The Effects of Brand Experience, Satisfaction and Trust on Brand Loyalty; an Empirical Research on the Internet Services of Cellular Companies in Pakistan

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Abstract: Recently, brands have become more important for creating the value for their customers. Building consumer-brand relationship is very important for building a strong brand. The main aim of the study is to check the impact of brand experience in building long-term consumer-brand relationship with brand satisfaction, brand trust and brand loyalty. Telecommunication industry of Pakistan was selected for this research. Data was collected through questionnaires from the random sample of 307 respondents (students) which was drawn from the population of University of Gujrat. The results of this study shows that the brand experience, brand satisfaction, and brand trust have significant and positive effect on brand loyalty.

Keywords: Brand Experience, Brand Satisfaction, Brand Trust, Brand Loyalty, Cellular Companies, Telecommunication Industry, Pakistan

1. Introduction:

The rapid emergence of the consumer-brand relationships in the recent years has become more focused. The consumers’ perceptions regarding a product brand’s personality traits can influence their attitude of interest for making the brand as a relationship partner (Hayes et al., 2006). The key to this relationship is brand experience and the main outcome of this relationship is in the form of brand loyalty.

Traditional marketing has played a vital role in the industrial era by providing valuable set of strategies (Schmitt, 1999). Now the trend has shifted from the traditional marketing to experiential marketing (Schmitt, 1999). Pine and Gilmore (1999) stated that the experience occurs when companies engage with the customers individually in an unforgettable way. Erdem and Swait (1998) stated that the brand equity formation depends upon the integrity of the information provided by the brands in the market.

Building customer-brand relationships is one of the four important steps of building a strong brand (Keller, 2001). He also stated that the customer-brand relationships are formed through different factors such as, brand meaning, brand image, brand association and so on. Brand meaning directly formed through customers’ own experiences and indirectly through advertisement and other sources like words of mouth (Keller, 2001).

The main purpose of the present study is to test a general framework for building a consumer-brand relationship from an experiential assessment. The present study is conducted to check the consumer brand relationship of the “internet services provided by cellular companies in Pakistan”. In this paper, we have discussed the conceptual framework with brief literature on brand experience, brand satisfaction, brand trust and brand loyalty and the role of past experiences for hypotheses development.

2. Significance of Study:

The present research is carried out on the internet services provided by cellular companies operating in Pakistan. It is a fact that very few researchers are working on the telecommunication sector in our country. So, author chooses this sector for research to explore this sector and it would be helpful for further research. In Pakistan, telecommunication sector is one of the major sectors to contribute in economy and it has a high potential for future growth. Though, this sector grew more in the fiscal year 2012-13 and the teledensity has reached to 75.21% with the major contribution from cellular sector and they accounted for revenue of Rs. 438 billion in the same fiscal year which was all-time high. And the cellular sector is covering the 71.7% of the population. This sector is now looking for new ways to from i.e. by launching the 3G and technology (PTA-Annual Report 2012-13).

In the past, some researchers have conducted the research on the cellular companies operating in...
Pakistan but they were within different contexts. For example, Ahmed et. al., (2010) saw the “impact of service quality of short messaging service on customer retention”, Khan (2010) researched on “service quality of cellular mobile-telephone operators in Pakistan”, Saleem et. al., (2010) checked the “effect of work motivation on job satisfaction in mobile telecommunication service organizations of Pakistan”. Similarly, Jahanzeb et. al., (2011) analyzed the “impact of relationship marketing tactics on relationship quality and customer loyalty in telecom sector of Pakistan” and Kouser et. al., (2012) described the “factors influencing the customer’s satisfaction switching behavior in cellular services of Pakistan”.

We have conducted the research on the “Internet services provided by cellular companies in Pakistan” along with the “effects of their experiences, trust and satisfaction on loyalty”. With the author best knowledge, this is the first study conducted on this prospect in Pakistan.

3. Literature Review:
3.1. Brand Experience:

In recent years, brands/companies have become more aware to create the value for their customers in the form of experiences they provide (Berry et. al., 2002). Experience is defined as an act of living through and observation of events, and also refers to training and subsequent knowledge and skills acquired (Hoch, 2002). Experience is surprising, amazing, delighting, and valuing offering, interest and formation of a new opinion (Csikszentmihalyi, 1990). Experience is easy to recall for many years but it is harder to explain because of its significant emotional content (Arnould and Price, 1993).

Brand experience defined as sensations, feelings, cognitions and behavioral responses evoked by brand-related stimuli that are part of a brand’s design, identity, packaging, communications and environments (Brakus et. al., 2009). Ambler et. al., (2002) stated that brand experience or activity is created when customers use the brand, seek information about the brand, its promotional and marketing activities, talk about the brand with others and so on. Brand experience can also be defined as the thinking process or attitude of the consumers, whenever they interact with the brand like by advertising, direct or indirect personal contact with the brand (Alloza, 2008). Product experience occurs when the consumers interact with the products, use the products and then examine and evaluate them (Hoch, 2002). Direct product experience occurs when a consumer actually buys and uses a product (Hoch and Ha, 1986), while indirect product experience comes from the advertisement of the product (Hoch and Ha, 1986).

Brand marketers must bond with consumers by staging holistic brand experiences. Marketing practitioners have come to realize that, consumers’ experiences about the brands have become critical for developing marketing strategies for goods and services (Schmitt, 1999; Pine and Gilmore, 1999). The marketing activities associated with the brand affects the mind-set of the customers about the brand. Customer mind-set is feelings, emotions, experiences, beliefs, attitudes, thinking and so on about the brand, is identified as brand equity (Ambler, 2000). When consumers search, shop and consume the brands, they are exposed to utilitarian product traits. Though, they are also exposed to different brand-related stimuli like brand identifying colors (Belizzi and Hike, 1992; Gorn et. al., 1997) shapes, backgrounds, design elements (Mandel and Johnson, 2002), slogans, symbols and brand character (Keller, 1997; Brakus et. al., 2009). These brand-related stimuli act as part of brand’s design, identity, packaging and marketing communications, and in markets where the brand is sold. These brand-related stimuli can create the important way of subjective, internal consumer responses which is called as brand experience (Brakus et. al., 2009). Thus, brand experience is conceptualized as subjective, internal consumer responses such as feelings, sensations, cognitions and the behavioral responses evoked by brand-related stimuli that are part of a brand’s design, identity, packaging, communications and environments (Brakus et. al., 2009).

Brand experience is related but theoretically different from other brand constructs such as brand attitude (Fishbein and Ajzen, 1975), brand involvement (Zaichkowsky, 1985), customer delight (Oliver; Rust and Varki, 1997), and brand personality (Aaker, 1997). Brand experience is not an emotional relationship theory. Over-time brand
experiences may result in emotional bonds but emotions is not only a single internal outcome of the stimulation that evokes experiences (Brakus et. al., 2009). He also stated that some brand experiences can be more positive than others, and some are even negative. Moreover, brand experiences can occur spontaneously without much reflection and are short-lived; others occur more deliberately and last longer. Overtime, these long lasting brand experiences stored in consumer memory and so they affect consumer satisfaction and loyalty (Oliver, 1997; Reichheld, 1996) as well as brand trust (Zarantonello and Schmitt, 2010; Ha and Perks, 2005).

3.2. Brand Satisfaction:

Marketing practitioners are now paying too much attention to satisfy their customers. To satisfy a customer in the best way is considered as a strong competitive advantage. Satisfaction is an overall experience of consumer with a specific product or service and repurchase intention is also considered in it (Fornell, 1992). Hellier et. al., (2003) stated that satisfaction is an overall level of customer likeness and pleasure resulting from experience with the product or service. Oliver (1997, 1999) defined satisfaction as fulfillment in a pleasurable way.

Satisfaction is a positive affective reaction to an outcome of a prior experience (Ganesan, 1994). Mourie (2005) stated that experience which satisfies the need or desire of customer may increase the possibility of long-term relationship. Moreover, the higher or lower satisfaction of a consumer will depends upon the quality of brand characteristics that offered by a company (Gerpott; Rans and Schindler, 2001). A customer requires different satisfaction level at different stages of relationship (Spath et. al., 2007).

Brand relationship quality can be defined as the extent to which the consumer views the brand as satisfactory partner in the context of ongoing relationship i.e., it is the consumer’s overall assessment of the strength of his or her relationship with the brand (Algesheimer et. al., 2005). Satisfaction is necessary but not sufficient element of brand loyalty (Agustin and Singh, 2005). However, brand loyalty is directly influenced by brand satisfaction while, satisfaction and loyalty are not replacement for each other (Bloemer and Kasper, 1995; Oliver, 1999).

Thus, brand satisfaction can be defined as the outcome of the subjective or personal evaluation that the chosen alternative brand meets or exceeds the consumers’ expectations ((Bloemer and Kasper, 1995). Hence, satisfaction with the preferred brand is one of the important determinants of brand loyalty.

3.3. Brand Trust:

The trust construct is defined as the degree to which a person is confident in and bears willingness to act on the basis of the actions or decisions of others (McAllister, 1995). Deutsch (1958) defined trust as the expectation of the parties in a contract and the risks linked with acting on such expectations. Risk and uncertainty are the necessary conditions that expose the value of trust (Moorman et. al., 1993).

Trust is the willingness to rely on the other party in the form of risk and this willingness comes from understanding of the other party based on the past experiences, and it also involves an expectation that the other party will cause a positive outcome instead the possibility of the negative outcome (Worchel, 1979). In addition to this, trust is a state that involves positive expectations about other party’s motives with respect to oneself in risky situations.

Chiou (2004) and Reichheld (2001) said that trust is an important antecedent of loyalty, because it may help to attract new customers and also retain the old ones (Gefen et. al., 2003a). Moreover, Ha and Perks (2005) stated that trust is affected by consumers’ experiences and expectations. However, trust is weakens or strengthens by experience (Yoon, 2002).

Brand trust is a feeling of security held by consumers’ in their interaction with the brand in such a way that the brand is reliable and responsible for the interests and welfare of the consumers (Delgado-Ballester, 2001). Chaudhuri and Holbrook (2001) defined brand trust as the willingness of the average consumers to rely on the ability of the brand to perform its stated functions. A trustworthy brand is that which places its customers at the center of their ideas and
relies more on understanding real consumer needs and fulfill them than the competitors’ products or services (Borrowing Bainbridge, 1997). Aaker (1996) said that brand trust goes beyond the consumers’ satisfaction with the practical performance of the product and its features.

Trust is essential in building strong consumer-brand relationships (Fournier, 1998; Urban et. al., 2000). Morgan and Hunt (1994) added that trust is a key factor for any long term relationship and it is positively related to brand loyalty (Lau and Lee, 1999). Trust developed by a brand, depends on the positive attitudes or beliefs regarding the expectations for the behavior of the organization and the performance of the products and its attributes that the brand represents (Ashley and Leonard, 2009). Chiou and Droge (2006) said that trust reflects collective effects over time on loyalty in high involvement, high service product markets.

3.4. Brand Loyalty:

Loyalty is a strong attachment with the brand such as remaining attached with the company, recommend its products, purchase its additional products or services and so on (Crosby, 2002). Loyalty refers to strong commitment to rebuy a certain product or service continuously, despite the competitors marketing efforts having the potential to switch that particular brand (Oliver, 1997; Chaudhuri and Holbrook, 2001).

In the marketing context loyalty can be interchangeably used with its other operational definitions like preference, attachment, commitment, repeat purchasing and trustworthiness. Moreover, it can also be referred in market-specific framework such as service loyalty, store loyalty and supplier loyalty, which reflects the customer and the brand loyalty (Algesheimer et. al., 2005). Truly loyal customers tend to react positively or favorably towards the brand in different ways, because they are emotionally attached with the brand (Crosby, 2002).

Brand loyalty is an essential component of a firm’s profitability and its competitive advantage (Aaker, 1995, 1997; Reichheld, 1996). Every brand desires to achieve high loyalty of customers but all brands cannot do so. A brand must offer something of value that attract and keeps the customers to buy its products or services for longer time without preferring any other brand. Nowadays, in the highly competitive markets with more risks and low product differentiation, every company places the brand loyalty at the center of their marketing planning strategies (Fournier and Yao, 1997). Aaker (1997) suggested that brand loyalty has six dimensions which are: consumer intention to rebuy, satisfaction level, premium price, cost of switching the brand, preference over other brands, and commitment to a particular brand.

Brand loyalty is the outcome of their observed quality of the brand, not the price. Loyalty is a way by which the consumers’ explore their feelings, satisfaction with the product performance or the quality of the service they received (Bloemer and Kasper, 1995; Ballester and Aleman, 2001). The consumer-brand relationship is an important factor for building the brand loyalty Morrison and Crane (2007) stated that the brand loyalty is led by the brand experiences and it is important for increasing the profitability of the company.

4. Methodology:

This research has been designed to get a clear idea of consumer-brand relationships with respect to brand experience, brand satisfaction, brand trust and brand loyalty. Therefore, the proper measurement of the constructs was the main focus in this research. For this purpose, telecommunication sector is selected. We specifically focus on the internet services provided by the cellular companies. Data is randomly collected from the consumers by performing a self-administrative survey.

A detailed literature has been written to check the impact of brand experience in building long-run consumer-brand relationship with the brand satisfaction, brand trust and brand loyalty. Then, the variables for the study were obtained by using the measurement scales and these were adopted from previous studies. The variables are measured by suing five-point likert scales ranging from strongly disagree (SD) =1 to strongly agree (SA) =5.
4.1. Measures:

The nine items to measure the brand experience were adopted from Sahin et. al., (2001). The eight items to measure the brand satisfaction were also adopted from the same source.

The eight items to measure the brand trust were adapted from Sahin et. al., (2001). The eight items to measure the brand loyalty were also adapted from the same source.

4.2. Theoretical Framework:

The authors have developed the following diagram which shows the relationship among brand satisfaction, trust and loyalty by studying and realizing the effects of the brand experience.

4.3. Hypotheses:

H1: Brand experience has a significant and positive effect on brand satisfaction.
H2: Brand experience has a significant and positive effect on brand trust.
H3: Brand satisfaction has a significant and positive effect on brand loyalty.
H4: Brand trust has a significant and positive effect on brand loyalty.
H5: Brand experience has a significant and positive effect on brand loyalty.

4.4. Data Gathering: The data was collected through random questionnaire consumers. The questionnaire starts with the introduction of our research topic. Then, the respondents are asked to give their own responses followed by the personal and demographic information.
4.5. **Pilot Testing:** To check the validity and reliability of the instrument questionnaires were randomly distributed among 30 students of the University of Gujrat. According to Nunnally, (1978) and Field (2009), the value for Cronbach alpha is said to be reliable if it is more than 0.80. So, the value of Cronbach alpha (α) of 30 students was calculated to be 0.924 which is reliable. It shows that our instrument is good and reliable to predict the desired behavior from students.

4.6. **Sample:** A random sample was drawn from population of student who study in University of Gujrat. Author selected this sample because students studying there come from diverse cities of Punjab, Pakistan. Other reason was that the youth of Pakistan is the largest market for cellular companies. For research, a sample of 330 students of University of Gujrat was selected and questionnaires were distributed in a self-administrative way. 307 questionnaires were received back with a 93.03% of response rate and that has been used for data analysis.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency (No. of People)</th>
<th>Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;= 20</td>
<td>110</td>
<td>35.8</td>
</tr>
<tr>
<td>21 – 25</td>
<td>184</td>
<td>59.9</td>
</tr>
<tr>
<td>26 – 30</td>
<td>11</td>
<td>3.6</td>
</tr>
<tr>
<td>more than 30</td>
<td>2</td>
<td>.7</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>171</td>
<td>55.7</td>
</tr>
<tr>
<td>Female</td>
<td>136</td>
<td>44.3</td>
</tr>
<tr>
<td><strong>Education in Years</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;= 12</td>
<td>10</td>
<td>3.3</td>
</tr>
<tr>
<td>13 – 14</td>
<td>116</td>
<td>37.8</td>
</tr>
<tr>
<td>15+</td>
<td>181</td>
<td>59.0</td>
</tr>
<tr>
<td><strong>Area</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>99</td>
<td>32.2</td>
</tr>
<tr>
<td>Urban</td>
<td>167</td>
<td>54.4</td>
</tr>
<tr>
<td>Suburbs</td>
<td>41</td>
<td>13.4</td>
</tr>
<tr>
<td><strong>Income in Rs.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;= 9000</td>
<td>24</td>
<td>7.8</td>
</tr>
<tr>
<td>9001 – 17000</td>
<td>67</td>
<td>21.8</td>
</tr>
<tr>
<td>17001 – 25000</td>
<td>79</td>
<td>25.7</td>
</tr>
<tr>
<td>25001 – 33000</td>
<td>40</td>
<td>13.0</td>
</tr>
<tr>
<td>33001 – 41000</td>
<td>23</td>
<td>7.5</td>
</tr>
<tr>
<td>41001+</td>
<td>74</td>
<td>24.1</td>
</tr>
<tr>
<td><strong>Network</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobilink</td>
<td>70</td>
<td>22.8</td>
</tr>
<tr>
<td>Ufone</td>
<td>110</td>
<td>35.8</td>
</tr>
<tr>
<td>Warid</td>
<td>58</td>
<td>18.9</td>
</tr>
<tr>
<td>Telenor</td>
<td>59</td>
<td>19.2</td>
</tr>
<tr>
<td>Zong</td>
<td>10</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Table: Description of Respondents

5. **Data Analysis:**

The research is conducted to check the consumer-brand relationship in the context of internet services provided by cellular companies operating in Pakistan. The primary data was gathered from the students of University of Gujrat. SPSS 16.0 software version is used for analysis.
5.1. Correlation Analysis:

<table>
<thead>
<tr>
<th>No.</th>
<th>Variables</th>
<th>Mean</th>
<th>St. Deviation</th>
<th>Chronbach α</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brand Experience</td>
<td>3.77</td>
<td>.630</td>
<td>.827</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Brand Satisfaction</td>
<td>4.02</td>
<td>.743</td>
<td>.788</td>
<td>.516</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Brand Trust</td>
<td>3.91</td>
<td>.715</td>
<td>.783</td>
<td>.530</td>
<td>.616</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Brand Loyalty</td>
<td>3.99</td>
<td>.698</td>
<td>.788</td>
<td>.513</td>
<td>.609</td>
<td>.619</td>
</tr>
</tbody>
</table>

Figure: Mean, Standard Deviation, Chronbach α and Correlation Analysis

We have calculated the values for means and standard deviations and created a correlation matrix which consists of all the variables used to test the hypotheses. The means, standard deviations, reliabilities values and correlations among all the variables used in the analysis are shown in the following table. The values of means and those of standard deviations are within the expected ranges. According to the table, we can say that the respondents stated the existence of a comparatively higher level of brand satisfaction (mean = 4.02). This was followed by brand loyalty (mean = 3.99), brand trust (mean = 3.91), and with the lowest of brand experience (mean = 3.77). After further analyzing the same table, we have come to know that the correlations between the four variables experience, trust, satisfaction and loyalty lie under positive correlations in level of p>0.05. For empirical research, a Chronbach α (alpha) value greater than 0.70 is generally considered as reliable (Nunnally, 1978; Field, 2009). Chronbach α values from the table are 0.827, 0.788, 0.783 and 0.788 for each of the four variables respectively.

5.2. Regression Analysis:

In this section, regression analysis is carried out to check significance of variables on the dependent variable. In the first model, brand satisfaction is dependent variable and brand experience is independent variable. By applying the regression, the resulting model was statistically significant as (F=110.378; R²=0.266; P=0.00). So, regression analysis is indicating that brand experience has significant and positive effect on brand satisfaction (P<0.05; β=0.516). Therefore, H1, which was stating that brand experience was positively related to brand satisfaction, was also supported by our study.

In the second model, brand trust is dependent variable and brand experience is independent variable. After applying the regression, the resulting model was also significant i.e. (F=118.570; R²=0.281; P=0.00). So, regression analysis is indicating that brand experience had significant and positive effect on brand trust (P<0.05; β=0.530). Therefore, H2, which was stating that brand experience was positively related to brand trust, was also supported by our study.

In the third model, brand loyalty was taken as dependent variable and three variables, brand experience, satisfaction and trust were taken as independent variables. After applying the regression, the resulting model was also significant i.e. (F=95.183; R²=0.487; P=0.00). So, regression analysis is indicating that brand experience, satisfaction and trust had significant and positive effect on brand loyalty (P<0.05; β=0.175; P<0.05; β=0.314; P<0.05; β=0.332 respectively). Therefore, H3, which was stating that brand satisfaction was positively related to brand loyalty, H4, was stating that brand trust was positively related to brand loyalty, and H5, brand experience was positively related to brand loyalty was also supported by our study.

In the third model, all the variables have been examined; the presence of positive and strong correlation between brand satisfaction and brand trust has been noted. So, multi-collinearity analysis is also applied. In the Collinearity statistics section, all the three VIF values are less than three. Therefore, the high correlation between brand satisfaction and brand loyalty has no significant effect on the regression analysis.
6. Conclusion:

The research has been done by developing a theoretical framework based on the past studies. This paper has proposed that what is feasible, useful, and realistic; and marketers can use this within the context of brand experience, brand satisfaction, brand trust and brand loyalty. According to results, brand experience has a positive and significant effect on brand satisfaction, brand trust, and brand satisfaction. This is also supported by the studies of Brakus et. al, (2009); Zarantenello and Schmitt (2000); Ha and Perks (2005). Brand satisfaction has significant and positive effect on brand loyalty. This is also supported by the study of Ganesan, (1994); Agustin and Singh, (2005). Brand trust has a significant and positive effect on brand loyalty. This is also supported by the study of Lau and Lee, (1997); Chaudhuri and Holbrook, (2001); Morgan and Hunt, (1994). All these factors are very essential for building consumer-brand relationship.

Telecommunication industry includes high relational and experiential aspects and managing the brand loyalty in this sector is very important for their existence in this modern and competitive environment.

7. Limitations and Future Directions:

This study has some limitations and also indicating some future directions for further research. The sample size of this study is relatively small. The study and results can be improved by enhancing the sample size and including respondents from other geographical areas. This study did not examine the personal factors and some other brand related factors such as brand association, brand involvement, brand attitude and brand personality etc. The main limitation of this study is that it is only focusing on the telecommunication sector. Thus, this study can be applied on other product or services related industries as well.

8. References:


