

## The Impact of Online Brand Experience on Customer's Satisfaction and Loyalty

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**Abstract:** Customers' satisfaction and loyalty are considered to be among the most important and key factors for business success. As a result of investigating and studying the relations between brand and customer, the ultimate goal of many companies is to create sustainable and profitable relations with their customers because such desirable and firm relations have advantages such as creating obstacles for competitors to enter the market, decreasing the sensitivity toward price increases, decreasing the marketing costs, increasing the market shares and positive word-of-mouth advertising and they can help the company to reach its goals. The recent study has been performed to investigate the impact of online brand experience on customer's satisfaction and loyalty. To do this, a random statistical sample consisting of 200 customers of online website for selling "My" brand cosmetics was selected and the data were collected using questionnaires. Also, SPSS 18 and AMOS 20 were used for analyzing the data and testing the hypotheses. The results of the study demonstrates that online brand experience has a positive and significant effect on customer's satisfaction and consequently on his/her loyalty.

**Key words:** Brand, online brand experience, customer's satisfaction and loyalty, sample, consequently

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### INTRODUCTION

The topic of brand and its management is undoubtedly the most important marketing topic nowadays. Brands fix the products and services in customers' minds. In the complex and changing world of business, if we are not able to create a brand and fix it in customer's mind, different advertisements, beautiful and luxurious packaging and other activities will be nothing but staggering costs and there is no guarantee for return of capital. The importance of brand and its management has increased so much that the marketing researchers are talking about the gradual decline of marketing concept and replacing it by brand. In fact, they believe that the brand concept will gradually become a synonym for marketing concept. A powerful and valuable brand can lead to customers' satisfaction, strengthening customers' loyalty toward brand and increasingly attracting more customers towards the company which will finally lead to reaching the ultimate goal of each organization and company, i.e., reaching the maximum profitability. The loyalty of customers toward the brand decreases the

marketing and advertising costs on the other hand. In fact, the customers who had an interesting and successful experience in using the company products and services in the past will not be affected by promotional and advertising activities of competitors and sustain their relation with the same organization (Lee and Jeong, 2014).

As mentioned earlier, online brand experience can lead to customers' satisfaction and loyalty which will stabilize the durability of organization. In terms of psychology, the customer's satisfaction is a feeling which is caused as a result of comparison between the received product specifications and customers' needs or wants and social expectations about the product (Manian *et al.*, 2011). Prakash considers these expectations as how to provide the services in order to achieve the full satisfaction of customers. Swan and Travik also define these expectations as the desirable levels of customers for receiving services (Sarlak and Eslami, 2011). In the past, the loyalty concept was studied along with consumers' expectations or the backgrounds that led the customers to buy a product or service again. The loyalty concept in

customer and building loyal customers are defined in business framework as “creating commitment in customers to make a deal with a certain organization and purchasing products and services frequently”. Loyalty is created when the customers strongly feel that the desired company can satisfy their needs in the best way possible in such a way that the competing companies are virtually expelled from customers’ considerations and they exclusively buy from the same company.

Due to the significance of online brand experience and considering the fact that many organizations have neglected this topic in the country, this study tries to investigate the online brand experience impact on the customers of “My” company in order to develop and promote its performance and if possible, suggestions will be presented in order to use and establish this experience more efficiently and increase its effects on customers’ satisfaction and loyalty. The results of this study demonstrate the privileges and advantages of brand, brand management and its consequences and effects on customers’ satisfaction and loyalty in companies and it will create the needed attention and motivation in other organizations’ managers. In addition, the results of this study can lead to a better understanding and awareness about online brand experience concept, infrastructures, processes and their effects on customers’ satisfaction and loyalty which will have a cognitive function in this sense.

**Literature review:** In this study, the online brand experience effects on customers’ satisfaction and loyalty will be analyzed. First, we take a brief look at online brand experience, customer’s satisfaction and loyalty distinctively and then, we will investigate the relations between these sections.

**Online brand experience:** The nature of brand experience was studied in early 80s but this concept was first mentioned in 1997 by Schmitt (2009). Brand experience results from the interactions between a customer and a brand or a company or part of an organization. Brand experience include sensory, behavioral and intellectual responses excited by relevant brand generators like design, identity, packaging, communications and the environment in which the brand is presented (Brakus *et al.*, 2009). Brand experience can occur in two direct and indirect ways. Direct experience comes from the physical contact of the customer with the product and indirect experience is caused by advertisements or marketing communications. Brand experience can be a

long-term or short-term, positive or negative experience. Brakus *et al.* (2009) consider brand experience a 4-dimensioned structure and its dimensions include:

**Sensory dimension:** The focus of the brand experience dimension is on customer’s sense of sight, smell, taste and touch. Sensory dimension shows the amount of brand attractiveness for consumer’s senses and demonstrates its impact on his/her senses.

**Affective dimension:** The affective dimension of brand experience implies on consumer’s internal emotions and feelings toward a brand.

**Intellectual dimension:** The intellectual (mental) dimension of brand experience includes the creative thinking of consumer. In fact, the intellectual dimension shows how much a brand can stimulate the feelings of curiosity, thinking and problem solution of the consumer.

**Behavioral dimension:** The physical dimension of brand experience implies on aiming at physical experiences of consumer’s life. This dimension shows the capacity of brand in involving in physical activities.

The recent studies in the field of brand experience have concentrated more on its antecedents and consequences rather than focusing on its definition and measurement methods (Iglesias *et al.*, 2011).

**Customer’s satisfaction:** The customer’s perception of service quality affects his/her behavior and decisions. Service providers may do their best to provide services but if the customers don’t perceive them as high-quality services, all the efforts will be useless. Therefore, the service providers should have a proper understanding of factors affecting customers’ perception, service quality constituents and how to satisfy the customers. Service quality is used as a tool for creating distinction and competitive advantage and has a important role in sustaining the customer’s value and strengthening it because the customers will have enough time for evaluating the services and organizations in general due to the simultaneity of receiving and using the services.

Customers’ satisfaction relies on the way they contact with products or services which they have received and used. Customer’s satisfaction is connecting the different stages of customer’s buying behavior and is known as a key factor in creating the future behavior of consumer (Christopher, 2000). Customer’s satisfaction is not dependent on the organization position in the market; it rather depends on the customer’s satisfaction with organization ability and capacity in providing

the expected quality of the customer (Ramesh and Devadasan, 2007). Customer's satisfaction can be defined as the level of agreement between presented performance and customer's expectations (Shahabi, 2006) and any kind of conception or feeling or response related to the customer's evaluation process of receiving services (Worley and Lawler, 2010).

**Customer's loyalty:** Keeping a customer in today competitive world is of great importance. Customer should be perceived as the main parameter of durability and profitability and a positive attitude toward the company should be inducted to the customer in order to create loyalty (Lewin *et al.*, 2015). Customers are the central point of attention in each organization and therefore, it is very important that service providers understand the expected level of customers from service quality in a proper way and try to provide services at higher levels of their expectations and obtain their maximum satisfaction and loyalty as a result. Consequently, understanding the customers' expectation is the prerequisite of providing better services (Sarnacchiaro *et al.*, 2014).

A loyal customer has several different advantages for the company like introducing the company to others, repurchase trend and so on. Therefore, companies should always care about their customers. Loyalty is created when the customers strongly feel that the desired organization can satisfy their needs in the best way possible in such a way that the competing companies are virtually expelled from customers' considerations and they exclusively buy from the same company (Jackson and Johansson, 2003). Loyalty can be defined as the appeal of the customer for choosing a product or brand among other products in order to satisfy his/her certain needs (Lin, 2008). The concept of loyalty in customer and building loyal customers are defined in business framework as "creating commitment in customers to make a deal with a certain organization and purchasing products and services frequently".

**Research conceptual model:** In this study, the conceptual model of the study has investigated the effect of brand experience based on the title of the study and presented literature review (Fig. 1).

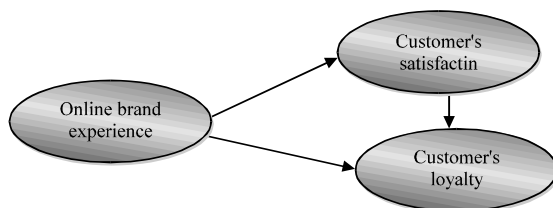


Fig. 1: Research conceptual model

### Research hypotheses:

- H<sub>1</sub>: Online brand experience has a significant effect on customer's satisfaction with "My" cosmetics brand
- H<sub>2</sub>: Online brand experience has a significant effect on customer's loyalty to "My" cosmetics brand
- H<sub>3</sub>: Customer's satisfaction has a significant effect on customer's loyalty to "My" cosmetics brand

## MATERIALS AND METHODS

This research is a descriptive-co relational study in terms of goal, application and nature. The population of this study consists of "My" cosmetics brand consumers. The sample size was calculated to be 200 people. The questionnaires used in this survey are consisted of two sections. The first section includes demographic variables such as gender, age and income. The second section was devoted to measurement of the related variables in this study. The rating scale of each question was arranged based on a 1-5 scale with 1 meaning as "Never" and 5 as "Always". The validity of the questionnaire was confirmed by experts. In order to determine the reliability of the test, Cronbach's alpha method was used. To do this, an initial sample consisting of 30 questionnaires was distributed. Cronbach's alpha was calculated by using the obtained data. The total Cronbach's alpha for all the questions related to existing variables in research analytical model was calculated to be 0.81 which is an acceptable value.

## RESULTS

In the first step, the measurement patterns are fitted. Fitting indicators of patterns are shown in Table 1. Measurement patterns have good fitting and total indicators somehow confirm the fact that data support the patterns in a good way.

It is worth to mention here that 3 questions measure each dimension of online brand. The above-mentioned measurement models are saturated and Chi-square indicator is not a good criterion for evaluating these

Table 1: Total indicators of fitting measurement patterns

Indicator	Component		
	Online brand experience	Customer's satisfaction	Customer's loyalty
CMIN	1.300	1.230	1.440
P	0.067	0.053	0.070
GFI	0.930	0.940	0.096
RMR	0.030	0.020	0.010
CFI	0.970	0.980	0.990
RMSEA	0.040	0.050	0.020

models. In other words, fitting indicators have no application for saturated model and only the load factors of variables are considered to be important fitting indicators and have the most usage in interpreting the results.

After investigating and confirming the measurement patterns in the first step, structural equations model (Fig. 2) was fitted and analyzed for testing hypotheses in second step. The total indicators for fitting the model are presented in Table 2.

For testing the hypotheses of the research, the structural equations model is fitted and analyzed. The total indicators for fitting the model are presented in Table 2. The results obtained from the presented data are presented in Table 2.

The output results of the model show that the path analysis model is an appropriate one. The amount of normal Chi-square is equal to 2.6 which is between two values of 1 and 3. The value of model's RMSEA is equal

to 0.07 and it's appropriate. Also, the values of GFI and AGFI and three indicators of NFI, CFI and IFI are close to each other and >90%. And finally, the value of RMR is close to zero. The values of fitting indicators for model are located in an acceptable area and these indicators indicate an appropriate pattern fitting by data and the collected data support the pattern very well. The hypothesis along with the regression coefficient and partial indices related to the hypothesis are presented in Table 3.

Table 2: Fitting indicators of the model

Indicators	Values	Reception area
CMIN/df	2.30	>1<3
RMSEA	0.07	<0.08
GFI	0.92	>0.90
AGFI	0.90	>0.090
NFI	0.95	>0.90
CFI	0.96	>0.90
IFI	0.96	>0.90
RMR	0.05	Close to 0

Table 3: Hypothesis test results

Hypotheses	Sample size	Significance figures	Correlation coefficient	Test result
Online brand experience~customer's satisfaction	250	0.000	0.59	Confirmed
Online brand experience~customer's loyalty	250	0.000	0.43	Confirmed
Customer's satisfaction~customer's loyalty	250	0.000	0.50	Confirmed

Amos software output

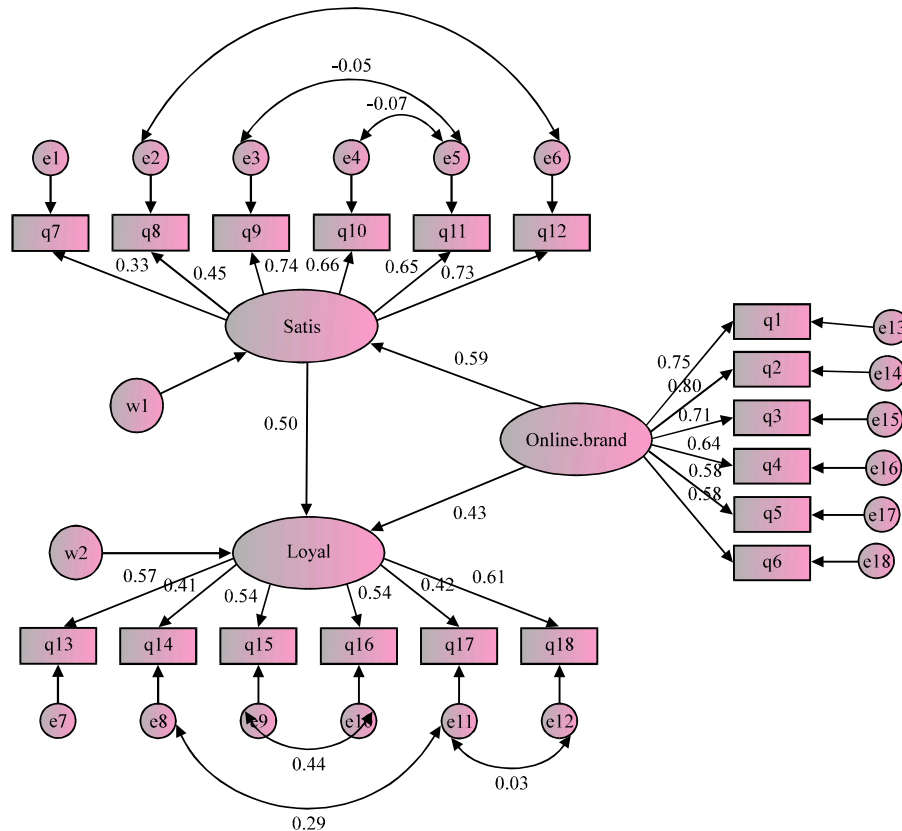


Fig. 2: Structural equations pattern

## DISCUSSION

The results of investigating the research hypotheses indicate:

- Online brand experience has a significant effect on customer's satisfaction with "My" cosmetics brand. Path analysis results showed that online brand experience affects customer's satisfaction with a factor of 0.59
- Online brand experience has a significant effect on customer's loyalty to "My" cosmetics brand. Path analysis results showed that online brand experience affects customer's loyalty with a factor of 0.43
- Customer's satisfaction has a significant effect on customer's loyalty to "My" cosmetics brand. Path analysis results showed that customer's satisfaction affects customer's loyalty with a factor of 0.50

## CONCLUSION

According to the obtained results from the general model of the study, it can be concluded that online brand experience affects customer's satisfaction and loyalty and creating an interactive environment and activating users practically in order to transfer reliable and rich information about online brand experience play an important role in reinforcing the customer's satisfaction and loyalty. The results of this study are in agreement with the results obtained from researches done by Brakus *et al.* (2009), Sahin *et al.* (2011), Walter *et al.* (2013) and Lee and Jeong (2014). If the customer feels that he can have a pleasant and sweet experience by buying and using the brand and knows this to be pleasant for others too, he/she will recommend this brand to other more and even if the brand's price is higher compared to similar brands, he/she agrees to pay the extra price because of that certain experience in order to gain that experience once more.

## LIMITATIONS

The existing limitations of this study include the absence of other affective dimensions on customer's satisfaction and loyalty such as trusting the brand and loving the brand. Another limitation of this study was that the research was limited to "My" online brand and it is required to study other brands too. Finally, it is recommended that other researchers who want to work in this research field consider the effects of mentioned dimensions on net worth of the brand in this study.

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