

From Marketing Mix to Brand Equity: The mediating effects of Brand Experience

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Abstract

The purpose of this research is to explore the mediating effects of Brand Experience (BX) in the relationship between marketing mix elements and Brand Equity (BE). The methodology approach utilized was a positivism approach on a self-administered survey, in which 399 adult consumers participated. Data Analysis performed vis IBM AMOS and SPSS and SEM was generated. BX indicated strong mediating effects of marketing mix on BE. This research unveils the necessity of BX in terms of strengthening BE, which is important for favorable consumer behaviour. Thus, brand managers need to carefully redesign and coordinate marketing mix elements to facilitate meaningful brand experience.

Keywords: marketing mix, brand experience, brand equity

1. Introduction

Marketing mix, also known as the 4ps, suggests a core model for firms developed by McCarthy, Jerome (1964) dealing with marketing mix elements such as product, price, place, and promotion. But most particularly, the coordination of marketing mix elements facilitates the fulfillment of the purpose and definition of marketing, which suggests an “activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (American Marketing Association, 2017). In other words, creation of value is not enough; communication and delivery of value are as important and these processes should be carried out via well-coordinated marketing mix elements (Yoo et al., 2000). On the other hand, the ultimate target is to generate the basis for Integrated Marketing Communications (IMC) in order to provide vivid meaningful brand experiences (prior, during and after purchase) closely related to the brand to be easily memorized combined with brand cues and events to generate positive feelings (Khan and Fatma, 2017; Roswinanto and Strutton, 2014). Otherwise, there will be waste of marketing resources with limited return of investment. Hence, the matter of generating Brand Experience (BX) during marketing efforts is particularly vivid. To the best of our knowledge, there is no research integrating marketing mix, brand experience and brand equity in one model. In this research, we explore the mediating effects of brand experience in the relationship between marketing mix elements and brand equity seeking to apply sensitive experiential marketing whenever is prerequisite to generate brand equity.

2. Literature review and hypotheses development

2.1 The importance of marketing mix elements in creating brand experience

Yoo et al. (2000) developed a marketing mix scale and examined the direct effects of 4ps on Brand Equity elements as demonstrated by Aaker (1991) and Keller (1993). Those elements refer to brand loyalty, perceived quality, and brand awareness/associations. Yoo et al. (2000) illustrated that each marketing effort type had positive direct effects on Brand Equity dimensions and thus on Overall Brand Equity. However, frequency of price deals was the only element that had negative direct effect on Brand Equity. In specific, advertising spending along with distribution intensity were the most positive prominent factors influencing brand equity, whereas store image and price exerted positive-weak, but still statistically significant effects on brand equity constituents. Last, but not least, frequency of price deals had weak negative outcomes on brand equity dimensions. Although these findings varied according to product category (Abril and Rodriguez-Cánovas, 2017; Nguyen and Nguyen, 2021; Lee et al., 2014), effective coordination of marketing mix elements still play a key role in creating and communicating value and experiential promises to customers (Heydari et al., 2022). In other words, only if marketing efforts provide customers with enough brand cues and reliable communication can finally lead to higher levels of brand equity, trust and perceived value using BX as the main antecedent of brand success (Khan and Fatma, 2017).

Brakus et al. (2009) developed the most prominent scale to measure BX using four dimensions: sensory, affective, intellectual, and behavioral. Zarantonello and Schmitt (2010) mentioned that sensory dimension regards the capability of brands of generating vivid stimuli in terms of five senses and should be always strengthened and renewed by marketers (Schmitt, 2009). According to Plutchik (1980), sentiments towards an action (i.e. a purchase) such as joy, love, fear, anxiety etc. trigger higher levels of memory readiness reinforcing the findings of Schmitt (2009) representing the dimension of affective dimension of BX. Thus, effective experience creates strong memory ties with the brand affecting positive brand

attitudes and favorable behavioral intentions. Regarding the behavioural construct, it is established that it measures the connections of brands with certain behaviors including lifestyle and actions most importantly physical activities and body-related experiences (Legendre et al., 2020). The intellectual part of BX, which is an important aspect of how consumers memorize experiences, suggests the degree to which brands enable customers to both think and feel during interacting with them (Brakus et al., 2009). Brakus et al. (2009) developed a model to distinguish the concepts between BX, brand personality, satisfaction, and brand loyalty. According to Khan and Fatma (2017) the antecedents of BX include event marketing, brand cues, and Marketing Communications. Event marketing include below the line marketing efforts such as sponsorships, product launches, reward programmes, free samples provided to customers, cause-related marketing actions either occur in stores or outside organisation. Brand cues, on the other hand, represent evidence on quality including functional clues, quality of encounters and augmented product including services and physical evidence offered. Brand cues further incorporate slogans, style and logo. Moreover, Marketing Communications occur via advertising, sales efforts, customer care and sales promotion. Reviews, sentiments and experiences of other customers are particularly important and are often visible and communicated during (online) encounters. Regarding the effects of BX, they mainly suggest brand loyalty, brand trust, brand credibility, brand personality, customer satisfaction and word of mouth. Hence, event marketing, brand clues and marketing communications are positively related to BX. In addition, BX is positively associated with brand loyalty, brand trust, brand credibility, brand personality, brand attitude, customer satisfaction and word of mouth.

Roswinanto and Strutton (2014) explored the advertising-related effects and its respective outcomes. Some of the basic antecedents of BX related to advertising included connectedness to celebrity endorser, attitude toward brand name, message fit as well as visual imaging, whereas the effects of BX regarded brand attitude and brand distinctiveness. Attitude toward brand name and congruence with the celebrity endorser were the most prominent antecedents of BX, followed by visual imaging and message fit. As for the outcomes of BX related to advertising, brand attitude strongly related to BX and brand distinctiveness. Advertising does not guarantee higher levels of BX, unless it creates favorable attitude toward brand name and in turn connectedness to celebrity endorser is generated. Moreover, there should be enough visual imaging and message fit for maximum experiential outcomes. Higher levels of BX are strongly related to brand attitudes and brand distinctiveness that are expected to reinforce customer equity drivers. Hence, the higher the levels of BX the higher the effectiveness of advertising in terms of brand equity (BEQ).

Marketing efforts carried out via marketing mix elements are particularly important since they need to be coordinated accordingly so as to reinforce brand cues that the targeted segment value the most. In other words, a well-coordinated marketing mix is the one that creates and communicates value to customers in a memorable manner generating BX. A marketing mix resulting in low levels of brand experience is less efficient in terms of creating brand equity.

2.2 Brand experience and brand equity

According to Brakus et al. (2009), BX was proven to be a distinct marketing phenomenon and a strong precursor of brand personality making strong ties with customers resulting in excessive levels of customer satisfaction as a strong antecedent of brand loyalty. Furthermore, it exerts positive direct effects on loyalty. Thus, BX is imperative to be strategically developed, since memory shapes brand personality as constituent of strong image (part of BEQ), which predicts Brand Loyalty (additional part of BEQ), attitudes and trust towards the brand and the manufacturer/provider. Moreover, BX is proven to be a powerful tool to gauge

BEQ, leveraging relationships with the brand and the business, generating substantial value to customers, and decreasing perceived sacrifice (Khan and Fatma, 2017). These impacts reflect Customer Lifetime Value and thus Customer Equity Drivers as a whole (Niros et al., 2022).

Lemon et al. (2001) proposed a customer-based model in order for companies to increase Customer Lifetime Value. Customer Equity Drivers included three primary strategies and respective scales: Brand Equity (BEQ), Relationship Equity (RE), and Value Equity (VE). Based on Aaker (1991), Lemon et al. (2001) stated that BEQ justifies premium price through brand awareness, image, quality and loyalty, whereas RE "explains consumers' willingness to stay close to a brand despite their objective and/or subjective evaluations" (Niros, 2022; p 3). Last but not least, VE is related to the overall value a customer receives. VE concerns consumer's objective judgements related to brand's benefits, perceived on the base of what he or she sacrifices for what he or she receives. Additionally, VE takes into account ease of access (i.e. distribution intensity, positive experiences in quality and price among others). BE, VE and RE are all important antecedents of Customer Equity making suggestions to decision-makers on which strategies to develop (Rust et al., 2004).

2.3 Hypotheses' development

Keller (1993) concluded on the brand equity pyramid, which includes 4 levels; brand salience, performance, imagery, judgements, feelings and resonance. Brand salience regards brand awareness, which is the cornerstone to create BEQ. Brand performance, which is the second step, reflects the ability of brands to meet expectations delivered through marketing communications and brand cues as experienced and perceived by customers (i.e. functional quality, technical quality, packaging, price, ease of access through place etc) (Khan and Fatma, 2017). Imaginary according to Keller (1993) is related to overall perceptions - from negative to positive - that are shaped through brand identity, personality and connotations. Imaginary should match with the targeted segment experiences to enhance brand congruence (Wijnands and Gill, 2020) and achieve better judgement at the 4th level of the brand equity pyramid. Memorized and readiness to recall brand experiences induced by strong emotions, images, behaviors and congruence (i.e. in terms of personality) lead to judgments of strong, clear and unique image and thus, BX suggests a very strong tool bidding marketing efforts with brand-related attitudes such as Customer Equity Drivers (Rust et al. 2004). Feelings about the brand comprise of the fifth step according to Keller (1993), since BX generate feelings decisive for future consumer behaviour. According to Schmitt (2009) and Legendre et al. (2020), BX are strong precursors of attitudes toward brand, aka BEQ, as well as relations and value perceived by customers in the last stage of resonance in Keller's BEQ pyramid. Consequently, BX is hypothesized to (positively) mediate the relationship between marketing efforts and brand equity.

H₁: BX positively mediates the relationship between Product and Brand Equity

H₂: BX positively mediates the relationship between Price and Brand Equity.

H₃: BX positively mediates the relationship between Store Image and Brand Equity.

H₄: BX positively mediates the relationship between Distribution Intensity and Brand Equity.

H₅: BX positively mediates the relationship between Advertising and Brand Equity.

H₆: BX positively mediates the relationship between Frequency of Price Deals and Brand Equity.

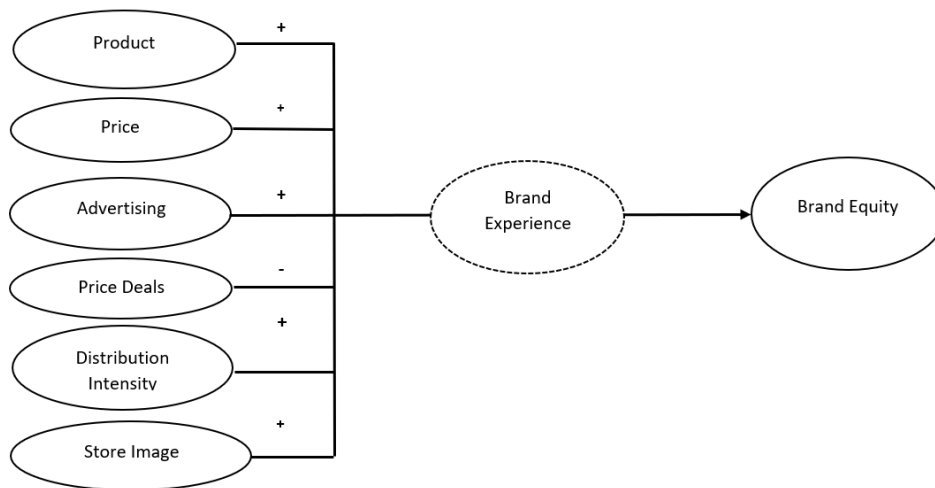


Figure 1. Conceptual Framework

3. Research methodology

To collect data, an online self-administered survey was conducted using the application of Google Forms and structured Likert scales used in the past to reliably measure marketing phenomena described in the Research Model. The population regarded adult consumers of suntan oil in Athens, Greece, and a sample of 399 participants requested to participate. The sample collected was a convenience one, making it a non-probability sample. However, the researchers tried to diversify the sample to represent the users of suntan oil brands. Out of the total sample, 53.2% were males and 46.8% females. Concerning demographics by age, 27% and 28.1% of participants were between 26 and 35 years of age and 36 to 45 years of age, respectively, 31.3% aged between 46 and 55 and the rest were older than 55 years old. Last, but not least, the questionnaire was distributed in several digital environments such as apps, social media, and websites.

As far as measures were concerned, marketing mix was measured using 18 items on the 5-point Likert type construct of Yoo et al. (2000). In order to fit in the scope of this research paper, the construct was adapted to measure the latest recalled purchase on a physical store. BX scale was based on the 12 items initially developed by Brakus et al. (2009), structured by four dimensions; sensory, affective, behavioural and intellectual. Each component was measured by 3 items. In order to assure the maximum effects of experiential marketing on consumer behavior each of the four dimensions of BX need to be combined (Schmitt, 2009). This statement highlights the presence of intercorrelations among BX constructs, and thus a second-order structure is needed to effectively examine the concept. Iglesias et al. (2011) also used second-order reflective measurement model to holistically analyze BX. Consequently, the current study employed second-order factor for the BX construct. BEQ consisted of 4 items measured on a Likert type scale used by Rust et al. (2004). 5-point Likert scales were used whereas, reliability and accuracy was examined via a pretesting procedure, distributing the research tool to 30 students.

4. Results and discussion

In favor of further examining reliability of constructs, a relative analysis was conducted with each item displaying satisfactory standardized factor loading (mostly above 0.70) and excellent reliability scores (from 0.72 to 0.92) based on Cronbach's Alpha (α) test. Confirmatory factor analysis was also carried out with aim to further assist scale validation. Its findings confirmed the presence of eight factors and the overall measurement model

yielded excellent fit (Byrne, 2016): $\chi^2/d.f. = 1.64$; CFI = 0.98; TLI = 0.97; RMSEA = 0.05; SRMR = 0.04. Standardized factor loadings were significant, confirming the existence of convergent validity. In addition, average variance extracted (AVE) and composite reliability (CR) exceeded the threshold values of 0.50 and 0.70 respectively, providing further evidence for convergent validity. Moreover, variance extracted for every construct was greater than the squared correlation estimate, proving that criteria of discriminant validity were met (Hair *et al.*, 2010). In addition, the common latent factor (CLF) method was employed with aim to account for common method bias. This technique compares an unconstrained common method factor (CMF) model to a zero constrained one (Hair *et al.*, 2010). In this research, CMF was retained during factor imputation, because significant shared variance among constructs was found. The results yielded excellent VIFs and tolerance indices for every factor. Therefore, no alarming multicollinearity issues emerged.

As for hypotheses' testing, Structural equation modeling (SEM) was employed. The causal model explored the mediating effect of BX on the relationships between Marketing Mix elements and BEQ. The statistics indicated excellent model fit: $\chi^2/d.f. = 2.33$; CFI = 0.98; TLI = 0.96; GFI = 0.97; RMSEA = 0.05; SRMR = 0.02 (Byrne, 2016). Additionally, R² estimate of BEQ was 0.62, which means that 62% of the BEQ variance is explained by marketing mix elements through the BX mediating effects.

Standardized regression weights indicated that Product ($\beta = 0.24$; $p < 0.001$), Store Image ($\beta = 0.12$; $p < 0.001$) and Advertising ($\beta = 0.28$; $p < 0.001$) positively predict BEQ. More specifically, marketing efforts that provide customers with enough brand and product-related cues (i.e. product packaging, slogans, logos, design etc.), positive store image and reliable communications (i.e. advertising messages, sales effort, customer care etc.) lead to higher levels of BEQ, facilitating brand quality, awareness, associations and loyalty. In other words, advertising spending, product-related cues and store image help customers to shape positive brand evaluations. These findings are in line with the research studies of Yoo *et al.* (2000), Khan and Fatma (2017), Nguyen and Nguyen (2021) who concluded that marketing mix elements, and more specifically advertising spending, product and store image, positively predict BEQ. On the other hand, the analysis proved that price, distribution intensity and price deals do not have a statistically significant effect on BEQ. Research findings of Yoo *et al.* (2000) are partially rejected as they found that each marketing effort significantly predicted BEQ. Table 1 present the path analysis of the final model, supporting direct relationships.

Path Models	Standardized estimates	t-value	p-value
Product → BX	0.191	9.527	0.000***
Price → BX	0.022 ^{ns}	11.112	ns
Store Image → BX	0.109	4.783	0.032**
Distribution Intensity → BX	0.002 ^{ns}	2.261	ns
Advertising → BX	0.208	5.335	0.000***
Price Deals → BX	-0.008 ^{ns}	-1.623	ns
Product → BEQ	0.243	3.432	0.000***
Price → BEQ	0.090 ^{ns}	1.317	ns
Store Image → BEQ	0.124	3.721	0.028**
Distribution Intensity → BEQ	0.017 ^{ns}	2.081	ns
Advertising → BEQ	0.282	8.192	0.000***
Price Deals → BEQ	-0.001 ^{ns}	-1.782	ns

Notes: **p < 0.05; ***p < 0.001

Table 1. Results for the direct relationships

Mediating effects were further examined in order to test the current research hypotheses. Such effects were established employing 95% confidence interval (CI) with bootstrapping technique (n = 5,000), in line with previous researchers (Williams and MacKinnon, 2008). Given the fact that the direct relationships between price, distribution intensity and price deals as well as BEQ and the mediator (brand experience, BX) were not significant, the conditions for the mediating analysis were not met (Baron and Kenny, 1986). Therefore, hypotheses H_2 , H_4 , H_6 were rejected. As for the other variables, results showed that Product, Advertising and Store Image indirectly influence BEQ through BX. In other words, BX fully mediates the relationship between those marketing mix elements and BEQ, supporting hypotheses H_1 , H_3 and H_5 . These findings are in line with Schmitt (2009) and Legendre et al. (2020), who proved that BX is strong precursor of attitudes toward brand, aka BEQ. Furthermore, the results of Khan and Fatma (2017) are also validated proving that marketing communications and brand cues as experienced and perceived by customers (i.e. functional quality, technical quality, packaging, store image, advertising, customer care etc.) lead to stronger BEQ when accompanied by BX (Khan and Fatma, 2017). Therefore, effective coordination of marketing mix elements, especially product-related cues, advertising and store image, is essential to create and communicate unique value and memorable experiences to customers and in turn higher BEQ (Heydari et al., 2022). Table 2 presents the process of mediation for BX.

Mediation effect	Coefficient	BootLLCI	BootULCI
Product → BX → BEQ	0.321	0.0423	0.0594
Price → BX → BEQ	0.012 ^{ns}	0.2499	0.3942
Store Image → BX → BEQ	0.149	0.0418	0.0521
Distribution Intensity → BX → BEQ	0.003 ^{ns}	0.1490	0.1948
Advertising → BX → BEQ	0.345	0.0349	0.0423
Price Deals → BX → BEQ	-0.009 ^{ns}	0.1394	0.1487

Table 2. Results for the indirect – mediating relationships

5. Implications

This research illustrated that marketing mix needs to be coordinated appropriately so as to forge memorable BX, as a mediating step prior to generate BEQ. To achieve that, marketing professionals are required in advertising to induce brand related cues and feelings increasing the connectedness of the celebrity endorsers and social media, improve attitude toward the brand name using the right visual imaging, message fit and customers' positive experiences and reviews. Marketing efforts carried out via marketing mix elements are particularly important, since they need to be coordinated accordingly so as to reinforce brand cues that the targeted segment value the most. In other words, a well-coordinated marketing mix is the one that creates and communicates value to customers in a memorable manner generating BX. A marketing mix resulting in low levels of BX is less efficient in terms of creating brand equity. Moreover, event marketing is imperative in distribution channels since they create valuable BX meaningful to customers. The basic limitations of this research are related to the convenience sampling technique, leading to lack of generalizations to the whole research population. Additionally, the product surveyed regarded suntan oil in the Greek market. Hence, drawing conclusions to other cultures and products should be made with caution.

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