Effects of Brand Experience on Brand Loyalty: The moderating role of Consumer Confidence

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Abstract

There is a strong piece of evidence that companies in countries facing ongoing recession proceed on serious marketing budget cut-offs in order to meet their financial goals (Rollins et al., 2014). As a result, customer experience gets poorer when consumers interact with the brand, which culminates in brand switching and reduced customer loyalty (Brakus et al., 2009; Sussan et al., 2012). Given that recent economic crisis rapidly aggravates, it is imperative that firms should implement marketing strategies in favor of retaining customers (Ou et al., 2013).

One further issue is to measure poor consumer morale that predicts consumer behavior. More specifically, in order to measure recession and figure out consumer psychology, OECD has developed the Consumer Confidence Scale. A significant phenomenon during financial turmoil is the restricted Consumer Confidence (CC), which results in lower spending and shifts in terms of price sensitivity. Thus, in marketing terms consumers with high CC either postpone a purchase, either seek the best value for each dollar or euro they spend (Gordon et al., 2013; Ou et al., 2013).

Creating stronger customer relationships through relational experience is the main prerequisite to build a sustainable competitive advantage, especially during turbulent economic environments (Hunneman et al., 2015; Huang et al., 2015). A strategy crucial to sustaining brand loyalty refers to the transformation of product consumption into memorable brand experience (Huang et al., 2015). This strategy is expected to forge a higher Customer Life-time Value (CLV) and enhance profitability (Ou et al., 2013). Additionally, in order to foster strong brand loyalty, it is essential to apprehend all four dimensions of brand experience: sensory, affective, intellectual, behavioral.

The basic aim of the proposed research is to unveil which Brand Experience dimensions are the most effective in terms of Brand Loyalty in various Consumer Confidence levels. Ou et al. (2013) recently suggested moderation analysis in branding literature as the best methodology to explore the most effective Customer Equity Drivers (CEDs) in terms of Brand Loyalty case sensitive to CC. The aforementioned researchers concluded that businesses should segment potential or existing customers and implement the most effective strategies depending on their CC status. Thus, the moderation effect of consumer confidence in the relationship between Brand Experience and Brand Loyalty will be explored for the first time. A “positivism” research philosophy will be used in combination with quantitative data collection method. Overall, more than 2000 adult consumers are planned to participate in a survey through a face to face handing over. The aforementioned survey is planned to cover both service and product brands in Greece. The data collected will be analyzed by using SPSS AMOS application. Structural Equation Modeling (SEM) will be the core quantitative methodology in order to validate a reliable and consistent research model. Although there is a great deal of academic research exploring the relationship between Brand Experience and Brand Loyalty (Brakus et al., 2009; Lee and Kang, 2012; Ding et al., 2015; Huang et al., 2015), the implications of CC are still unchartered. Thus, the proposed paper will provide marketing practitioners and academics with enough piece of evidence needed to adjust brand experience practices depending on CC. In the proposed research model Demographics and Brand Involvement will be further used as controlling variables.

Acknowledgements: The publication of this paper has been partly supported by the University of Piraeus Research Center

Keywords: Brand Experience, Brand Loyalty, Consumer Confidence
References


Further References


