2000), an experience design should orchestrate experiences that are functional, purposeful, engaging, compelling, and memorable. Deming (2007, p. 10)⁴ claims that “*branding is a process of creating authentic, unique, emotional experiences that yield evangelicals*”. In their reflections of “the perfect customer experience”, Frow and Payne (2007) promote the idea that a perfect experience is one that creates customer advocates. Schouten et al. (2007) identify two categories of extraordinary experience: flow and peak

⁴ Ref. in Iglesias et al. (forthcoming).

experience. A flow experience is characterized as “total absorption in an activity” and “performance and experience wrapped up together in a positive, often playful, and highly fulfilling package” (p. 357). A peak experience is recognized as “an ephemeral, yet powerful, personally meaningful, and potentially transformational experience”. Schouten et al. (2007) claim that flow and peak experience are related phenomenon that share extreme enjoyment and a transcendent or mystical character. Meyer and Schwager (2007) advocate a more sober perspective on behalf of B2B marketing, suggesting that “a good experience is not a thrilling one but one that is trouble-free”, and Helm and Jones (2010) argue that a good experience merely is one that matches the customer’s expectations. The dominating view seems to be that a strong experience is equivalent to a good experience. However, the two latter views suggest that experiences do not need to be of neither high emotional intensity nor cognitively meaningfulness, as long as it causes no problems for the customer or at least is meeting the expected level. In support of this view, Berry et al. (2002, p. 85) note that managers mistakenly regard experience management as equivalent to “*providing entertainment or being engagingly creative*”.

The table in appendix A indicates that several definitions presume that experiences are inherently positive. For example, Mascarenhas et al. (2006) define TCE as a *positive* and *engaging* experience, Sundbo and Hagerdorn-Rasmussen’s (2008) definition suggests that an experience is a memory of having performed something *special* or having *fun*, and Ojiako and Maguire’s (2009) definition claims that customer experience involves *exceeding expectations*. The experience scale developed by Brakus et al. (2009) measures experience strength, not valence (although some items should be considered as positively loaded). The authors argue that having an experience will be inherently valuable and generate positive outcomes, hence assuming that experiences by definition are positive. Berry et al. (2002), on the other hand, claim that customer experiences can be good, bad, or indifferent, which is in accordance with more general consumer attitude theory.

2.5 Antecedents and Consequences

The literature is limited in terms of empirical evidence of what generates a positive experience, and how a positive experience translates into other consumer responses. In the following sections we present both conceptual and empirical insights from the literature into

antecedents and consequences of B/C experience. Measures that have been employed in empirical studies are included in appendix E.

Antecedents

A summary of antecedents found in conceptual and empirical contributions is provided in appendix C. We have identified seven conceptual and six empirical studies.

As a general take on what drives customer experiences, Berry et al. (2002) distinguish between functional and emotional cues. Functional cues refer to the actual functioning of the good or service, whereas emotional cues pertain to the sensorial aspects of the good/service and the context of the offering. In a similar framework, Tosti (2009) makes a distinction between functional and behavioral quality as the primary factors contributing to customer experience. He suggests that these drivers occur through two sources; the product or service itself or the people who provide the product or service. Wall and Envick (2008) also identify functional cues as experience drivers, and they distinguish further between mechanic cues (i.e. tangibles associated with the service) and humanic cues (i.e. behavior and appearance of service providers). Grewal et al. (2009) distinguish between macro drivers (e.g. economical and political influences) and retail drivers (e.g. promotion, prices, merchandise, location). Chen et al. (2009) define two specific drivers of service experience, identified as “the sardine effect”, which accounts for the effect of number of customers competing for space and service resources, and “the captive effect”, reflecting the effect of perceived exit cost of terminating an unpleasant experience.

In a comprehensive conceptual article, Verhoef et al. (2009) have identified eight customer experience drivers in a retail setting (see appendix C). The article puts particular focus on the impact of the social environment, the service interface, consumers brand perceptions, and past experiences with the brand. The social environment pertains not only to interactions between employees and customers, which is rather extensively researched, but also on interactions between customers. Considering the facilitation of sharing and open communication through the social web, the authors regard the impact of customer-to-customer interactions as particularly interesting to study. With regards to technological service interface, the authors call for future research regarding how self-service technologies affect customer experience. For example, additional research may focus on the difference between passive and active technology-based systems in terms of creating customer experience. Another mechanism that

is recognized as poorly understood is the impact of customers' brand perceptions on their experiences. They suggest that brand perceptions might significantly affect the customer's experience since expectations are created once a person is primed with a particular brand. Finally, the authors argue that previous brand experience is likely to have a reinforcing effect on subsequent customers' experience.

Other drivers of B/C experience recognized in conceptual articles include *touch point quality* (i.e. meeting customer needs) and *consistency* (in delivery and image) (Paula and Iliuta 2008), as well as specific individual difference variables and perceptions of service technology features (Rose, Hair, and Clark 2010).

Based on five cases, Mascarenhas et al. (2006) identify six common features of successful experiential brands: (1) Anticipating and fulfilling customer needs and wants better than competitors; (2) Providing real customer experiences; (3) Providing real emotional experiences; (4) Experiences as distinct marketing offerings; (5) Experiences as interactions; (6) Experiences as engaging memories. In another empirical contribution, Stuart-Menteth, Wilson, and Baker (2006) were able to point out seven determinants of experience quality: integrity, meaningfulness, relevance, tribal validation, customization, excellence in expectation, and participation. Grace and O'Casey (2004) conducted a study among bank consumers in an attempt to explore dimensions of service experience at the time of consumption. Results showed that three factors made a significant contribution to the experience: the core service, employee service, and servicescape. Most of the empirical studies are set out to explore dimensions of customers' experiences in a specific context (e.g. a brand, a service channel, a retailer), without any apparent concern of how the experience construct is different from previously established brand measures.

Taking both the empirical and theoretical contributions into account, we may conclude that B/C experiences can be influenced by customers' evaluations of both functional product-related and affective/sensorial cues, and by both controllable and non-controllable factors. Moreover, service experience studies are particularly concerned with the relational or social component of experience. There is a consensus that the behavior of the service providers is imperative for a positive customer experience.

Consequences

As a result of the poor conceptual understanding of the nature of brand experience of how it should be measured, there is a notable lack of empirical studies on its effects. The table in appendix D displays six studies found to be measuring effects of B/C experience on consumer responses to the brand. Dependent variables include satisfaction (Brakus et al. 2009; Grace and O'Cass 2004; Ha and Perks 2005), loyalty (Brakus et al. 2009; Iglesias, Singh, and Batista-Foguet 2011), familiarity and brand trust (Ha and Perks 2005), brand attitude (Grace and O'Cass 2004; Stuart-Menteth et al. 2006), purchase intentions and propensity to recommend (Stuart-Menteth et al. 2006), brand community integration (Schouten et al. 2007), brand personality (Brakus et al. 2009), brand equity (Biedenbach and Marell 2010), return on capital employed (Lywood, Stone, and Ekinci 2009), and affective commitment (Iglesias et al. 2011).

2.6 Measuring Brand and Customer Experience

Multidimensional scales of B/Experience

The four-dimensional brand experience scale developed by Brakus et al. (2009) is the only theoretically derived and empirically tested experience scale within the marketing literature. There are apparent theoretical and practical benefits of such scale, as it facilitates systematic testing of the relationship between experience and other consumer responses. A multidimensional scale enables managers to examine which components of the total experience contribute most to higher-level customer responses (Palmer 2010).

Palmer (2010) discusses several problems in relation to developing a measurement scale for B/C experience. The first issue pertains to the complexity of context specific variables that may influence customer experiences. Palmer notes that experiences will be conditioned by both individual and situation specific factors. Support of this view is found in the conceptual model developed by Verhoef et al. (2009), in which effects on consumer experience are proposed moderated by a set of situational and individual moderators. Situation moderators include type of store, location, culture, economic climate, season, and competition/entrance. Consumer moderators involve type of goals (e.g. experiential, task orientation), socio-demographics, and consumer attitudes. Pullman and Gross (2004) mention factors that will

impact customers' experience, but that are outside the management's control. Those include personal interpretation of situation based on cultural background, prior experience, mood, sensation seeking personality traits, and several other factors. Puccinelli et al. (2009) discuss how seven specific elements of consumer behavior influence and shape customer experience: (1) goals, schemas, and information processing, (2) memory, (3) involvement, (4) attitudes, (5) affect, (6) atmospherics, and (7) consumer attributions and choices. Palmer (2010) argues that in order to be managerially useful, a measure of experience would have to take all these moderating influences into consideration.

The second issue recognized by Palmer (2010) refers to the non-linear nature of customer experience. For example, an individual may have a positive experience of a novel factor (i.e. experience of buying a new phone), but repeated exposures are likely to reduce the value of the experience. Capturing such non-linear phenomenon is clearly a practical obstacle. The view of experience as holistic and process-oriented (as opposed to outcome-oriented satisfaction measures) introduces similar practical measurement problems, since capturing every single experience at each touch point to get an accurate measure of the customer experience is clearly a challenging task (Wyner 2003).

Thirdly, Palmer (2010) points to the problem of identifying an optimal level of experience. We addressed this issue earlier when discussing whether experiences are inherently positive, as assumed by Brakus et al. (2009).

Qualitative methods

Based on the problems related to developing and implementing a robust measurement scale for B/C experience, it has been argued that a qualitative research approach is suitable for truly understanding experiences from a consumer perspective (Palmer 2010). One of the applied qualitative techniques is the *experience/walk-through audit*, which is a tool that allows the researcher to systematically investigate customers' experiences and to reveal their emotional responses to any particular clue (Garg, Rahman, and Kumar 2010). The fundamental idea of the audit approach is to get close to the customer in a literal sense, facilitating analysis of facial expressions, gestures, and body language in order to understand customers' emotional states in various situations (Berry et al. 2002). A walk-through audit is described as a "*performance assessment tool designed for the systematic evaluation of customer perceptions of the complete process of service delivery and the total service package*" (Lee 2010, p. 142).

It is a method that assesses the customer's experience from beginning to end (Garg et al. 2010). Berry et al. (2002) suggest that the audit approach should be followed up with in-depth interviews with customers and employees in order to detect aspects of experiences from both sides.

Hair et al. (2009) argue that the affective and sensory nature of customer experience requires a methodology that is able to elicit customers' internal perceptions and feelings. They suggest that a *qualitative repertory grid technique* is a suitable methodological approach for this purpose. A repertory grid is a structured interviewing technique that allows individuals to attribute their own personal constructs as means of differentiating experience (Hair et al. 2009). This type of cognitive mapping can be useful to get a more precise understanding of the experience construct since consumers are using their own descriptions of the experiential clues.

The experience literature promotes B/C experience as a unique concept, suggesting that it offers some explanatory power on brand loyalty beyond traditional perceptual measures such as service quality, attitudes, and satisfaction. However, other than the study by Brakus et al. (2009), there is limited empirical support for such notion. The review of empirical studies testing drivers and effects of B/C experience indicates that there is an urgent need for experience measurement scales and suitable methodological approaches in order to validate experience as a unique construct. Items used to operationalize experience show that the distinction between experience and other brand measures is not yet clear (see table in appendix E for an overview).

The contribution of the following study (chapter 3) is to look into the effects of each brand experience dimensions in the framework proposed by Brakus et al. (2009) on brand personality, brand satisfaction, and brand loyalty. Based on the literature review, we contend that the relational dimension of B/C experience is highly relevant in a service brand context. The conceptual model tested for service brand therefore should include the relational dimension as a fifth factor, in addition to the sensorial, affective, cognitive, and behavioral dimensions used by Brakus et al. (2009).

3. BRAND EXPERIENCE CONSTRUCT VALIDATION

Due to the focus on product contexts in the Brakus et al. (2009) validation of the brand experience construct, we decided to replicate their construct validation exercise in a service context. A telecommunication context was applied as the first in a series of sector specific studies investigating the limitations and applicability of this and other brand-related constructs to service organizations and service brands.

The general research design is presented in section 3.1, the procedure for the study in chapter 3.2, the sample is described in section 3.3, and measures are presented and validated in section 3.4. In section 3.5, the nomological validity of the brand experience construct is investigated by modeling the relationship between the brand experience components and other brand-related constructs.

3.1 General design

To study the effects of brand experience on brand satisfaction, brand personality and brand loyalty, an empirical study was conducted to measure these variables for brands offering telecommunication services (exemplified as mobile services, TV services, and broadband services). The study was organized as an online survey. The study was conducted in the period between December 20 in 2010 and January 10 in 2011. It was carried out by the largest online panel data provider in Norway (Norstat).

3.2 Procedure

In online panel surveys conducted by Norstat, respondents are invited to participate in the survey by clicking on a link to a website. The respondents who clicked on the link got access to the questionnaire where the following instruction were given to them; “This study is about telecom services. Examples of such services are mobile telephony, TV, and broadband services. Below you will find a list of 10 well known telecom brands. To which of these brands do you have a customer relationship?” The respondents then had to mark the brands that they had a customer relationship to. The distribution of the anonymous brands included in the study is listed in table 3.1. Those of the respondents who had a customer relationship to

more than one of the brands marked all of the brands they had a relationship to. If only one of the brands were marked, the questions in the survey were then related to this brand. If more than one brand was marked, one of the brands marked were selected by Norstat as the brand focused in the questionnaire. The selection of brand conducted by Norstat in such cases was based on a rule to make the sample reflect the market share of the brands. Table 3.1 shows the number of respondents that related their responses to the various brands. The brands are represented by numbers for the purpose of anonymity.

Table 3.1 Brand frequency

| Brand | Frequency | Percent |
|--------------|------------------|----------------|
| Brand 1 | 150 | 15,0 |
| Brand 2 | 116 | 11,6 |
| Brand 3 | 108 | 10,8 |
| Brand 4 | 80 | 8,0 |
| Brand 5 | 57 | 5,7 |
| Brand 6 | 81 | 8,1 |
| Brand 7 | 73 | 7,3 |
| Brand 8 | 107 | 10,7 |
| Brand 9 | 142 | 14,2 |
| Brand 10 | 86 | 8,6 |

After choosing the brand, the respondents answered questions about brand relationships, brand personality, brand satisfaction, and brand loyalty - in that succession. The questionnaire also included other questions that are not reported here.

Finally, respondents were thanked for their participation. All of the respondents were given a reward based on the Norstat panel reward system.

3.3 Sample

A representative sample frame of Norwegian online consumers was recruited for the study. To make the sample representative, Norstat controls the sampling frame by age, gender, education, income and some non-disclosed consumer-related variables. Respondents were self-selected respondents from a random sample of a representative online population of Norwegian consumers aged 15 or older. The total number of invitations to participate in the survey was 4.556. Among the invited respondents, 1.699 started to answer the questionnaire.

Only 1090 of these respondents completed the survey. Data were controlled for careless response setting a minimum completion time of 300 seconds for completing the entire study. In addition a criterion was applied considering respondents with no variance in the last 20 items in the questionnaire of the study to be careless. Collection of data was stopped when the sample reached 1000 serious respondents. Sample demographics are presented in table 3.2.

Table 3.2 Sample demographics

| | Sample |
|-----------------------------------|---------------|
| Gender | |
| Male | 54,8 % |
| Female | 45,2 % |
| Age | |
| 15 - 24 | 11,1 % |
| 25 - 34 | 15,4 % |
| 35 - 44 | 16,5 % |
| 45 - 54 | 19,3 % |
| 55 - 64 | 20,2 % |
| 65 - | 17,5 % |
| Education | |
| Primary | 8,6 % |
| Secondary | 32,7 % |
| University/College \leq 3 years | 43,0 % |
| University/College $>$ 3 years | 15,7 % |
| Household income | |
| < 200.000 | 6,5 % |
| 200.000 – 399.000 | 14,8 % |
| 400.000 – 599.000 | 19,6 % |
| 600.000 – 799.000 | 20,8 % |
| > 800.000 | 23,5 % |

Although men are a bit overrepresented in the sample (table 3.2), the sample seems to reflect the demographic characteristics of the population of Internet users in Norway. (This is due to the panel being an Internet panel).

Sample demographics for each of the ten brands included in the study are presented in table 3.3. The brands are randomly represented by numbers from 1 to 10 for the purpose of brand anonymity, and the numbers in this table do not correspond with numbers in table 3.1.

The results show that males are somewhat overrepresented for brand 1, 7 and 10. The respondents using brand 1 are somewhat older than the other respondents and the respondents of brand 6 are younger than the respondents representing the other brands. Respondents from

brand 6, 7, and 8 have a somewhat higher level of education than the other respondents. We find the highest level of income among respondents of brand 1, 7, and 10 where more than 50 percent of the respondents have a household income higher than 600.000NOK. Please note that some of the respondents did not answer the question about household income.

Table 3.3 Sample demographics for each of the brands

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|
| Gender | | | | | | | | | | |
| Male | 70% | 44% | 47% | 53% | 52% | 52% | 66% | 51% | 56% | 72% |
| Female | 30% | 56% | 53% | 47% | 48% | 48% | 34% | 49% | 44% | 28% |
| Age | | | | | | | | | | |
| 15 - 24 | 2% | 15% | 9% | 14% | 13% | 25% | 8% | 9% | 7% | 7% |
| 25 - 34 | 16% | 17% | 19% | 26% | 12% | 25% | 14% | 14% | 9% | 9% |
| 35 - 44 | 14% | 13% | 8% | 14% | 15% | 19% | 22% | 19% | 20% | 23% |
| 45 - 54 | 25% | 27% | 18% | 11% | 19% | 9% | 17% | 19% | 21% | 26% |
| 55 - 64 | 26% | 16% | 28% | 19% | 20% | 15% | 16% | 19% | 24% | 19% |
| 65 - | 18% | 12% | 19% | 16% | 20% | 9% | 23% | 21% | 19% | 16% |
| Education | | | | | | | | | | |
| Primary | 7% | 8% | 13% | 10% | 12% | 5% | 4% | 6% | 9% | 8% |
| Secondary | 37% | 46% | 31% | 36% | 36% | 27% | 25% | 25% | 30% | 33% |
| University/College ≤ 3 years | 46% | 39% | 40% | 39% | 36% | 49% | 49% | 48% | 49% | 41% |
| University/College > 3 years | 11% | 8% | 17% | 15% | 16% | 19% | 22% | 22% | 13% | 19% |
| Household income | | | | | | | | | | |
| < 200.000 | 4% | 5% | 9% | 10% | 6% | 14% | 10% | 4% | 4% | 2% |
| 200.000 – 399.000 | 9% | 15% | 26% | 20% | 13% | 15% | 7% | 19% | 15% | 5% |
| 400.000 – 599.000 | 26% | 17% | 13% | 20% | 25% | 18% | 15% | 20% | 19% | 23% |
| 600.000 – 799.000 | 16% | 12% | 20% | 16% | 23% | 20% | 23% | 20% | 26% | 28% |
| > 800.000 | 37% | 25% | 13% | 18% | 11% | 16% | 32% | 26% | 23% | 35% |

3.4 Measures

The research model of Brakus et al. (2009) proposes effects of brand experience dimensions on brand personality, brand satisfaction, and brand loyalty. They propose a model with a causal flow from brand experience to satisfaction to loyalty with brand personality as a mediator of the effects of brand experience on brand satisfaction and brand loyalty. The following factor analyses are conducted for constructs at the same stage of the causal model.

According to Hair et al. (2006, p. 122) the number of factors to retain can build on several considerations. 1) Factors with eigenvalue higher than 1 should be retained, 2) The number of

factors retained can be based on research objectives and/or prior theoretical models the data are supposed to measure, 3) The number of factors retained should at least explain 60 percent of the variance, 4) "The number of factors that can be extracted before the amount of unique variance begins to dominate the common variance structure" (Hair et al., 2006, p. 120) - the scree test criterion, and 5) More factors can be retained when heterogeneity is high among subsamples.

The brand experience dimensions proposed by Brakus et al. (2009) - sensory experience, affective experience, intellectual experience and behavioral experience - were all measured based on Brakus et al. (2009). In addition, relational experience was measured by three items reflecting the brand's influence on consumers' feeling of belonging to a community (inspired by Gentile et al., 2007), consumers' feeling of being part of (sense of belonging to) a family (inspired by Shim and Eastlick, 1998), and consumers' feeling of not being left alone. All of the items measuring the brand experience dimensions are available in table 3.4. Some of the items are slightly adapted to make them more understandable in a Norwegian language. Principal component analysis with varimax rotation revealed only three factors, and the analysis was re-conducted with a specification to extract five factors - in accordance to consideration 2 proposed by Hair et al. (2006) as the brand experience theoretically were supposed to reveal five dimensions. The result is presented in table 3.4.

According to Hair et al. (2006) factor loadings should, as a rule of thumb, be higher than 0.5 to be significant. Based on that criteria convergent validity is satisfactory for all of the five experience dimensions. None of the items have significant loadings on more than one factor, and discriminant validity is considered satisfactory. Eigenvalue of the act and feel dimension is below 1. However, we keep the two factors as they correspond to the theoretical dimensions of the brand experience theory used in this study. As can be seen from the Cronbach's alpha values, the internal consistencies (reliability) of the measures were satisfactory.

Table 3.4 Measures of brand experience. Principal component, Varimax rotation

| | Sense | Relate | Think | Act | Feel |
|--|-------------|-------------|-------------|-------------|-------------|
| “Brand” makes a strong impression on my senses | .826 | .259 | .189 | .267 | .255 |
| Being a customer of “Brand” gives me interesting sensory experiences | .830 | .286 | .180 | .265 | .256 |
| The “Brand” appeals to my senses | .800 | .315 | .154 | .274 | .321 |
| The “Brand” induces my feelings | .466 | .187 | .317 | .250 | .683 |
| I have strong emotions for “Brand” | .324 | .396 | .155 | .315 | .702 |
| “Brand” often engage me emotionally | .355 | .257 | .305 | .325 | .697 |
| I often engage in actions and behaviors when I use “Brand’s” services | .346 | .279 | .130 | .747 | .239 |
| As a customer of “Brand” I am rarely passive | .253 | .269 | .245 | .743 | .244 |
| “Brand” engages me physically | .303 | .381 | .248 | .578 | .336 |
| I engage in a lot of thinking as a customer of “Brand” | .075 | .055 | .887 | .050 | .150 |
| Being a customer of “Brand” stimulates my thinking and problem solving | .160 | .149 | .858 | .185 | .155 |
| “Brand” often challenge my way of thinking | .263 | .366 | .695 | .299 | .153 |
| As a customer of “Brand” I feel like I am part of a community | .230 | .856 | .161 | .190 | .224 |
| I feel like I am part of the “Brand” family | .229 | .845 | .125 | .221 | .262 |
| When I use “Brand” I do not feel left alone | .269 | .778 | .187 | .274 | .094 |
| Cronbach’s alpha | .965 | .919 | .861 | .859 | .921 |
| Eigenvalue | 9.20 | 1.46 | 1.06 | 0.63 | 0.52 |
| Variance explained | 61.32 | 9.75 | 7.06 | 4.22 | 3.48 |

The brand personality measures were based on Aaker (1997). She divides brand personality into five dimensions; sincerity, excitement, competence, sophistication, and ruggedness. Aaker (1997) suggested 42 items and 15 facets reflecting the 5 dimensions. The items used in this study and the facets proposed by Aaker (1997) are presented in table 3.5 and shows that the items used in this study are closely related to the facets proposed by Aaker (1997), but that

there might be some difficulties due to problems with finding exact translations across English and Norwegian. Also, as can be seen from table 3.5, some adaptations were conducted to make the items as relevant as possible for the context and services studied in this particular study. For example, sophistication was believed to be best captured by two facets termed “upper class” (overklasse in Norwegian) and “sophisticated” (sofistikert in Norwegian). This was due to “upper class” and “charming” believed to be negatively correlated constructs in Norwegian.

Table 3.5 Measures of brand personality

| Dimensions | Facets - Aaker (1997) | Items - This study |
|-------------------|--|---|
| Sincerity | Down-to-earth Honest Wholesome Cheerful | Down-to-earth (jordnær) Honest (ærlig) Wholesome (anstendig) Cheerful (glad) |
| Excitement | Daring Spirited Imaginative Up-to-date | Daring (dristig) Spirited (livlig) Creative (nyskapende) Up-to-date (moderne) |
| Competence | Reliable Intelligent Successful | Reliable (pålitlig) Intelligent (intelligent) Successful (vellykket) |
| Sophistication | Upper class Charming | Upper class (overklasse) Sophisticated (sofistikert) |
| Ruggedness | Outdoorsy Tough | Strong (sterk) Tough (tøff) |

To validate the items used in the study to measure brand personality, a factor analysis was conducted (principal component, varimax rotation). Two factors were revealed with an Eigenvalue higher than 1. The Eigenvalue of factor 3, 4, and 5 were as low as 0.70, 0.48, and 0.35. When specifying the number of factors to five; to confirm the factor structure revealed by Aaker (1997), the solution shown in table 3.6 was revealed.

Only two of the factors have an eigenvalue higher than 1, and the eigenvalue of two of the factors are below 0.5, which is considered very low. Convergent validity is satisfactory for three of the four items supposed to load on the Sincerity component. For the Excitement component, only two of the four items have satisfactory convergent validity. Both of the items

intended to measure Sophistication have good convergent validity, but we see that only one of the items intended to measure Rugged has a satisfactory convergent validity. None of the relevant items loaded on the Competence component, and we have labeled this component “Undefined”. For the three items loading on Sincerity, the two items loading on Excitement, and the two items loading on Sophisticated, discriminant validity is satisfactory. Discriminant validity for the item loading on Rugged cannot be considered satisfactory as the item loads more or less equally high on the Sophisticated component (the difference between the two loadings are only 0.08). The reliability of the constructs is satisfactory for the Sincerity, Excitement and Sophistication dimensions (Cronbach’s alpha calculated based on bold numbers).

Table 3.6 Measures of brand personality. Principal component, Varimax rotation

| | Sincerity | Excitement | Sophist | Undefined | Rugged |
|---------------------------|--------------|-------------|-------------|-------------|-------------|
| Down-to-earth | .775 | .354 | .213 | .167 | .100 |
| Honest | .817 | .283 | .232 | .243 | .163 |
| Wholesome | .818 | .281 | .257 | .210 | .135 |
| Cheerful | .534 | .671 | .244 | .163 | .217 |
| Daring | .235 | .741 | .323 | .370 | .074 |
| Spirited | .381 | .748 | .280 | .260 | .195 |
| Creative | .381 | .436 | .295 | .689 | .188 |
| Up-to-date | .427 | .365 | .253 | .704 | .224 |
| Reliable | .698 | .080 | .169 | .320 | .496 |
| Intelligent | .574 | .330 | .349 | .337 | .401 |
| Successful | .553 | .245 | .305 | .410 | .511 |
| Upper class | .246 | .210 | .886 | .173 | .095 |
| Sophisticated | .253 | .289 | .828 | .203 | .204 |
| Strong | .214 | .546 | .558 | .170 | .443 |
| Tough | .367 | .394 | .478 | .198 | .556 |
| <i>Cronbach’s alpha</i> | <i>0.92</i> | <i>0.89</i> | <i>0.92</i> | | |
| <i>Eigenvalue</i> | <i>10.57</i> | <i>1.13</i> | <i>0.70</i> | <i>0.48</i> | <i>0.35</i> |
| <i>Variance explained</i> | <i>70.44</i> | <i>7.56</i> | <i>4.69</i> | <i>3.17</i> | <i>2.30</i> |

The problems revealed in the factor analysis (table 3.6) can of course be explained by the fact that item translations may deviate from those reflecting the 15 facets suggested by Aaker (1997). However, several articles have questioned Aakers (1997) brand personality scale. According to Austin et al. (2003, p. 77), the framework is only valid when aggregating data across diverse product categories and not when aggregating data within a specific product category. This objection is relevant for our study, focusing a few companies within a single

service sector. To meet this critique, and obtain a dimensional structure as close as possible to that applied in Brakus et al. (2000), i.e. the Aaker (1997) dimensions, we chose to remove three items from the original brand personality scale and reanalyze the items. The results are shown in table 3.7.

Table 3.7 Revised brand personality. Principal component, Varimax rotation

| | Sincerity | Competence | Sophistication | Excitement | Rugged |
|---------------------------|--------------|-------------|----------------|-------------|-------------|
| Down-to-earth | .808 | .258 | .164 | .261 | .287 |
| Honest | .713 | .491 | .239 | .273 | .093 |
| Wholesome | .732 | .449 | .263 | .251 | .096 |
| Daring | .239 | .202 | .302 | .841 | .163 |
| Spirited | .356 | .284 | .279 | .733 | .243 |
| Reliable | .412 | .817 | .181 | .159 | .134 |
| Intelligent | .399 | .614 | .340 | .373 | .250 |
| Successful | .347 | .707 | .296 | .290 | .319 |
| Upper class | .194 | .203 | .890 | .230 | .132 |
| Sophisticated | .213 | .237 | .812 | .285 | .271 |
| Strong | .223 | .235 | .503 | .436 | .598 |
| Tough | .314 | .401 | .415 | .289 | .626 |
| <i>Cronbach's alpha</i> | <i>0.92</i> | <i>0.89</i> | <i>0.92</i> | <i>0.93</i> | <i>0.89</i> |
| <i>Eigenvalue</i> | <i>8.38</i> | <i>1.13</i> | <i>0.60</i> | <i>0.39</i> | <i>0.30</i> |
| <i>Variance explained</i> | <i>69.80</i> | <i>9.39</i> | <i>4.99</i> | <i>3.26</i> | <i>2.52</i> |

From table 3.7, we see that a satisfactory discriminate and convergent validity is now obtained. There are some cross loadings on the “Rugged” dimension for the “Strong” item that may be due to the problems in translating Aaker’s original “Outdoorsy” item into Norwegian. However, we apply the factor structure in table 3.7 when designing the brand personality dimension measures in the analyses conducted throughout this paper.

Brand satisfaction was measured by three items reflecting general satisfaction with brand (inspired by Fornell, 1992), degree to which brand has been a good choice (inspired by Oliver, 1980; Gotlieb, Grewald and Brown, 1994), and degree to which brand has lived up to expectations (inspired by Fornell, 1992) (Cronbach’s alpha = 0.953). A factor analysis (principal component, varimax rotation) was conducted on these three items, and all of the items loaded on one factor. The eigenvalue of the factor was 2.74.

Brand loyalty was also measured by three items; I will be loyal to “Brand” in the future (inspired by Selnes, 1993; Brakus et al., 2009), I will keep on being a customer of “Brand” for

the next 6 months (inspired by Wagner et al., 2009; Pedersen and Nysveen, 2001), and I will recommend “Brand” to others (inspired by Brakus, 2009; Pedersen and Nysveen, 2001) (Cronbach’s alpha = 0.862). A factor analysis (principal component, varimax rotation) was also conducted for these three items, and all of the items loaded on the same factor. The eigenvalue revealed for the factor was 2.35.

3.5 Construct Validation

As shown in figure 3.1, Brakus et al. (2009) validated the brand experience construct by modeling the relationship between brand experience, brand personality, brand satisfaction and brand loyalty.

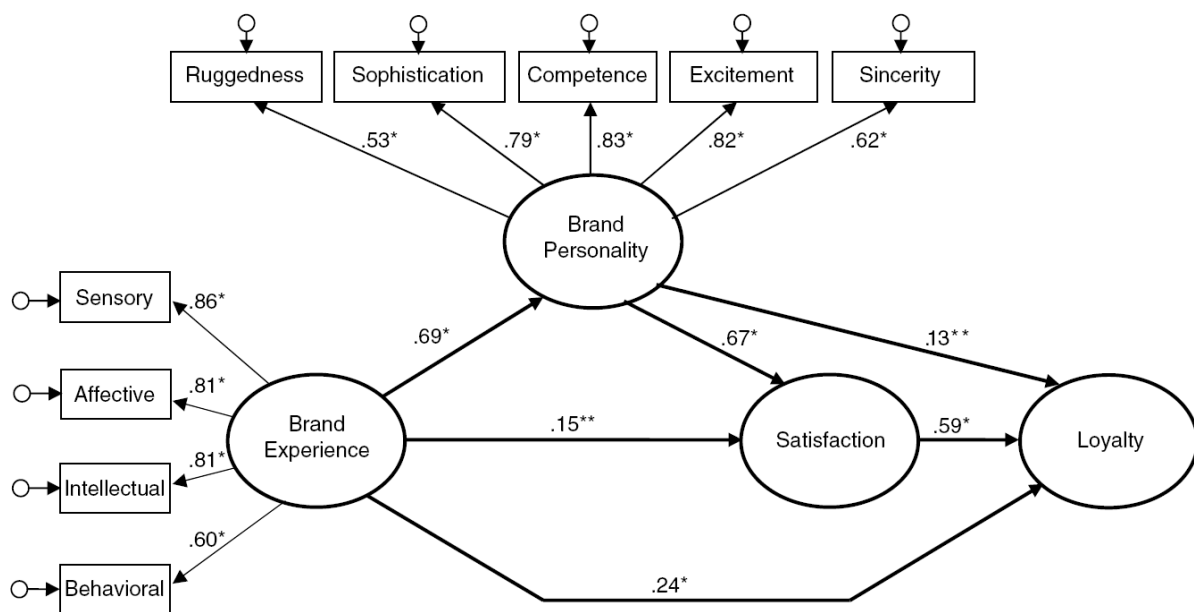


Figure 3.1 Construct validation of the brand experience construct. (From Brakus et al. 2009)

As seen from figure 3.1, Brakus et al. (2009) concluded that the effect of brand experience on loyalty was partly mediated by brand personality and satisfaction. Also, the effect of brand experience was partly mediated by brand personality. In this paper, we have chosen to validate the brand experience construct in a somewhat different model for three reasons: A) Our results from measurement validation suggested that the relationship dimension of brand experience is particularly useful for service brands. This suggest that; B) Brand experience

dimensions should be validated as individual latent constructs in the nomological network of the brand experience. Brakus et al. (2009) did not validate the individual dimensions of the brand experience construct. C) Due to serious problems in the convergent and discriminant validity of the brand personality construct when compared to the dimensions proposed by Aaker (1997), the position of this construct in the nomological network of brand experience should be investigated separately from brand experience dimensions.

This suggests three conceptual models could be used to investigate the nomological validity of the brand experience construct. The first model corresponds to Brakus et al.'s (2009) original model. The second model includes the relationship dimension of brand experience and is designed with experience dimensions as latent constructs (as suggested in Brakus et al.'s (2009) text). The third model is similar to the second model, but also includes brand personality as an aggregate construct.

The results from applying structural equations modeling to the model originally proposed by Brakus et al. (2009) are shown in figure 3.2.

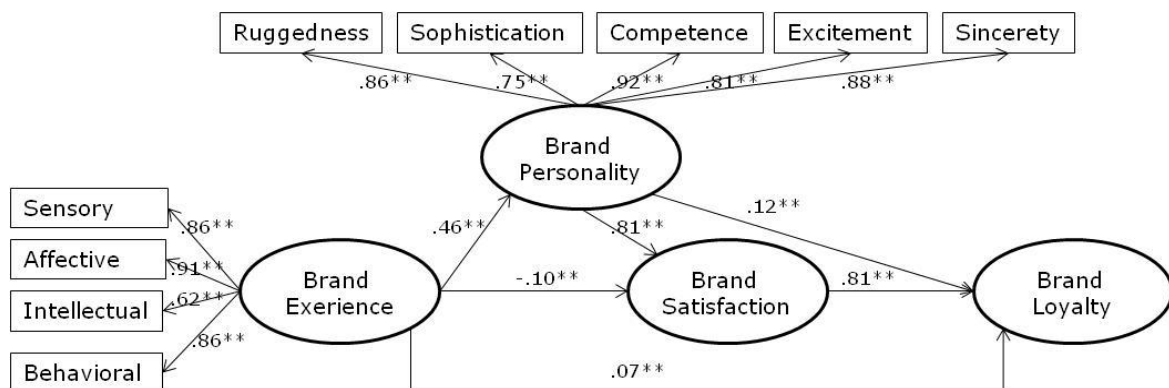


Figure 3.2 Brakus et al. (2009) model

The model in figure 3.2 shows acceptable but not very good fit with $\chi^2=985.8$, $\chi^2/df=11.7$, CFI=0.94, GFI=0.86 and RMSEA=0.098. The fit in the Brakus et al. (2009) study was somewhat better, but in the same range (CFI=0.91, GFI=0.86 and RMSEA=0.08). All coefficients are significant at the 1% level, and explained variances are 22.6% for brand personality, 58.7% for satisfaction and 86.6% for loyalty. As seen from figure 3.2 the brand personality, satisfaction and loyalty are mediated in the same way as in Brakus et al. (2009). Contrasting Brakus et al. (2009), the effects of brand experience on satisfaction is negative

and the direct effect of brand experience on loyalty is much lower. This supports the idea that strong brand experiences in service contexts may be both negative and positive. And that as a consequence, strong brand experiences may affect satisfaction positively OR negatively. It also suggests that the brand experience construct applied by Brakus et al. (2009) does not cover all relevant dimensions in service contexts and that the underlying dimensions should be investigated separately when understanding the effects of brand experience on satisfaction and loyalty.

The model including the five dimensions of the brand experience concept for service contexts are shown in figure 3.3. Here, the dimensions are modeled as latent constructs which originally also is proposed in Brakus et al. (2009).

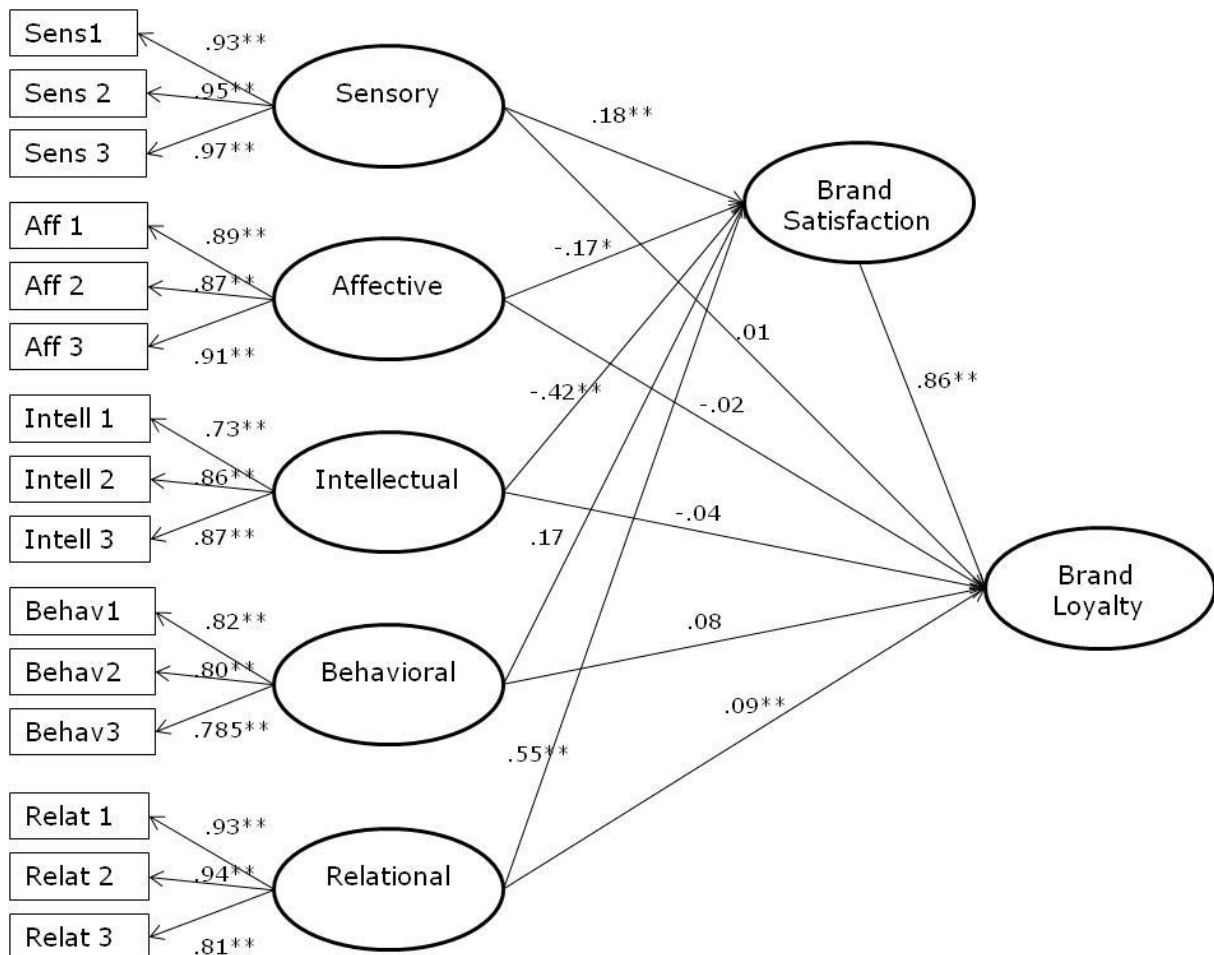


Figure 3.3 Brand experience model with dimensions as latent constructs

The model in figure 3.3 showed considerably better fit than the model in figure 3.2 with $\chi^2=836.4$, $\chi^2/df=4.97$, CFI=0.97, GFI=0.92 and RMSEA=0.063. These fit values indicate good fit rather than just acceptable fit. The model explained 32.3% of the variance in satisfaction and 86.4% of the variance in loyalty. We make three important observations from figure 3.3. First, a pattern of significant negative and positive coefficients are observed between the brand experience dimensions and brand satisfaction. Thus, strong experiences contribute differently to satisfaction depending on these experiences being sensory, affective, intellectual, behavioral or relational. Second, few significant coefficients are observed between brand experience and brand loyalty, suggesting that most of the effects of brand experience dimensions on brand loyalty are mediated by brand satisfaction. Third, the only significant brand experience dimension directly affecting brand loyalty is the relational experience dimension. This strongly supports the need to include relational experiences as an important dimension of brand experience for service brands.

We found that the model in figure 3.2 explained considerably more of the variance in brand satisfaction than the model in figure 3.3. It is likely that this may be accounted for by the inclusion of brand personality as a mediating variable in the model in figure 3.3. Below, corresponding results for a model including both brand experience dimensions as latent constructs and brand personality as a latent construct is shown in figure 3.4. To improve readability, observed variables are not shown.

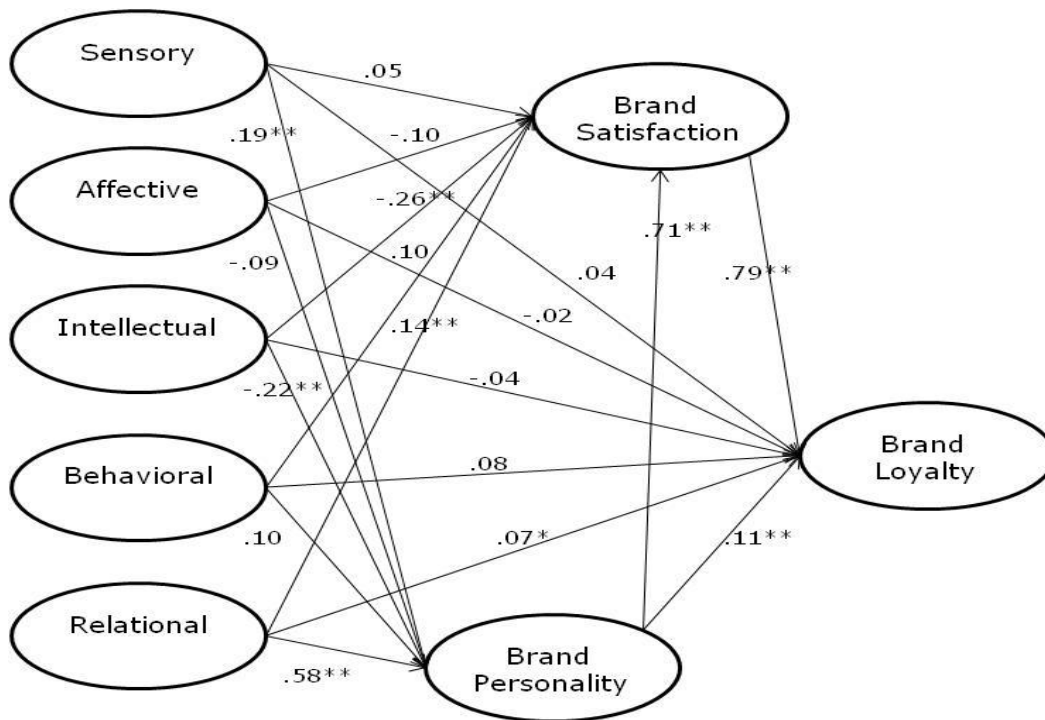


Figure 3.4 Brand experience model with brand personality included

The model in figure 3.4 showed acceptable fit with $\chi^2=1685.9$, $\chi^2/df=6.22$, CFI=0.95, GFI=0.87 and RMSEA=0.072. The model explained 39.9% of the variance in brand personality, considerably more than the model in figure 3.2, 62.6% of the variance in satisfaction and 86.8% of the variance in loyalty.

From figure 3.4 we see that many of the patterns we have observed in the models of figure 3.2 and 3.3 are replicated. Thus, we see that brand personality mediates the effects of brand experience on satisfaction and loyalty and that brand personality affects satisfaction and increases the explained variance of brand satisfaction, but contributes less to additional explained variance in brand loyalty. We do, however see that brand personality still affects brand loyalty directly. Furthermore, the pattern of positive and negative effects of different brand experience dimensions corresponds to those observed in the model in figure 3.3. This pattern is similar for the effect of the brand experience dimensions on both brand personality and brand satisfaction. We also see that the most important dimension in explaining both brand personality and brand satisfaction is the relational dimension, further underlining the importance of including this dimension in the brand experience construct when applied to service contexts. We also observe that despite the addition of brand personality, the relational

dimension still affects brand loyalty directly and it is also the only brand experience dimension having such an effect.

4. FUTURE RESEARCH

A measurement scale, such as the one developed by Brakus et al. (2009), represents a valuable tool for empirically testing customers' experiences with a brand. The scale was originally developed and tested for product brands only. By documenting results for the relational experience dimension, the research presented in this paper indicates that the dimensionality of the scale is context-dependent, hence challenging the scale as a valid global measurement tool. There is a need for further testing and validation of the dimensionality of B/C experience across different contexts.

The items used to measure brand experience in the current research were replicates of the items developed by Brakus et al. (2009). Based on the assumption that experiences in and of themselves are valuable and result in positive outcomes, items were reflecting experience *strength*, not *valence*. However, the study reported in this paper showed that certain experience dimensions were negatively associated with customer satisfaction and loyalty, indicating that experience is not an inherently positive concept. We therefore encourage future research to not only consider experience strength, but also positively and negatively worded items. This is a considerable challenge because a valence-based brand experience construct is likely to be more difficult to discriminate from attitude-based brand constructs. Thus, the predictive power of a valence-based brand experience construct should be investigated.

The issue of a strength- versus valence-based brand experience construct also raises the question of how to apply the brand experience construct for managerial purposes. Implicit in a valence-based brand experience construct is the principle of a fit between the experience offering and the experience requirements of the consumer. This fit leads to a positive experience. In a strength-based interpretation of the construct, fit is treated more explicitly, raising a number of questions related to the individual, service-related and contextual moderators of the effects of a strong brand experience. Developing a model integrating both brand experience strength and valence may be a useful direction for future research in this direction.

Measuring B/C experience using a quantitative measurement scale has several limitations. First, measuring an experience after the actual experience is problematic if considering that experiences by definition are process-oriented. A post-experience measure resembles to a large degree a more traditional outcome-oriented satisfaction measure. This is particularly

relevant if applying a valence-based approach to experience measurement. Future studies should therefore consider other methodological approaches to capture the experience as a non-linear process. Second, a self-reported experience, especially that relating to affect, may not be a valid measure of experience. Other, more unobtrusive methods should thus be developed and employed to better reveal customer and brand experience. A triangulation of such methods (Nacke et al., 2010) could make us better explain how strong and positive experiences are created and what their long term behavioral consequences are in service contexts.

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APPENDIX A: EXPERIENCE DEFINITIONS

| Author | Construct | Definition |
|----------------------------------|----------------------|---|
| Hoch (2002) | Experience (generic) | Experience is defined as the act of living through and observation of events and also refers to training and the subsequent knowledge and skill acquired |
| Pine and Gilmore (1998) | Experience (generic) | Experiences are events that engage individuals in a personal way |
| Pine and Gilmore (1999) | Customer experience | An experience occurs when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event Experiences are inherently personal, existing only in the mind of an individual who has been engaged on an emotional, physical, intellectual or spiritual level |
| Carbone and Haeckel (1994) | Customer experience | The “take-away” impression formed by people’s encounter with products, services and businesses – a perception produced when humans consolidate sensory information |
| Gupta and Vajic (2000) | Customer experience | 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 the service provider |
| Gentile, Spiller and Noci (2007) | Customer experience | The Customer Experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction. This experience is strictly personal and implies the customer’s involvement at different levels (rational, emotional, sensorial, physical, and spiritual). Its evaluation depends on the comparison between a customer’s expectations and the stimuli coming from the interaction with the company and its offering in correspondence of the different moments of contact or touch-points |
| Frow and Payne (2007) | Customer experience | The user’s interpretation of his or her total interaction with the brand (ref. Ghose 2007) |

| | | |
|---------------------------------------|---------------------|---|
| Meyer and Schwager (2007) | Customer experience | Customer experience is the internal and subjective response customers have to any direct or indirect contact with the company |
| Sundbo and Hagerdorn-Rasmussen (2008) | Customer experience | Customer experience is a mental journey that leaves the customer with memories of having performed something special, having learned something or just having fun |
| Verhoef et al. (2009) | Customer experience | Customer experience originates from a set of interactions between a customer and product, a company, or part of its organization, which provoke a reaction |
| Biedenbach and Marell (2009) | Customer experience | Experience is the result of the customer's interpretation of his or her total interaction with the brand and perceived value of this encounter |
| Ojiako and Maguire (2009) | Customer experience | An articulation of the personal interaction, experiences, memories and opportunities that an organization provides existing and potential customers that substantially exceed their expectation to a degree that a lifelong relationship is established between the customer and the service provider |
| Walter, Edvardsson, and Öström (2010) | Customer experience | Customer experience is the customer's direct and indirect experience of the service process, the organization, the facilities and how the customer interacts with the service firm's representatives and other customers |
| Lee (2010) | Customer experience | An experience relates to the senses – sight, smell, sound, taste and touch – to create an emotional and mental response |
| Brakus et al. (2009) | Brand experience | Subjective, internal consumer responses (sensations, feelings, and cognitions) and behavioral responses evoked by brand-related stimuli that are part of a brand's design and identity, packaging, communications, and environments |
| Greenfield (2003) | Brand experience | All the places that the consumer experiences/touches the brand from shopping for it, buying it, assembling it, and learning how to use it to resolving problems with the brand. [It] includes far more than the features or benefits that attach to a given product or service |

| | | |
|------------------------------|---------------------------------|---|
| Barnham (2010) | Brand experience | Our experiences with a brand is [...] interpreted as a [...] an ongoing procedure of actualization that takes place in our minds |
| Alloza (2008) | Brand experience | The perception of the consumer, at every moment of contact they have with the brand, whether it is in the brand images projected in advertising, during the first personal contact, or at the level of quality concerning the personal treatment they receive |
| Cliffe and Motion (2005) | Brand experience | A brand experience includes the spectrum of events or interactions that a customer has with a brand. Thus, a brand experience can include customers direct use of a product and/or service, as well as indirect brand images, associations, and events |
| Helkkula and Kelleher (2010) | Service experience | Customer service experience (..) is understood as a holistic phenomenon, which is subjective, event specific, personal and individually and socially-constructed |
| Hui and Bateson (1991) | Service experience | The consumer's emotional feelings during the service encounter |
| Oswald et al. (2006) | Total Customer Experience (TCE) | A totally positive, engaging, enduring, and socially fulfilling physical and emotional customer experience across all major levels of one's consumption chain and one that is brought about by distinct market offering that calls for active interaction between consumers and providers |

APPENDIX B: DIMENSIONS OF EXPERIENCE

| Concept | Dimensions | Source(s) |
|------------------------|----------------------|---|
| Senses | Sense | <i>Schmitt (1999)</i> |
| | Sensory | <i>Dube and Le Bel (2003), Brakus et al. (2009), Gentile et al. (2007)</i> |
| | Sensorial-perceptual | <i>Fornerino et al. (2006)</i> |
| | Aesthetic | <i>Pine and Gilmore (1999)</i> |
| Affect | Feel | <i>Schmitt (1999)</i> |
| | Emotional | <i>Dube and Le Bel (2003), Gentile et al. (2007)</i> |
| | Affective | <i>Fornerino et al. (2006), Verhoef et al. (2009), Brakus et al. (2009), Rose et al. (2010)</i> |
| | Entertaining | <i>Pine and Gilmore (1999)</i> |
| Cognition | Think | <i>Schmitt (1999)</i> |
| | Intellectual | <i>Dube and Lebel (2003), Brakus et al. (2009)</i> |
| | Cognitive | <i>Gentile et al. (2007), Verhoef et al. (2009), Rose et al. (2010)</i> |
| | Educational | <i>Pine and Gilmore (1999)</i> |
| Relations | Relate | <i>Schmitt (1999)</i> |
| | Relational | <i>Gentile et al. (2007)</i> |
| | Social | <i>Dube and Le Bel (2003), Fornerino et al. (2006), Verhoef et al. (2009)</i> |
| Action/Behavior | Act | <i>Schmitt (1999)</i> |

| | | |
|-------|------------------------|--|
| | Physical-behavioral | <i>Fornerino et al. (2006)</i> |
| | Physical | <i>Verhoef et al. (2009)</i> |
| Other | Deactivation | <i>Olsson, Friman, and Pareigis (2011)</i> |
| | Activation | |
| | Pragmatic | <i>Gentile et al. (2007)</i> |
| | Lifestyle | |
| | Functional/utilitarian | |
| | Informational | <i>Tynan and McKechnie (2009)</i> |
| | Novelty | |
| | Utopian | <i>Pine and Gilmore (1999)</i> |
| | Escapist | |

APPENDIX C: ANTECEDENTS

| Author | Type of study | Context | Drivers |
|--|----------------------|--|--|
| Berry et al. (2002) | Conceptual | Total Customer Experience (goods/services) | <ul style="list-style-type: none"> • Functional cues (e.g. functionality of the good or service) • Emotional cues (e.g. smells, sounds, sights, tastes and textures of the good or service, or the environment in which it is offered) |
| Grace and O’Cass (2004) | Empirical | Service experience (bank) | <ul style="list-style-type: none"> • Core service • Employee service • Servicescape |
| Stuart-Menteth, Wilson, and Baker (2006) | Empirical | Customer experience | <ul style="list-style-type: none"> • Integrity • Meaningfulness • Relevance • Tribal validation • Customization • Excellence in expectation • Participation |
| Mascarenhas et al. (2006) | Empirical | Total Customer Experience | <ul style="list-style-type: none"> • Anticipation and fulfillment of customer needs and wants • Provision of real consumer experiences • Provision of real emotional experiences • Experiences as distinct market offering • Experiences as interactions • Experiences as engaging memories |
| Wikström (2008) | Empirical | Experiential consumption | <p>Consumer variables:</p> <ul style="list-style-type: none"> • Personal interest and involvement • Social bonding • Excitement • Novelty <p>Firm variables:</p> <ul style="list-style-type: none"> • Goods and services • The setting, including scripts and peer-consumers |

| | | | |
|---------------------------------|------------|------------------|---|
| Wall and Envick (2008) | Conceptual | Service ventures | <ul style="list-style-type: none"> • Functional clues (technical performance of the service) • Mechanic clues (tangibles associated with the service) • Humanic clues (behavior and appearance of service providers) |
| Chen, Gerstner, and Yang (2009) | Conceptual | Services | <ul style="list-style-type: none"> • Number of customers competing for space and service resources (“the sardine effect”) • Exit cost incurred by customers who self-select to “escape” the unpleasant service (“the captivity effect”) |
| Tosti (2009) | Conceptual | Customer value | <ul style="list-style-type: none"> • Functional product quality (how does it work?) • Behavioral product quality (how does it make me feel?) • Functional provider quality (how good is their work?) • Behavioral provider quality (How do they make me feel?) |
| Grewal, Levy, and Kumar (2009) | Conceptual | Retail | <p>Macro drivers (e.g. macroeconomic factors, political factors)</p> <p>Retail drivers:</p> <ul style="list-style-type: none"> • Promotion • Price • Merchandise • Supply chain • Location |
| Verhoef et al. (2009) | Conceptual | Retail | <ul style="list-style-type: none"> • Social environment (e.g. reference group, reviews, service personnel) • Service interface (e.g. service person, technology, co-creation) • Retail atmosphere (e.g. design, scents, music) • Assortment (e.g. variety, uniqueness, quality) • Price (e.g. loyalty programs, promotions) • Customer experiences in alternative channels (e.g. experience in a store may be affected by experience on the Internet) • Retail brand • Past customer experience |
| Jain and Bagdare (2009) | Empirical | Retail | <ul style="list-style-type: none"> • Ambience • Design • Customer service • Visual appeal • Customer delight • Merchandise • Convenience |

| | | | |
|-----------------------------|------------|------------------|--|
| | | | <ul style="list-style-type: none"> • Audio visual • Amenities • Value added service |
| Rose, Hair and Clark (2010) | Conceptual | Online purchases | <ul style="list-style-type: none"> • Information processing • Perceived ease-of-use • Perceived usefulness • Perceived benefits • Perceived control • Skill • Trust propensity • Perceived risk • Enjoyment |
| Kim et al. (2011) | Empirical | Services | <ul style="list-style-type: none"> • Environment • Benefits • Convenience • Accessibility • Utility • Incentive • Trust |

APPENDIX D: CONSEQUENCES

| Author | Experience construct | Effect measure | Effect description |
|------------------------------|---------------------------------------|--|---|
| Grace and O’Cass (2004) | Service experience | Satisfaction | Service experience has a positive direct effect on satisfaction |
| | | Brand attitude | Service experience has a pos. direct effect on brand attitude, and a positive indirect effect through satisfaction |
| Ha and Perks (2005) | Brand/Customer experience | Familiarity | Customer experience has a positive effect on familiarity towards the website |
| | | Satisfaction | Customer experience positively affects satisfaction |
| | | Brand trust | Brand experience positively affects brand trust |
| Stuart-Menteth et al. (2006) | Customer experience | Brand attitude Purchase intentions Propensity to recommend | Test of seven experience dimensions/drivers (see table 4) on the dependent variables using regression analysis |
| Schouten et al. (2007) | (Transcendent) Customer experience | Customer integration in a brand community | Transcendent customer experience strengthens a person’s ties to a brand community, delivering a particularly strong form of brand loyalty |
| Brakus et al. (2009) | Brand experience | Brand personality | Brand experience has a positive direct effect on brand personality |
| | | Loyalty | Brand experience has a positive direct effect on loyalty, and a positive indirect effect through brand personality |
| | | Satisfaction | Brand experience has a positive direct effect on satisfaction, and a positive indirect effect through brand personality |
| Biedenbach and Marell (2009) | Customer experience | Brand equity | Customer experience has a positive effect on four dimensions of brand equity (awareness, associations, quality, loyalty) |

| | | | |
|------------------------|---------------------|---------------------------------|---|
| Lywood et al. (2009) | Customer experience | Return on capital employed | Customer experience with call centers has a positive effect on profitability (ROCE) |
| Iglesias et al. (2011) | Brand experience | Affective commitment Loyalty | Brand experience ^a has a positive effect on affective commitment to the brand No direct effect of brand experience on loyalty. Affective commitment completely mediates the relationship between brand experience and brand loyalty |

^a Brand experience measured using the four-dimensional scale developed by Brakus et al. (2009)

APPENDIX E: MEASURES

| Author(s) | Experience construct | Items |
|---------------------------------|-----------------------------|---|
| Grace and O’Cass (2004) | Service experience | <p>Core service:</p> <ul style="list-style-type: none"> • Suits my needs • Is reliable • Good core service • Quality core service is superior <p>Employee service:</p> <ul style="list-style-type: none"> • Provides prompt service • Willing to help • Never too busy for me • I can trust employee • Feel safe in transactions • Employees are polite • Gives personal attention <p>Servicescape:</p> <ul style="list-style-type: none"> • Up-to-date facilities • Facilities are attractive • Neat employees • Facility suits service type |
| Ha and Perks (2005) | Brand Experience | <ul style="list-style-type: none"> • I often like to participate in the community of the bookstore • I participate in a special event offered on the site • The variety of visual displays in the site is more interesting than other sites • Cookies that are supplied in this site usually fascinate me • Offering reasonable prices is very important on the web |
| Stuart-Menteth et al. (2006) | Customer experience | <ul style="list-style-type: none"> • I can depend on getting the truth from a (BRAND) showroom (<i>Integrity</i>) • The showroom is unimportant to me (<i>Meaningfulness</i>) • The showroom gave me a new idea (<i>Relevance</i>) • The showroom gives the strong impression that a (BRAND) possesses the characteristics I’d like to |

| | | |
|------------------------------|----------------------------------|---|
| | | <p>have (<i>Tribal validation</i>)</p> <ul style="list-style-type: none"> • I feel (BRAND) tailors its showroom experience to me (<i>Customization</i>) • The showroom gives me confidence that (BRAND) will deliver an exceptional product and service (<i>Excellence in expectation</i>) • I felt I thoroughly participated in the (BRAND) experience in the showroom (<i>Participation</i>) (Experience with multiple channels was measured using one item from each of the seven dimensions indicated in the parentheses. The items here use <i>showroom</i> at example of channel) |
| Schouten et al. (2007) | Transcendent customer experience | <ul style="list-style-type: none"> • (Brand) caused me to feel differently about myself • I felt like I was having the ideal (Brand) experience • My actions during this experience were new • I truly enjoyed this experience • This experience tested my limits • The experience was beyond words • (Brand) felt like part of me during the experience • I learned new things as a result of this experience • The experience was emotionally intense • After the experience, I felt more positive about myself • I still remember the feelings I had during the experience • My total attention was on the event • Because of this experience, I felt more positive about myself. |
| Biedenbach and Marell (2009) | Customer Experience | <ul style="list-style-type: none"> • X are interested in learning more about customers and their business • X listen to my point of view before formulating an opinion • X care about me as a customer • X adjust their advice and services to my needs • X engage themselves with me and my organization for a long term |
| Brakus et al. (2009) | Brand Experience | <p>Sensory dimension</p> <ul style="list-style-type: none"> • This brand makes a strong impression on my visual sense or other senses • I find this brand interesting in a sensory way • This brand does not appeal to my senses <p>Affective dimension</p> <ul style="list-style-type: none"> • This brand induces feelings and sentiments • I do not have strong emotions for this brand |

-
- This brand is an emotional brand

Intellectual dimension

- I engage in a lot of thinking when I encounter this brand
- This brand does not make me think
- This brand stimulates my curiosity and problem solving

Behavioral dimension

- I engage in physical actions and behaviors when I use this brand
- This brand results in bodily experiences
- This brand is not action oriented

Qui et al. (2009)

Brand Experience

Voice service experience

- I am satisfied with this carrier's mobile voice service
- The charge standard of mobile voice service is reasonable
- This carrier's service is professional

Brand experience

- This brand advertisement impresses me
- I like the brand mark
- Most of the people around me praise this carrier's mobile data services

Innovation experience

- The updating of the contents is very fast
- The updating of the species is very fast
- The contents at present are rich
- The specifics at present are rich

Flow experience

- I feel high levels of skill and control
 - I feel high levels of challenge and arousal
 - I focus my attention on mobile data services
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Lywood et al. (2009)

Customer experience

The ERIC (Empathy Rating Index Company) instrument:

- 29 empathy questions
 - 11 call process questions that are related to how the calls are processed
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