

# Functional and Experiential Routes to Brand Loyalty

**Soulaima Mouawad**

University of Roehampton, London

**Mohammed Rafiq**

University of Roehampton, London

**Lia Zarantonello**

University of Roehampton, London

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## **FUNCTIONAL AND EXPERIENTIAL ROUTES TO BRAND LOYALTY**

Using a dataset of 440 consumers from across the UK, this paper investigates the functional (through brand perceived quality and brand satisfaction) and experiential (through brand experience and brand love) routes to brand loyalty as well as the moderating roles that utilitarian and hedonic values have on these relationships. Whereas brand satisfaction has a significant impact on brand loyalty, brand love is found to be more effective in driving brand loyalty. Additionally, the results show a moderating effect of utilitarian value on brand satisfaction-brand loyalty and brand satisfaction-WTP relationships while no effect was found on brand satisfaction-WOM. Unexpectedly, hedonic value had no moderating effect on any of the outcome variables.

**Keywords:** *brand loyalty, experiential marketing, brand relationships*

**Track:** *Product and Brand Management*

## 1. Introduction

Marketing researchers and practitioners have been conscious of the pivotal role played by the concept of loyalty in the consumer-brand relationships context. Over the past forty years, there has been a surge of interest in studying consumers' loyalty to brands (Aaker, 1991; Oliver, 1999). Although several studies have shown a growing recognition of the vital links between brand loyalty and brand satisfaction, brand trust, brand emotional attachment, brand experience, brand love, little if any empirical work has been done to examine the functional and experiential determinants of loyalty toward brands in a single framework. Few published studies have been conducted to determine the possible effects of functional and experiential elements on the relationship with the brand with the exception of Chang and Chieng, (2006), Zarantonello, Jedidi and Schmitt (2013) and Delgado-Ballester and Sabiote (2015). In a branding setting, this paper aims to fill this gap by examining the relationship between brand loyalty in terms of repurchase intention, word-of mouth (i.e. WOM) and willingness to pay a premium price (i.e. WTP) and functional precursors (perceived brand quality and brand satisfaction) as well as experiential precursors (brand experience and brand love). Moreover, this study make an attempt to investigate the moderating role of utilitarian and hedonic shopping values on the relationships between brand satisfaction and behavioural intentions as well as brand love and behavioural intentions.

## 2. Conceptual Framework and Hypotheses Development

Developing and maintaining brand loyalty is settled at the heart of companies' marketing strategies principally in the face of highly competitive marketplace. Following the substantial evolution that brand loyalty research has undergone in the marketing realm, from the stochastic view which classifies loyalty under the division of behaviour to the deterministic view which treats loyalty as an attitude (e.g. Jacoby and Olsin, 1970), the present study locates loyalty within the relationship domain and believes that relying solely on repeat purchase behaviour is not a sufficient predictor of loyalty. This paper aims to evaluate consumers' emotions and intentions toward fashion brands. In fact, Oliver (1999) defines brand loyalty as “...*a deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour*”.

This conceptualization of loyalty is the strongest given that it clearly sharpens the two distinct aspects of brand loyalty – behavioural and attitudinal that have been depicted by previous researchers (e.g. Aaker, 1991).

Two divergent school of thoughts dominate the consumer behaviour literature related to human needs and motivations. The utilitarian school considers consumers as rational in nature which means they purchase brands according to their utilitarian functions based on objective attributes. Their purchase decision making involves evaluating the quality of each feature in a brand, gathering information about rival brands, assessing the quality of features in rival brands and lastly making judgmental evaluations to decide on a choice brand. On the contrary, the hedonic school also known as the ‘experiential view’ believes that consumers are emotional in nature and thus they purchase products or brands that satisfy their emotional needs (e.g. Holbrook & Hirschmann, 1982). In their seminal paper, Holbrook and Hirschman (1982) asserted that neither the utilitarian nor the experiential perspectives can be neglected in consumer behaviour research. Following this recommendation, the conceptual model of this research paper proposes two distinct routes that lead to brand loyalty. To the best of our knowledge, there have been no attempts to examine the functional and experiential determinants of brand loyalty in a single framework.

The functional route is represented by perceived brand quality and brand satisfaction. The relationship among perceived quality, satisfaction and behavioural intentions has long been studied in the consumer psychology and marketing literatures (e.g. Oliver, 1980;1997; Churchill & Surprenant, 1982; Anderson & Sullivan, 1993). The link between the three mentioned variables is derived from a well-founded theoretical framework developed by Bagozzi (1992): appraisal processes → emotional reactions → coping responses. Similarly, Oliver (1997) asserts that the link between quality – satisfaction – behavioural intentions is theoretically solid and it is compatible with the appraisal → emotions → coping responses sequence (Bagozzi, 1992). Perceived quality is defined as “the consumer’s judgment about a product’s overall excellence or superiority” (Zeithaml, 1988). Correspondingly, it is grounded on customers’ or users’ subjective perception and evaluation of a product quality.

Marketing researchers assign perceived quality as an appraisal variable and believe that it has an impact on behavioural intentions (e.g. Parasuraman, Zeithaml & Berry, 1988).

Adopting Zeithaml's (1988) definition, the present research outlines brand perceived quality as the customer's judgment of the overall excellence or superiority of a brand relative to alternative brand (s).

Satisfaction is related to the way consumers' perceive a brand and it is an essential predictor of consumers' behaviours. Engel et al. (1990) characterise brand satisfaction as "the outcome of the subjective evaluation that the chosen alternative (the brand) meets or exceeds the expectations". In general, satisfaction occurs when actual consumption experience surpasses expectations. In this setting, the current study conceptualises brand satisfaction as a consumer's post-purchase judgment of a brand's overall quality and performance considering pre-purchase expectations. A considerable number of researchers conceive satisfaction as a function of perceived quality (e.g. Churchill & Surprenant, 1982; Parasuraman et al., 1988; Anderson & Sullivan, 1993). Moreover, previous research has shown that consumer satisfaction is a key predictor of consumer loyalty (Anderson and Sullivan, 1993; Oliver, 1997). Brakus et al. (2009) argue that when consumers have positive feelings toward a brand, they are more likely to develop higher levels of loyalty toward that brand. In turn, consumers who are satisfied with the performance of the brand are expected to spread positive word-of-mouth about this brand and pay a premium price for it.

*Therefore, we hypothesise that brand satisfaction is an interceding variable that mediates the relationship between brand perceived quality and behavioural intentions respectively brand loyalty, WOM and WTP which portrays the functional route to attitudinal loyalty.*

Following the shift to experiential marketing, notable research has disclosed the importance of experiences in the brand-building process and to a greater extent in the development and maintenance of strong, long-lasting consumer-brand relationships (Brakus et al. 2009). In reality, it has been conceived that the effect of brand experience is much greater than products attributes and benefits. In line with Brakus et al. (2009), this study defines brand experience as "*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.*"

Fournier (1998) describes love as a rich affective feeling of love ranging from warmth and affection, to passion and obsessive dependency. Carroll and Ahuvia (2006) define brand love as

“the degree of passionate emotional attachment that a person has for a particular trade name.”

In the marketing realm, the assumption that consumer-brand relationships are built and sustained based on emotions is well-documented (Belk, 1988; Fournier, 1998).

Along these lines, brand love reflects the strong attachment for a particular brand and comprises intense feeling of passion toward the brand. Brakus et al. (2009) describe experiences as sensations, feelings, cognitions and behavioural responses aroused by brand-related stimuli. However, they clearly distinguished between brand experience and other constructs such as brand attachment, involvement and customer delight. In particular, they explain that brand experience is as a non-emotional concept contrary to brand attachment. Accordingly those authors, argued that emotions emerge from the stimulation that provokes experiences, hence it is conceived that brand experiences result in emotional connections. Extant literature affirms that the feeling of love toward a brand is positively linked to brand loyalty (Caroll and Ahuvia, 2006; Batra et al., 2012; Albert and Merunka, 2013). Furthermore, a strong feeling of love toward a brand leads to an engagement in positive WOM and willingness to pay a higher price for the brand.

*Therefore, we hypothesise that brand love mediates the relationship between brand experience and behavioural intentions respectively brand loyalty, WOM and WTP which portrays the experiential route to attitudinal loyalty.*

### **3. Methods**

The current paper is based on an empirical study in the UK. The UK market is chosen given that the fashion industry is one of the most vibrant and dominant business industries in this country. The survey of this study was administered and distributed by a leading market research agency to a 440 UK consumers aged 18+ and representative of the population in terms of age, gender and geographical region. All respondents are consumers interested in fashion and who have purchased at least one fashion brand.

In the survey, half of the respondents are asked to list one fashion brand that they are loyal to and the other half are asked to list one fashion brand that they are not so loyal to in order to obtain a variance in the degree of loyalty. Then, for each brand, they are asked a set of questions on their level of satisfaction, the performance of the brand, experience with brand as well as their overall feelings towards the brand. All items were measured on a 7-point Likert scale.

Existing validated scales are used to measure the proposed constructs in the conceptual model (Zarantonello & Pauwels-Delassus, 2015). For brand experience, we use Brakus et al.'s (2009) scale including 12 items capturing sensory, affective, behavioural and intellectual experiences with the brand. For perceived brand quality, the scale used by Batra et al. (2012) is adopted comprising three items and for brand satisfaction, Oliver (1980) five-item scale is used. For brand love, the 6-item scale of Bagozzi et al. (2017) is adopted and the 3 items-scale of Yoo & Donthu (2001) is used for brand loyalty while the scale of WOM and WTP was adopted respectively from Carroll & Ahuvia (2006) and Netmeyer et al. (2004). Filter/attention check questions were included throughout the survey.

#### **4. Analyses and Results**

We applied standard procedures and fit indices to check for measurement reliability and validity. A confirmatory factor analysis (CFA) of the overall measurement model is run using structural equation modelling software (MPlus). The CFA showed that the convergent and discriminant validity of the measures were satisfactory. The fit of the model built was within the recommended thresholds (Chi-square= 1696.183; df= 539; CFI = 0.916; TFI= 0.916; RMSEA= 0.07; SRMR= 0.065) indicating a satisfactory fit of the model.

Following the measurement of the model, we ran a structural model and validated the hypotheses empirically. As hypothesised, the relationship between perceived brand quality and brand loyalty, WOM and WTP is mediated by brand satisfaction. Likewise, the relationship between brand experience and brand loyalty, WOM and WTP is mediated by brand love. Table 1 presents the standardised parameter estimates and the related p-values for the data.

Overall, the results provide support for the conceptual framework proposed for this study. The sizes of the parameter estimates are substantially high and the paths relating to the construct of brand loyalty, WOM and WTP (which represents the behavioural intentions) are significant. Interestingly, the impact of brand love is significantly higher than that of brand satisfaction. Therefore, all the proposed relationships are strongly supported by the data.

<b>Hypotheses</b>	<b>Standardized paths Est.</b>	<b>Two-Tailed p-Value</b>
Perceived Brand Quality→ Brand Satisfaction	.805	0.000
Brand Satisfaction→ Brand Loyalty	.420	0.000
Brand Satisfaction→ WOM	.172	0.000
Brand Satisfaction→ WTP	.187	0.000
Brand Experience→ Brand Love	.898	0.000
Brand Love→ Brand Loyalty	.626	0.000
Brand Love→ WOM	.706	0.000
Brand Love→ WTP	.693	0.000

**Table 1. Results of the Hypotheses**

Model Fit Statistics for Structural Model: Chi-square= 1696.183; df= 539; CFI = 0.916; TFI= 0.916; RMSEA= 0.07; SRMR= 0.065

Furthermore, we made an attempt to test the moderating effect of utilitarian and hedonic values. The effect of utilitarian value on brand satisfaction-brand loyalty and brand satisfaction-WTP relationships is relatively low whereas on brand satisfaction-WOM no effect was found. Surprisingly, hedonic value has no effect on brand love-brand loyalty, brand love-WOM and brand love-WTP. Consequently, the proposed links are not supported by the data. Table 2 and 3 show the results of both moderation analysis.

<b>Moderating Effect of Utilitarian Value</b>	<b>Est.</b>	<b>Two-Tailed p-Value</b>
LOY: UVxSAT	.071	0.000
WOM: UVxSAT	.015	.540
WTP: UVxSAT	.066	.042

**Table 2. Moderating Effect of Utilitarian Value on the Relationship between Brand Satisfaction, Brand Loyalty, WOM and WTP**



<b>Moderating Effect of Hedonic Value</b>	<b>Est.</b>	<b>Two tailored p-Value</b>
LOY: HVxLOVE	.030	.202
WOM: HVxLOVE	-.024	.506
WTP: HVxLOVE	.050	.219

**Table 3. Moderating Effect of Hedonic Value on the Relationship between Brand Love, Brand Loyalty, WOM and WTP**

## **5. Discussion and Conclusion**

Using a data set from a market research agency of 440 consumers for fashion brands from the UK, we found different effects of functional and experiential determinants. Based on the preliminary findings, the experiential route is a relatively more important driver of brand loyalty than the functional route. We also found that the relationship between Brand Satisfaction and Brand Loyalty as well as Brand Satisfaction and WTP is somewhat moderated by Utilitarian Value. However, it is surprising to note that Hedonic Value had no moderating effect on any of the outcome variables. This may be due to the strong effect of Brand Love on Loyalty (0.626), WOM (0.706) and WTP (0.693).

Although we believe that the findings of our research could be applied to other industries, our focus on the fashion industry may limit the generalizability of our results. Another limitation is related to the focus on the UK market, the consideration of other European or Western countries might yield interesting results.

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