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The Effects of Brand Experiences on Quality, Satisfaction and Loyalty: An Empirical Study in the Telecommunications Multiple-play Service Market

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ABSTRACT: This article seeks to add to the body of knowledge on the role played by brand experience and its relationship with satisfaction, trust and service quality in the development of loyalty. Structural Equation Modelling (SEM) is used to analyze 690 telecommunications multiple-play users in the Portuguese telecommunications market. Our conclusions show that brand experiences can be used to generate loyalty, trust and quality perceptions; although satisfaction was confirmed to be the main loyalty predictor, service quality has an important indirect effect. In order to build customer loyalty, marketers must manage brand experiences, service quality, satisfaction and trust. Brand experiences can be explored as a way to differentiate services, to change customers' perceptions toward a brand and, ultimately, lead to customer retention. Furthermore, providing reliable services is of the utmost importance for service providers.

KEYWORDS: Brand experience, loyalty, satisfaction, trust, service quality, multiple-play.

EFECTOS DE LAS EXPERIENCIAS DE MARCA EN LA CALIDAD, LA SATISFACCIÓN Y LA LEALTAD: ESTUDIO EMPÍRICO EN EL SECTOR DE SERVICIOS MÚLTIPLES DE TELECOMUNICACIONES

RESUMEN: Este artículo busca contribuir al acervo de conocimiento sobre el papel de la experiencia de marca y su relación con la satisfacción, la confianza y la calidad en el servicio en la consolidación de lealtad hacia la marca. A través de modelos de ecuaciones estructurales se estudiaron 690 usuarios de servicios múltiples dentro del mercado portugués de las telecomunicaciones. Los resultados obtenidos por los autores muestran que las experiencias de marca pueden ser empleadas para generar percepciones de lealtad, confianza y calidad; y que a pesar de que la satisfacción se establece como el principal indicador de lealtad, la calidad en el servicio tiene un efecto indirecto importante. Con el fin de obtener la lealtad del cliente, los mercadólogos deben gestionar experiencias de marca, la calidad en el servicio, la satisfacción y la confianza. En este sentido, las experiencias de marca pueden ser abordadas como una manera de diferenciar servicios, cambiar las percepciones de los clientes hacia una marca y, en definitiva, conducir a la fidelización de clientes. Se señala además que la prestación de servicios confiables es de suma importancia para los proveedores de servicios.

PALABRAS CLAVE: experiencia de marca, lealtad, satisfacción, confianza, calidad del servicio, servicios múltiples.

EFEITOS DAS EXPERIÊNCIAS DE MARCA NA QUALIDADE, NA SATISFAÇÃO E NA LEALDADE: ESTUDO EMPÍRICO NO SETOR DE SERVIÇOS MÚLTIPLOS DE TELECOMUNICAÇÕES

RESUMO: Este artigo busca contribuir para o acervo de conhecimento sobre o papel da experiência de marca e sua relação com a satisfação, a confiança e a qualidade no serviço na consolidação da lealdade à marca. Por meio de modelos de equações estruturais, foram estudados 690 usuários de serviços múltiplos dentro do mercado português das telecomunicações. Os resultados obtidos pelos autores mostram que as experiências de marca podem ser empregadas para gerar percepções de lealdade, confiança e qualidade, e que, apesar de que a satisfação se estabeleça como o principal indicador de lealdade, a qualidade no serviço tem um efeito indireto importante. A fim de obter a lealdade do cliente, os mercadólogos devem administrar experiências de marca, a qualidade no serviço, a satisfação e a confiança. Nesse sentido, as experiências de marca podem ser abordadas como uma maneira de diferenciar serviços, mudar as percepções dos clientes a uma marca e, em definitiva, conduzir à fidelização de clientes. Além disso, indica-se que a prestação de serviços confiáveis é de suma importância para os fornecedores de serviços.

PALAVRAS-CHAVE: experiência de marca, lealdade, satisfação, qualidade do serviço, serviços múltiplos.

LES EFFETS DES EXPÉRIENCES DE MARQUE SUR LA QUALITÉ, LA SATISFACTION ET LA FIDÉLITÉ: UNE ÉTUDE EMPIRIQUE DANS LE DOMAINE DES SERVICES MULTIPLES DE TÉLÉCOMMUNICATIONS

RÉSUMÉ: Cet article vise à contribuer à l'ensemble des connaissances sur le rôle de l'expérience de la marque et sa relation avec la satisfaction, la confiance et la qualité du service dans la construction de fidélité envers la marque. Au moyen de modèles d'équations structurelles, on a étudié 690 utilisateurs de multiples services au sein du marché des télécommunications portugais. Les résultats obtenus par les auteurs montrent que les expériences de marque peuvent être utilisées pour générer des perceptions de fidélité, de confiance et de qualité et que, malgré que la satisfaction soit définie comme le principal indicateur de la fidélité, la qualité de service a un effet indirect important. Afin d'obtenir la fidélité des clients, les marketers doivent gérer des expériences de marque, la qualité du service, la satisfaction et la confiance. En ce sens, les expériences de marque peuvent être traitées comme un moyen de différencier les services, l'évolution des perceptions des clients vers une marque et, en fin de compte, conduire à la fidélité des clients. Il est en outre noté que la fourniture de services fiables est primordiale pour les pourvoyeurs de services.

MOTS-CLÉ: expérience de marque, fidélité, satisfaction, confiance, qualité du service, services multiples.

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Introduction

The business paradigm in marketing is changing: New emphasis is being given to customer retention instead of customer acquisition in order to create long lasting relationships with customers. Service marketing is very

challenging not only due to its intangible characteristics but also because of the variety of services, which might be differently understood by different customers. Services involve the supply of certain benefits and brand experiences to customers who might understand those benefits and experiences in different ways, with consequences for their level of trust and loyalty. Accordingly, in order to develop appropriate marketing strategies it is important to understand how a sense of brand loyalty develops in customers and, in addition, how consumers experience brands.

As mentioned by Şahin, Zehir and Kitapçi (2012), there has been little empirical research on the relationship between satisfaction, brand experience, brand trust and loyalty. Existent research in the service loyalty context (Aydin & Özer, 2005; Chiou, 2004; Deng, Lu, Wei & Zhang, 2010; Kim, Park & Jeong, 2004; Lin & Wang, 2006; Ranaweera & Prabhu, 2003) has examined the impact of antecedents such as trust, quality and satisfaction on loyalty, while Brakus, Schmitt and Zarantonello (2009) developed the brand experience scale and examined its relationship with satisfaction and loyalty.

However, none of the studies offers an integrated view of all of these antecedents in a single framework. Our paper draws on previous studies to develop a more comprehensive loyalty model, integrating both the traditional loyalty antecedents and the new concept of brand experience. In order to complement previous studies, this research was implemented in the highly competitive telecommunications sector, here exemplified by the triple play (internet, phone and TV) service market in Portugal, which is characterized by fierce competition, high technological pace of change and steady market growth.

According to ANACOM (2011), the first supplier appeared in 2001 and by the end of 2010 the market had ten brands providing triple play services. During 2010 the number of subscribers raised and some of the suppliers increased their market share, which was only possible by winning new customers. Despite the number of players three brands share the majority of the market, with significant changes to market shares in recent years.

By 2010 multiple-play packages accounted for 39.8% of Portuguese households with telephone services. Service coverage is heterogeneous throughout the country mostly due to network issues. However, service packages are relatively homogeneous as services supplied by most brands are comparable, both in terms of price and characteristics.

Switching barriers are mostly related to fixed-term contracts, which force subscribers to keep with their provider for at least one year according to the service or promotion package offered. Since this is a highly technological market, number portability has long stopped being an issue as all landlines and mobile phone numbers can be ported into new suppliers.

In the last few years, Portuguese multiple-play market has faced some significant changes to the positioning of the different brands. Previously controlled by two of the pioneer brands, a third player was able to quickly enter the market, achieving the market leading position in a short time period.

In order to do so, this player approached the market in a different fashion. While the market was traditionally seen as having "boring" or undifferentiated brands, this player was able to pave its way based on an aggressive marketing campaign. Firstly, the new entrant completely redesigned their logo adopting a new image and brand colors; secondly, they developed partnerships with music festivals and social events and established sponsorships with several sports teams; thirdly, they developed TV marketing spots with highly experiential components (e.g. using high impact and awarded soundtracks, visual colors, slow motion video); and finally, they used successful Portuguese TV stars to promote their service. This approach quickly turned the brand into the market leader and its marketing strategy was followed by other brands.

As such, these characteristics make the Portuguese multiple-play market a suitable candidate to study the impact of brand experiences, as this moved from a traditional service market into a market where brands invest heavily in marketing campaigns and promotions with highly experiential components.

The article has two main purposes. Firstly, this work was set out to test a conceptual model describing the extent to which customer loyalty is influenced by customer satisfaction, trust, service quality and brand experiences. Secondly, by analyzing the results of such model, we can help understand how brand experiences influence service quality, satisfaction, trust and loyalty.

This study is designed as follows. The research model, presented in the second section, outlines the theoretical foundation of the conceptual model and the hypothesis proposed from the various relationships. The third section addresses the survey method, explaining the measurement scales used and presenting the results of the confirmatory factor analysis and parameter estimates for the model. The results are presented in the fourth section. The paper concludes with a discussion of the findings in section five. Finally, managerial implications, limitations and guidelines for future research are presented in section six.

Literature Review and Research Hypothesis

Brand Loyalty

The business paradigm has shifted from customer acquisition to customer retention, thus "a critical issue for the continued success of a firm is its capability to retain its current customers and make them loyal to its brand" (Dekimpe, Steenkamp, Mellens, & Abeele, 1997, p. 405).

Loyal customers help businesses by buying more, paying premium prices and winning new customers through a positive word-of-mouth (Ganesh, Arnold, & Reynolds, 2000). Studies conducted in the financial services industry reveal that a 5% increase on customer loyalty could lead to a 25 to 75% profit growth (Chan *et al*., 2001).

Oliver (1997) proposed a definition for brand loyalty as "a deeply held commitment to rebuy or repatronize a preferred product or 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 behavior" (p. 392). More recently, Hellier, Geursen, Carr and Rickard (2003) defined loyalty as "the degree to which the customer has exhibited, over recent years, repeat purchase behavior of a particular company service; and the significance of that expenditure in terms of the customer's total outlay on that particular type of service" (p. 1765).

Customer loyalty is a psychological process comprising both behavioral and attitudinal components. Behavioral loyalty is the degree to which a customer repeat purchases of a service or program, whereas attitudinal brand loyalty includes the degree of dispositional commitment or attitude towards the brand (Chaudhuri & Holbrook, 2001; Chiou & Droge, 2006). Aksoy, Buoye, Aksoy, Larivière and Keiningham (2013) recognized the importance of loyalty, given that loyal customers will engage in favorable behavioral intentions such as repeat purchase, positive word of mouth and referrals.

In this research, due to the behavioral loyalty forced by explicitly written contracts, we focused on loyalty as represented by customers' favorable attitude toward their supplier and their resistance to a competitor's alternatives.

Brand Satisfaction

Previous research shows that satisfaction is often considered as an important determinant of repurchase intention (Liao, Palvia, & Chen, 2009) and customer loyalty (Eggert & Ulaga, 2002).

According to Oliver (1981), customer satisfaction is the "summary of psychological state when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience" (p. 27).

Literature conceptualizes satisfaction in two different ways: transaction-specific satisfaction and overall cumulative satisfaction (Lam, Shankar, Erramilli & Murthy, 2004; Shankar, Smith & Rangaswamy, 2003; Del Águila-Obra, Padilla-Meléndez & Al-Dweeri, 2013). The former is related to the evaluation a customer makes after a particular purchase or consumption experience, while the latter is the outcome of all previous transaction-specific satisfaction.

This study focuses on overall satisfaction as it is expected that customers rely on their experiences when making purchase decisions. Overall satisfaction is a good predictor of customers' intentions and behaviors (Lam *et al*., 2004). Although satisfaction is an important loyalty predictor, by itself it does not ensure loyalty.

Customer satisfaction is important as it helps firms achieve financial and market objectives (Oliver, 1997); then, by satisfying their customers, firms expect to achieve their loyalty (Del Águila-Obra *et al*., 2013). Bravo, Matute and Pina (2011) add that satisfied customers develop loyalty intentions or a willingness to repurchase a brand. It is expected that if a service provider can satisfy the needs of its customers better than competitors, it will be easy to make them loyal (Moreira & Silva, 2015; Paiva, Sandoval & Bernardin, 2012). Further research conducted in service industry markets (Deng *et al*., 2010; Hellier *et al*., 2003; Kim *et al*., 2004; Lin & Wang, 2006; Ranaweera & Prabhu, 2003; Schlesinger, Cervera, Iniesta & Sánchez, 2014) supports the existence of a positive relationship between customer satisfaction and loyalty. Accordingly, the first hypothesis is proposed:

H1: *Brand satisfaction has a positive impact on brand loyalty.*

Trust

Trust is a critical aspect in commercial exchanges (Reichheld & Schefter, 2000), especially when the trusting party does not have control and relies on the trusted party. According to Rousseau, Sitkin, Burt and Camerer (1998), trust is a multidimensional concept. For Luhmann (1979), trust is a social complexity reduction mechanism which leads to a willingness to depend on a supplier on the perception that the supplier will fulfill its commitments, and it is based on two dimensions: integrity and benevolence. Gefen, Karahanna and Straub (2003) defined trust as a set of specific beliefs dealing primarily with integrity (trustee honesty), benevolence (trustee concern and motivation to act in the trustor's interest), competence (ability of trustee to do what the trustor needs) and predictability (trustee's behavioral consistency). When customers trust a brand they are likely to form positive buying intentions towards that brand (Moreira & Silva, 2015).

For Ranaweera and Prabhu (2003), once trust is built into a relationship the likelihood of each part ending the relationship decreases. Lin and Wang (2006) refer that "trusting intentions imply that the trustor feels secure and is willing to depend, or intends to depend on the trustee" (p. 274). Considering that in electronic communication market customers cannot fully regulate the business agreement, they must believe the supplier will not act opportunistically and unfairly (Gefen, 2002). We propose that trusting beliefs, the perception of a multiple play provider integrity and benevolence (Luhmann, 1979) should lead to attitudes, *i.e.*, customer satisfaction, which in turn should influence its loyal intention. Customer satisfaction will therefore act as a mediating variable between trust and loyalty. The relationship between satisfaction and customer loyalty is supported by Chiou (2004) in his study conducted in the Internet service providers' context. Lin and Wang (2006) and Deng *et al*. (2010) found the same result in the mobile commerce and mobile internet messages. We expect those relationships to happen in the multiple play services as well, as such:

H2: *Brand trust has a positive impact on overall satisfaction.*

Trust helps preserve relationship investments by stimulating cooperation between exchange partners and resistance to short-term alternatives in favor of the expected long-term benefits of staying with current partners (Morgan & Hunt, 1994). For Chaudhuri and Holbrook (2001), trust also reduces uncertainty in environments where consumers feel vulnerable since they can rely on the trusted brand. Earning customer trust can be important for building customer loyalty as trust can reduce the risk in exchange relationships and therefore stimulate customers to be more cooperative with their trustworthy service provider by displaying behavioral loyalty (Morgan & Hunt, 1994). A positive relationship between trust in a service provider and customer loyalty is expected (Chaudhuri & Holbrook, 2001; Moreira & Silva, 2015). Furthermore, Aydin and Özer (2005), Chiou

(2004), Deng *et al*. (2010), Lin and Wang (2006) and Ranaweera and Prabhu (2003), successfully tested the impact of trust on loyalty. Accordingly:

H3: *Brand trust has a positive impact on brand loyalty.*

Service Quality

Service quality is an important variable for service providers in order to compete with their rivals (Yoo & Park, 2007). Services differ from products as they are intangible, heterogeneous, perishable and inseparable; as such, their evaluation is more complex than product evaluation (Aydin & Özer, 2005).

Zeithaml, Bery and Parasuraman (1996) defined service quality as the extent of discrepancy between customer's expectations and perceptions. According to Parasuraman, Zeithaml and Berry (1988), service quality is composed by five dimensions: reliability, tangibility, responsiveness, assurance and empathy.

Research in services has used service quality as a multidimensional construct (Kang, 2006; Yoon & Suh, 2004). However, in the auto casualty claim process, Stafford, Stafford and Wells (1998) concluded that reliability was the most important dimension in differentiating service suppliers. Reliability can be seen as the ability to perform a service in a dependable and accurate way. Stafford *et al.* (1998) state that "reliability seems to be virtually equated with service quality" and that "such findings are consistent with the original work of the SERVQUAL creators, who found that reliability was consistently the most critical dimension […]" (p. 434). Service quality can be used as a way for service differentiation and competitive advantage, attracting new customers and increasing market share. Additionally, service quality also stimulates customers to buy more, became less price-sensitive and promotes favorable word of mouth (Venetis & Ghauri, 2000). If service providers are able to offer superior service quality standards and differentiating services they are likely to increase customer trust levels. Aydin and Özer (2005), Şahin *et al*. (2012) and Cho & Hu (2009) found that service quality has a significant effect on customer trust in services. Based on the above mentioned literature, we propose the following hypothesis:

H4: *Service quality has a positive impact on brand trust.*

Customer satisfaction is the result of a comparison between the perceived product performance and its expectations, with satisfaction resulting whenever expectations are exceeded (Oliver, 1980). Despite rich literature regarding service quality and customer satisfaction, there is no agreement upon that relationship. Although there are various competing theories linking service quality and customer satisfaction, most researchers assume service quality as an antecedent of satisfaction (Fornell, Johnson, Anderson, Cha & Bryant, 1996; Spreng & Mackoy, 1996).

Zeithaml *et al*. (1996) found perception of service quality to be the main predictor of customer satisfaction. Stafford *et al*. (1998) stated that reliability was the most critical determinant of both overall service quality and feelings of satisfaction. Furthermore, Shin and Kim (2008) proposed service quality to be customer's overall impression of the efficiency of the provider and found that service quality was positively related with customer satisfaction. Additionally, Deng *et al*. (2010), Şahin *et al*. (2012) and Kim *et al*. (2004) concluded service quality to have a direct positive effect on satisfaction. As a result, we propose the following hypothesis:

H5: *Service quality has a positive impact on brand satisfaction.*

Brand Experience

The concept of brand experience has gathered the attention of marketing managers as consumers search for brands that provide them unique and memorable experiences (Zarantonello & Schmitt, 2010). According to Schmitt (1999), traditional marketing appeals to functional links with the customer. However, customers now look for more exciting activities and experiential marketing emerges as a good starting point for customer brand relationship research. Then, creating distinctive experiences can provide enormous economic value for firms (Pine & Gilmore, 1999).

Brand experience has then been defined by Brakus *et al.* (2009) 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, identity, packaging, communications and environment" (p. 53). For Alloza (2008), brand experience is the perception of customers in every contact they have with the brand, whether it is in brand images from advertising action, first contact with a brand's staff or the level of quality regarding the personal treatment received.

Experiences take place whenever consumers search for products, shop, are provided a service or consume a product (Arnould, Price & Zinkhan, 2002). Whenever consumers take part in those activities they are exposed to the attributes of the product itself, but they are also exposed to other specific brand-related stimuli such as brand-identifying colors, shares, design elements, slogans, mascots and brand characters (Brakus *et al*., 2009). This brand-related stimuli constitute the major source of subjective internal consumer

responses, which are at the very essence of brand experiences (Brakus *et al*., 2009). Brand experiences may vary in strength, intensity and valence. Additionally some experiences happen spontaneously and are short-lived while others occur more intentionally and are long-lasting (Brakus *et al*., 2009).

Brand experience is formed from a sensory dimension (related to visual, auditory, tactile, taste and olfactory stimulations provided by a brand); an affective dimension (including feelings created by the brands and its emotional links with the consumer); a behavioral dimension (which refers to bodily experiences, lifestyles and interactions with the brand); and finally, an intellectual dimension (including the ability of the brand to engage consumers in convergent and divergent thinking) (Brakus *et al*., 2009).

Depending on the number of dimensions and the strength evoked by a stimulus, brand experiences can be more or less intense. These brand-related stimuli are part of a brand's identity and design (name and logo), packaging and marketing communications (advertisement and brochures) or the environments where the brand is commercialized (stores), and are the main source of subjective internal consumer responses or brand experiences (Brakus *et al*., 2009).

Nysveen, Pedersen and Skard (2013) concluded that brand experience has a strong influence on brand personality, brand satisfaction and brand loyalty. Moreover, Schlesinger and Cervera (2008) found that the ideal and perceived brand personality might differ among service users.

We expect brand experience, service quality, trust and satisfaction to be important for loyalty in a relational context. Marketing activities related with a brand, affect a customer's mind-set with respect to that brand. Brand experiences are generated based on a customer's interaction and stimuli from a brand, either as part of a brand's design and identity, packaging, marketing communication or even the environment in which the brand is sold. We expect that some brand stimuli (e.g. color, logo and advertising) can change customer's perception of a brand's integrity, reliability and dependability. Karjaluoto, Jayawardhena, Leppäniemi and Pihlström (2012) showed that emotions have a positive effect on trust, which resulted in customer loyalty in the wireless telecommunications industry. Zarantonello and Schmitt (2000) state that brand experience can positively affect trust, satisfaction and commitment, whereas Şahin *et al*. (2012) positively tested the impact of experiences in the automotive context; thus, we expect the same in the multiple-play market:

H6: *Brand experience has a positive impact on trust.*

Consumers generally look for pleasant experiences and require intellectual stimulation to avoid boredom (Cacioppo & Petty, 1982). As experiences are an outcome of stimulations and provide value, it is likely that customers want to repeat pleasant experiences; the more a brand evokes multiple experience dimensions (the number of dimensions evoked and strength) the more satisfied a consumer will be with a brand (Brakus *et al*., 2009). Satisfaction is also an affective construct. For this reason, brand experiences can be useful in stimulating a customer's positive response towards a brand and in providing additional value, exceeding customer's expectations. Empirical support for the impact of brand experiences on loyalty has been found by Brakus *et al*. (2009), Şahin *et al.* (2012) and Nysveen *et al.* (2013).

H7: *Brand experience has a positive impact on satisfaction.*

Mittal and Kamakura (2001), Oliver (1997) and Reichheld (1996) assert that, over time, long-lasting brand experiences stored in the consumer memory are likely to affect the consumer satisfaction and loyalty, influencing their willingness to repeat the purchase of a brand, recommend it to others and remain more resistant to alternatives. For Brakus *et al*. (2009), "brand experience should affect not only past-directed satisfaction judgments but also future-directed consumer loyalty" (p. 63); thus, experiences can have an impact on a relationship both positively and negatively. The relationship between brand experiences and satisfaction has been positively tested by Brakus *et al*. (2009), Karjaluoto *et al*. (2012), Şahin *et al*. (2012) and Nysveen *et al*. (2013). Accordingly, the following hypothesis is proposed:

H8: *Brand experience has a positive impact on loyalty.*

Experiences happen whenever a customer interacts with a brand-related stimuli. Service quality is linked with customer interaction like personal support or empathy. It is foreseeable that providing positive experiences through personal brand interaction or a positive service judgment will lead to an increase on perceived quality of a service exceeding customer expectations; hence:

H9: *Brand experience has a positive impact on service quality.*

Hypothesis and Structural Model

Based on the theoretical background previously discussed, the research model and the hypothesis proposed during this research are presented in figure 1. Arrows indicate causal directions.

Methodology

Sample and Data

Data was collected from triple play telecommunications users in several large cities in Portugal. A total number of 1,000 questionnaires were distributed and 704 returned answered, 14 of these were incomplete and thus eliminated. The final data set was comprised of 690 questionnaires which correspond to an effective response rate of 69%.

The sample brands and service characteristics distributions appear to be representative of telecommunication users in Portugal. Respondent demographics was measured by gender (female, 49.8%; male, 50.2%), age (< 25 years, 25.2%; 25-35 years, 34.1%; 36-45 years, 21.8%; > 45 years, 18.9%) and education (up to secondary school, 47.9%; university or above, 52.1%).

Measures

Constructs in the model were measured using a multi-item measurement scale. All measures used a seven point Likert-type format with "strongly disagree" and "strongly agree" as anchors. All measures were translated from English to Portuguese and assessed by two academics to ensure meaningful readership of the questionnaire. Measures were then back-translated to English by a different academic and the original measures compared with these measures to ensure meaning was kept. Prior to its implementation, the final research instrument was pretested on a convenient sample of 20 respondents in order to fine tune and improve readability of the used items and scales.

The scales used to measure the latent constructs were adapted from previous studies in order to ensure their content validity. A four-item scale using two elements from Ling and Wang (2006) and two from Chiou (2004) was adopted to measure loyalty. These items assess a customer's positive and preferential attitude towards a brand as well as its resistance to change, respectively. Overall satisfaction was used as customers do usually hold a medium or long-term relationship with their suppliers, thus, three items from Chiou (2004) were used capturing the confirmation/disconfirmation of expectations. Trust was examined using five items drawn from Gefen *et al*. (2003) and Lin and Wang (2006), following Luhmann's approach and measuring: integrity and benevolence (1979). Service quality was measured using a unidimensional measure with three items adapted from Stafford *et al*. (1998) that represent the ability to perform a service dependably and accurately, as such, reliability is used as a proxy for service quality. In measuring brand experiences, the full Brakus *et al*. (2009) twelve-item scale was used for sensory, affective, behavioral and intellectual experiences.

Prior to the hypothesis testing, univariate and multivariate normality and the existence of outliers were analyzed. The former was addressed using the Mahalanobis squared distance (Marôco, 2010). Univariate and multivariate normality were examined using skewness and

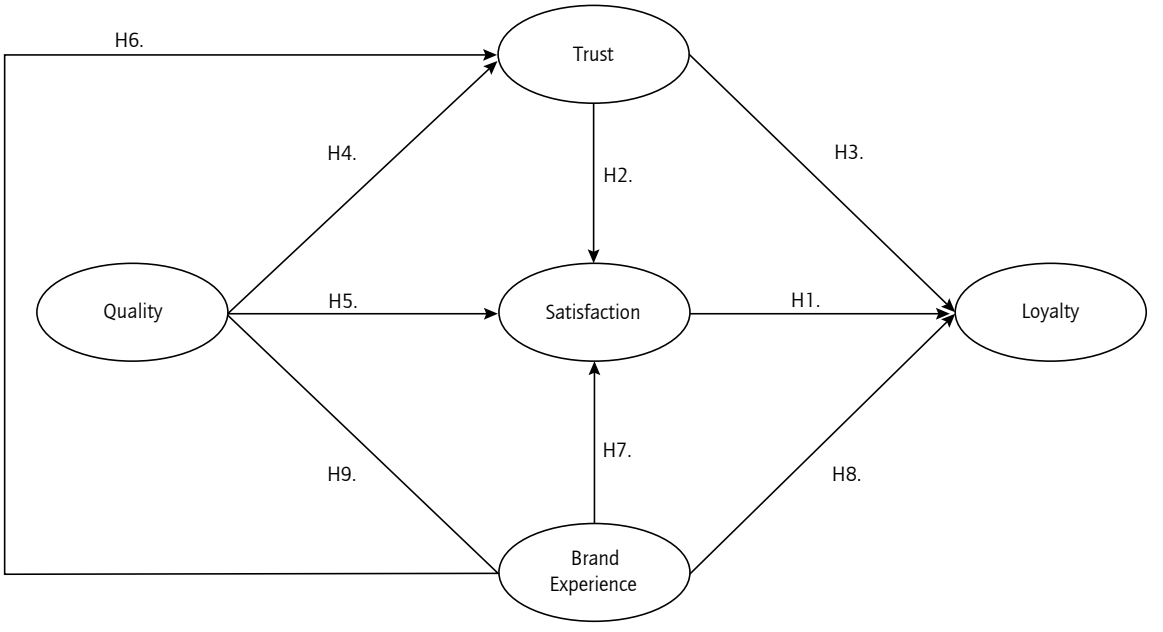

Figure 1. Proposed structural model. Source: Own elaboration.

kurtosis, as recommended by Curran *et al*. (1996). After that, we used a confirmatory factor analysis (CFA) using AMOS 20.0. Items were grouped into a priori conceptualized scales and modification indices; standardized residuals and fit statistics (CFI) were examined to find potential problems. Problematic items were analyzed within the theoretical context of each scale and items were deleted based on substantive and statistical grounds (Mentzer, Flint & Hult, 2001). From the initial pool of 27 items six were dropped (T4. Based on my experience, I know this supplier know its market; T5. Based on my experience, I know this supplier is predictable; BE9. This brand does not appeal to my senses; BE10. I do not have strong emotions for this brand; BE11. This brand is not action oriented; BE12. This brand does not make me think), allowing to improve model fit properties. Table 1 presents used items and measure properties.

Results

Measurement Model

After refining the scales, a CFA was used to test the adequacy of the measurement model and to evaluate construct validity for convergent and discriminant validity. We estimated the proposed measurement model using the maximum likelihood (ML) estimator. Prior to CFA analysis, the series mean was used to replace missing values in the data set (Hair, Black, Babin, Anderson & Tatham, 2006).

Results indicate acceptable overall fit between the model and the data. The overall fit of the measurement model is $\chi^2_{(179)}$ = 1,016.173; P = 0.000; NFI = 0.91; TLI = 0.91; CFI = 0.92; SRMR = 0.05; and RMSEA = 0.08. The NFI is above 0.90

Table 1.
Measure properties.

Construct		Std. Reg.Weight	AVE	CR
Loyalty				
L1.	My preference for this supplier would not willingly change.	0.804	**0.663**	**0.887**
L2.	Even if close friends recommend me another supplier, my preference for this supplier would not change.	0.831		
L3.	I consider myself loyal to this supplier.	0.774		
L4.	If I had to do it again, I would choose the same supplier.	0.846		
Satisfaction				
S1.	I am happy with the decision to choose this supplier.	0.918	**0.832**	**0.937**
S2.	I believe I did the right thing when choosing this supplier.	0.911		
S3.	I am satisfied with this supplier.	0.908		
Trust				
T1.	Based on my experience, I know this supplier is honest.	0.861	**0.626**	**0.833**
T2.	Based on my experience, I know this supplier is not opportunistic.	0.733		
T3.	Based on my experience, I know this supplier cares about its customers.	0.774		
Service quality				
SQ1.	This supplier fulfils its promises.	0.820	**0.693**	**0.871**
SQ2.	This supplier is sympathetic and supportive when I have a problem.	0.792		
SQ3.	This supplier service is dependable and has quality.	0.883		
Brand experience				
BE1	This brand makes a strong impression on my visual senses or other senses.	0.832	**0.576**	**0.915**
BE2	I find this brand interesting in a sensory way.	0.853		
BE3	This brand induces feelings and sentiments.	0.812		
BE4	This brand is an emotional brand.	0.790		
BE5	I engage in physical actions and behaviors when using this brand.	0.706		
BE6	This brand results in bodily experiences.	0.641		
BE7	I engage in a lot of thinking when I encounter this brand.	0.730		
BE8	This brand stimulates my curiosity and problem solving.	0.683		

Source: Own elaboration.

cut off criteria demonstrating that the model cannot be substantially improved (Bentler & Bonnet, 1980). The remaining fit indices also exceed the 0.9 recommendation for acceptable fit. Additionally, the SRMR and RMSEA do not exceed the 0.08 threshold as recommended by Hu and Bentler (1999) and MacCallum, Browne and Sugawara (1996).

We assessed both item reliability and construct reliability. Items with loadings of 0.7 have adequate item reliability (Hair *et al*., 2006). As shown in table 1, all item standardized regression weights are either above or close to the 0.70 threshold. The construct reliability for each dimension range from 0.833 to 0.937 and the Average Variance Extracted (AVE) per construct is greater than 0.5. Overall, construct reliability and convergent validity are good.

Discriminant validity is obtained by comparing the square root AVE estimate for each construct with the correlation among constructs. The results in table 2 show that the squared root AVE is greater than the correlation estimate for each pair of constructs, providing support for discriminant validity (Fornell & Larcker, 1981). Having satisfied the measurement requirements, construct reliability, convergent validity and discriminant validity, we proceed to test the hypotheses using the Structural Equation Model (SEM).

Table 2.
Construct correlation.

	Loyalty	Satisfaction	Trust	Quality	Brand Experience
Loyalty	**0.814**				
Satisfaction	0.720	**0.912**			
Trust	0.640	0.698	**0.791**		
Quality	0.755	0.763	0.786	**0.833**	
Brand Experience	0.490	0.353	0.395	0.401	**0.759**

Note. ***p < 0.01; **p < 0.05; *p < 0.1. Square root of average variance extracted (AVE) on the diagonal in bold; +Correlation coefficients are in the off diagonal.
Source: Own elaboration.

Structural Model Testing

Structural equation modeling was used to test the hypotheses in the proposed structural model (figure 1). The chi-square goodness-of-fit statistic is significant ($\chi^2_{(180)}$ = 1058.554, p < 0.01) which is to be expected when sample sizes are large (as in this research) and a non-significant chi-square is rarely obtained (Bagozzi & Yi, 1988). Estimates are shown in table 3 along with other fit indexes, all indicating a reasonable fit; whereas figure 2 presents the path diagram and the obtained relationships. The model offers good predictive power for loyalty, satisfaction, trust and quality, as the explained variance is 61.9%, 61.37%, 64.7% and 16.4%, respectively.

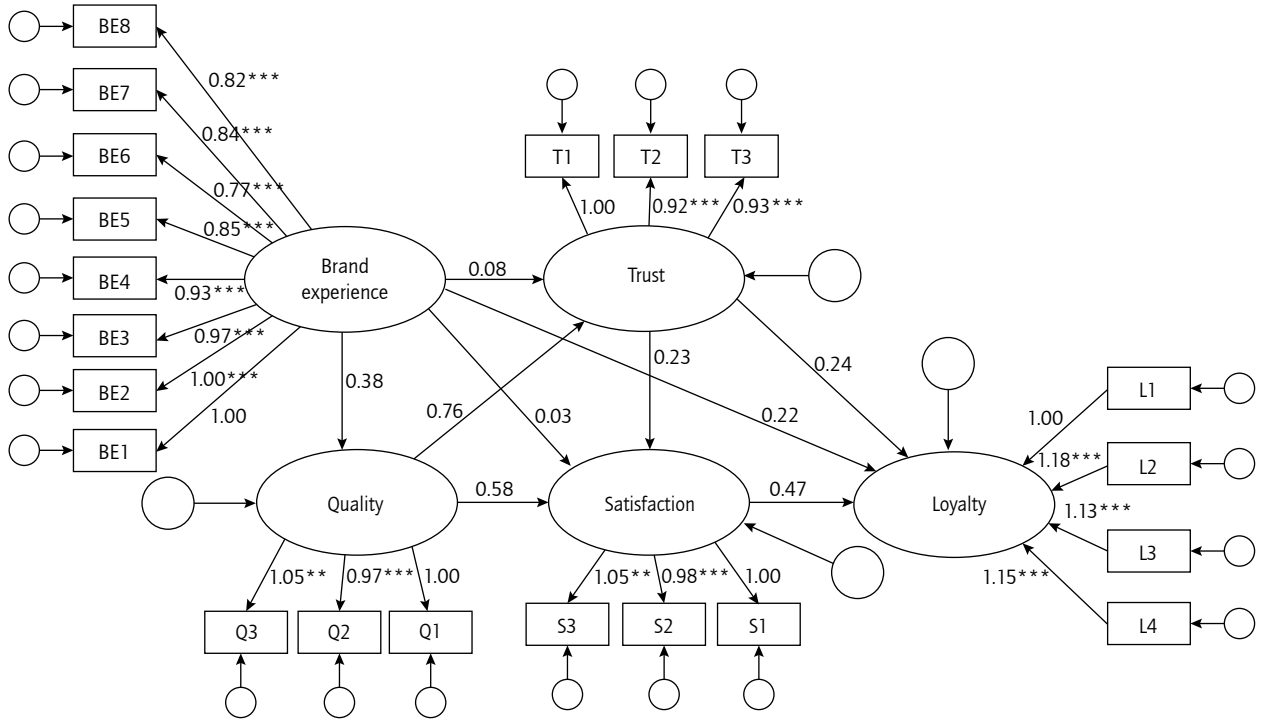

Figure 2. Research model with unstandardized parameter estimates. Source: Own elaboration.

Table 3.
Summary of results.

Hypothesis and causal path	Standardized structural coefficient	Assessment ($p < 0.01$)
H1: Satisfaction → Loyalty	0.478	Significant***
H2: Trust → Satisfaction	0.227	Significant***
H3: Trust → Loyalty	0.241	Significant***
H4: Quality → Trust	0.765	Significant***
H5: Quality → Satisfaction	0.576	Significant***
H6: Brand experience → Trust	0.087	$p = 0.013$**
H7: Brand experience → Satisfaction	0.029	$p = 0.355$
H8: Brand experience → Loyalty	0.228	Significant***
H9: Brand experience → Quality	0.405	Significant***
Fit Indices		
$\chi^2_{(180)} = 1058.554$		
NFI = 0.90; TLI = 0.90; CFI = 0.92; SRMR = 0.06; RMSEA = 0.08		
$SMC_{Loyalty} = 0.619$		
$SMC_{Satisfaction} = 0.613$		
$SMC_{Trust} = 0.647$		
$SMC_{Service\ quality} = 0.164$		

Notes. ***$p < 0.01$; **$p < 0.05$; *$p < 0.1$; NFI – Normed Fit Index; TLI – Tucker-Lewis Index; CFI – Comparative Fit Index; RMSEA – Root mean square error of approximation; SMC – Squared Multiple Correlation.

Source: Own elaboration.

Discussion

Results show that satisfaction, trust, quality and brand experiences have a positive impact on loyalty. Overall, the model offers good explanatory power.

When considering direct effects on loyalty, satisfaction seems to be the best predictor compared to trust and brand experience, as shown in table 4. Nevertheless, when we include indirect effects, service quality is the variable that influences customer loyalty the most. This influence stems from the positive relations between quality, trust, and satisfaction. Brand experience also plays an important role in loyalty, both directly and indirectly. Indirect effects of brand experience stem mostly from the positive contribution of service quality. Quality also shows itself to be a strong antecedent of satisfaction and, to a lesser extent, of trust.

The results match previous research (Aydin & Özer, 2005; Deng *et al*., 2010; Kim *et al*., 2004; Shin & Kim, 2008) that found service quality to have a strong indirect effect on loyalty. We found satisfaction to be a better predictor of loyalty than trust. Literature on marketing about the impact of satisfaction and trust on loyalty verified that both have a positive effect, however, satisfaction usually emerges as a stronger predictor than trust (Deng *et al*., 2010; Lin & Wang, 2006; Ranaweera & Prabhu, 2003).

Table 4.
Indirect and direct effects on loyalty.

	Direct	Indirect	Total
Satisfaction	**0.478**		**0.478**
S-L	0.478		
Trust	**0.241**	0.109	**0.350**
T-L	0.241		
T-S-L		0.109	
Quality		**0.542**	**0.542**
Q-T-L		0.184	
Q-T-S-L		0.083	
Q-S-L		0.275	
Brand Experience	**0.228**	**0.265**	**0.493**
BE-L	0.228		
BE-S-L		0.014	
BE-Q-S-L		0.112	
BE-Q-T-L		0.075	
BE-Q-T-S-L		0.034	
BE-T-S-L		0.009	
BE-T-L		0.021	

Note. ***$p < 0.01$; **$p < 0.05$; *$p < 0.1$.
Source: Own elaboration.

In order to deepen our understanding on the impact of brand experience on satisfaction and loyalty, we analyzed those relationships mediated by service quality and trust, and by satisfaction and trust, respectively, as shown in figures 3 and 4. The approach was to place brand experience at the beginning of the process as a main loyalty antecedent, while trust and satisfaction play mediating roles between brand experiences and loyalty.

The results in figure 3 show the direct relationship between brand experience and loyalty (Model L1), and satisfaction and trust mediating the effect of brand experiences on loyalty (Model L2). After adding trust and satisfaction we can conclude that the direct impact of brand experiences on loyalty decreases but explained loyalty variance increases. This highlights the importance of variables other than brand experience in building loyalty, particularly, trust and satisfaction, which is well supported in the literature.

We repeated a similar procedure in order to examine the impact of brand experiences on satisfaction, which has not been previously validated in our model. The models with and without mediators (figure 4) show a significant increase in the explained satisfaction variance while using mediators – this reveals that the impact of brand experiences on satisfaction is mediated by both trust and quality. Brakus *et al*. (2009) found that brand experiences had an impact on satisfaction when mediated by brand personality, whereas our results show that the relationship between brand experiences and satisfaction is mediated by service quality and trust.

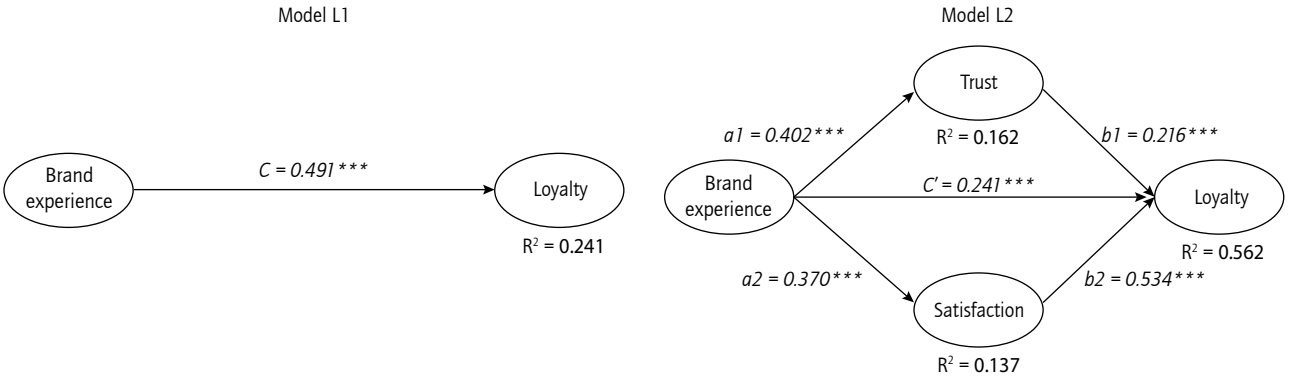

Figure 3. Model with brand experience total and mediated effect on loyalty. Source: Own elaboration.

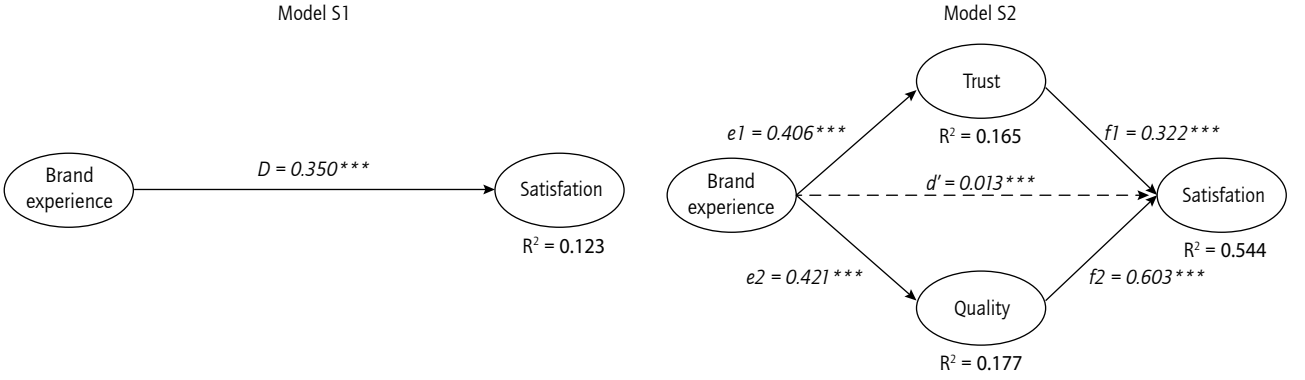

Figure 4. Model with brand experience total and mediated effect on satisfaction. Source: Own elaboration.

As shown, results indicate that brand experiences are directly and indirectly related to loyalty. However, the direct relationship between brand experience and brand satisfaction was not supported, contradicting other research studies (Brakus *et al*., 2009; Şahin *et al*., 2012), although that relationship can be mediated by service quality and trust. Brakus *et al*. (2009) successfully tested the influence of experiences on satisfaction and on loyalty, both directly and indirectly, through brand personality. In their research, however, the relationship between brand experiences and loyalty was stronger than between brand experiences and satisfaction, which is also supported by our research.

As mentioned above, the rapid technological innovations introduced in the provision of multiple-play services, integrating phone, Internet and TV, as well as experiences provided by new market entrants, might have negatively impacted customers' perception of brand satisfaction. Moreover, the fact that firms have aggressively entered the market and outperformed incumbents by using newer technologies and imposing new brand experiences might also have negatively influenced customers' perceptions of satisfaction. Clearly, this volatility has led customers to use more pragmatic measures of service quality to guide their loyalty behaviors.

Conclusions and Limitations

Main Conclusions

The main conclusion of this study is that brand experience is an important antecedent of service quality, brand trust, brand satisfaction and brand loyalty. However, its influence on the latter variables is more complex than originally thought. From the proposed model one can conclude that the relationship between brand experience and satisfaction was not statistically significant. Although brand satisfaction seems to be the most important direct predictor of brand loyalty, one can see that service quality and brand experience play a major role when conserving the indirect effects of the other variables of the model as brand trust, brand satisfaction and service quality. Moreover, brand experience plays an indirect effect on brand loyalty through brand trust, service quality and brand satisfaction that is normally underestimated.

Managerial Implications

Acquiring new customers is considerably more expensive and difficult than retaining existing ones. As suggested

by our research, factors such as trust, satisfaction, brand experiences and service quality are important for telecommunication service suppliers to establish a customer base and increase their customers' loyalty levels. Accordingly, in order to increase loyalty, multiple play suppliers must ensure the quality of their services. The higher the quality of the service, the greater the level of satisfaction with the service provider, enabling the development of trust.

Service providers must get their consumers favorably disposed since the whole process and interaction with them – *i.e.* first encounter or purchasing, installation and after service – can influence satisfaction and, therefore, loyalty. Trust also appears to be an important determinant of customer loyalty: In a service context, customers who cannot trust or do not understand their service providers as honest and concerned with their needs will not be loyal (service failures often lead to the loss of trust on a supplier). Thus, triple play suppliers must establish an image of integrity and benevolence.

Brand experience is a relative new concept in marketing, which arises whenever customers interact with brand related stimuli. Brand experiences can generate customer loyalty and increase trust and quality perceptions. As shown, the Portuguese multiple play market underwent deep changes in the last years, changing from a predictable service market into a very competitive one. This was triggered by the emergence of a new player which quickly took the market's top spot by means of an innovative marketing campaign in multiple play services (e.g., adopting a new logo, new colors and developing several successful advertisings, as well as sponsoring several well-known events and sports teams). The two other main brands quickly reacted, turning the multiple play market into a very competitive scenario both in technology adoption and marketing strategies.

A correct use of brand experiences can generate loyalty, which can be due to the fact that customers enjoy pleasant experiences. Thus, whenever brands provide unique and intense stimuli, using visual impact advertisements and soundtracks that might generate pleasure, will make customers want to repeat their experience and leave a long lasting memory in their minds.

Although experiences do not increase customers' satisfaction directly, they do it indirectly through trust and service quality. Existent research supports that customers react favorably to some colors and to the use of some logos as a demonstration of safety or dependability. By sponsoring important sports teams, suppliers not only increase their brand recognition but also establish a favorable association in a customer's mind, as well as a sense of trust. If brands are strong enough to be associated with TV celebrities, major sports teams or well-known social events, that must meant they are trustful, reliable and that they are "here to stay." Furthermore, brand experience had a positive impact on service quality perception. As service reliability and dependability are also related with trust, most likely, brands which are seen as trustful are at the same time understood as providing a reliable service and concerned with their customers.

Marketing managers have room to change their brands by using experiences. The scale is based on four dimensions (sensory, affective, behavioral and intellectual) and experiences emerge whenever customers interact with a brand related stimuli. As in multiple play services customer's interaction with a supplier's personnel is sometimes scarce (usually only on service installation or call center calls), brands must reach their customers and stay present in their lives using other approaches.

Perhaps the easiest dimension to address is the sensory one. In fact, in the Portuguese multiple play market, brands used high impact commercials, relying deeply on soundtracks, colors and slow motion video. Some of the soundtracks stay closely related with the brands making customers remember of them whenever played on the radio.

The intellectual dimension can be addressed by the development of thoughtful brand slogans, establishing the image of "enigmatic" brands, whereas the affective dimensions can be addressed by sponsoring events or teams, creating links through brands association. Perhaps the hardest dimension to address is the behavioral one, although multiple play brands are trying to establish connections with lifestyles.

Brand experience can lead to customer loyalty and increase service quality perceptions. Thus, experiences can be used by providers in order to increase value for both supplier and customer, working as a competitive advantage. In a market where products are sometimes similar and differentiation strategies are no longer effective, offering customers pleasant experiences can be an effective way to differentiate a provider and make it unique to its customer.

Limitations and Future Research

This study has several limitations. First, we included in our research traditionally used brand loyalty antecedents such as trust or satisfaction; however, some important factors were not examined, as in the case of brand promotions, loyalty programs, price or technology expectancy. Second, the model was tested in the Portuguese multiple play market where competition is fierce, brands develop high marketing efforts and technology is up to date, as such, the generalization of the findings to order industries, namely

goods industry, should be avoided. Third, as the results are based on cross sectional data, a longitudinal study would provide better inferences about causal changes on customers over time.

In order to increase knowledge on brand experiences development, further research could target brand experience antecedents, allowing better understanding on their influence on quality, satisfaction, trust and loyalty. Furthermore, a link could be established between customer's culture and experiences. As brand experiences report to all brand stimuli, those stimuli perceptions may vary across different cultures, as well as for the various loyalty antecedents examined.

Considering the characteristics of brand experiences it could be of added value to examine its relationship with brand involvement (which reports to the degree of interactivity between a customer and its supplier), brand image (in which way experiences change customers perceptios of a brand) or brand equity, as we positively supported the relationship between experiences and loyalty, widely recognized as an equity antecedent. Finally, in the Portuguese multiple-play market, brands have made significant efforts on marketing and advertisement campaigns. As such, further studies could examine which specific stimuli or marketing action has a greater impact on each (or several simultaneously) of the brand experiences dimensions, as well as evaluate which dimension contributed the most for the development of loyalty, satisfaction, quality or trust.

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