SOCIAL SCIENCES & HUMANITIES

Corporate Brand Equity in Consumer Goods Industry: An Experiential-Based Strategic Branding

Maria Mia Kristanti

Widya Mandala Catholic University, Dinoyo 42-44, 60256, Surabaya, Indonesia

ABSTRACT

This study investigates the role of brand experience from the perspective of customer brand equity looking at their favourable brand preference. The structural equations model (SEM) and quantitative research method was adopted. The LISREL software is applied to analyse data and results confirm that brand building blocks of experiential based model are key sources of brand equity and brand sustainability. All the nine research variables have a direct positive impact on brand sustainability. The findings also show the impacts on the general brand personality and brand trust of brand sustainability was mediated by brand experience.

Keywords: Brand building blocks, brand sustainability, corporate brand equity, LISREL, SEM

INTRODUCTION

In order for businesses to remain competitive is not easy as thousands of corporate brand exist around the world Corporate Brand Equity and its Sustainability shape consumer decision behaviour, and an important corporate competitive strategic formulation.

Brand Experiential reveals the essential key success factors of Corporate Reputation, to strengthen Corporate Performance and increase its Brand Credibility and Brand Preferences. Moreover, it is crucial in renewing the corporate Brand Building Blocks, and emphasises Brand Personality, and Brand Trust. Corporate brand equity is where customers will decide to use these brands first, rather than any other corporate brand. They have a special bond or connection with the brand that could create specific feelings, and special sensation in the customer with a particular experience. The power of brand experience hence replaces
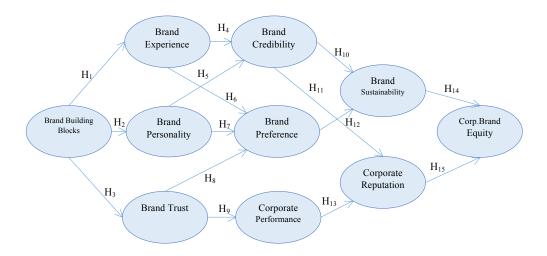
the brand with no value of experience. Thus, the customer experience should be used to develop the conventional brand equity model in its brand building blocks. The valuable, different, and emotionally connected brand experience creates consumer's preference of a brand. In the long term, this favourable brand experience becomes the most trusted and credible brand among its rivals. Experiential based branding as part of brand building blocks may become a source of brand sustainability. This study investigates brand experience and preference from the perspective of customer brand equity that could lead the company in achieving its brand equity.

LITERATURE REVIEW

Experiential-based branding is a strategic paradigm in managing consumers' brand equity (LaSalle & Britton, 2002). Shaw and Ivens (2002) describe consumer brand experience as a stimulus that evokes consumer behavioural responses (Oh, Fiore, & Jeoung, 2007). Experiential branding gains through customer loyalty (Poulsson & Kale, 2004). An experiential product innovation is urgently needed since the customer has to give a fast response according to their new experiences based on their past learning (O'Loughlin, Szmigin, & Turnbull, 2004). These new brand experiences could improve the consumers' standard of living, brand trust, and enhance brand preferences (Zarantonello, 2013). Consumers prefer to choose new experiences, which influence the preference for the brand when purchasing (Payne, Storbacka, & Frow,

2008). Experience sustainability lies on the customer's perceived value of the brand (Edvardsson, Enquist, & Johnston, 2005), leading to competitive positioning of the corporate brand in the market (Backstrom & Johansson, 2006). Furthermore, these brand leaders in experiences are the brand building blocks of corporate brand equity (Uriely, 2005). Corporate brand equity can be measured by the consumers' loyalty to the conceptual brand building blocks, thus corporate performance could become sustainably competitive (Uriely, Yonay, & Simchai, 2002). According to Trauer and Ryan (2005) corporate brand equity is based on brand experience association in mind. Berry, Carbone and Haeckel (2002) explain that the dimensions of consumer brand experiences have positive effects on firm's brand equity. These experiences vary based on consumer's demography differences, and create particular expectations towards the product, price, promotion, and place (Schembri, 2006). The logical and emotional response to the experiences must fit their brand associations (Addis & Holbrook, 2001), which will boost corporate performance and the company's reputation (Barsky & Nash, 2002). In sum, brand experience ultimately lies on the consumer's emotional feelings towards the overall brand attributes (Arvidsson, 2005), and brand perceived associations connected to everyday consumer needs and wants in a better way. Ponsonby-McCabe and Boyle (2006) state brand equity is built by customer experiences of the brand, which creates brand memory or recall as the main factor

for considering the brand choice (Smith & Wheeler, 2002). The great benefit for corporate with the strong brand experience strategy deal with enhancing brand trust and preferences, boost customer brand credibility and acquire brand sustainability (Prahalad & Ramaswamy, 2004). Schouten, McAlexander and Koenig (2007) also conclude that the more valuable brand experience needs higher brand personality

which is created in the customer's mind. The right positioning strategy based on customer's brand experience will create a competitive corporate reputation (Vargo & Lusch, 2004). Berry et al. (2002) found that dimensions of innovative brand experience motivate customer loyalty and equity for the brand, which makes the brand more sustainable.

Figure 1. Empirical research model

Based on the literature background, the following hypotheses are proposed:

H_1: Brand Building Blocks is related to Brand Experience positively.

H_2: Brand Building Blocks is related to Brand Personality positively.

H_3: Brand Building Blocks is related to Brand Trust positively.

H_4: Brand Experience is related to Brand Credibility positively.

H_5: Brand Experience is related to Brand Preference positively.

H_6: Brand Personality is related to Brand Credibility positively.

H_7: Brand Personality is related to Brand Preference positively.

H_8: Brand Trust is related to Brand Preference positively.

H_9: Brand Trust is related to Corporate Performance positively.

H_{10}: Brand Credibility is related to Brand Sustainability positively.

H_{11}: Brand Credibility is related to Corporate Reputation positively.

H_{12}: Brand Preference is related to Brand Sustainability positively.

H_{13}: Corporate Performance is related to Corporate Reputation positively.

H_{14}: Brand Sustainability is related to Corporate Brand Equity positively.

H_{15}: Corporate Reputation is related to Corporate Brand Equity positively.

METHODS

The main purpose of the study was to analyse the influence of brand experience on brand equity through a comprehensive model integrating all conceptual variables that affect corporate brand equity. The model was empirically tested in the context of 5 main corporate brands that has more than 20 product lines. These products range from food and beverages, toiletries, cosmetics, and medicines. Corporations such as Unilever, P&G, Wings, Lion, and Orang Tua have become the most popular corporate brands in Indonesia.

The five-scale Likert was used to gauge the respondent's response: (1) as strongly disagree; (2) as disagree; (3) neutral; (4) agree; and (5) strongly agree. The variables are based on literature. Structural Equation Modelling (SEM) was utilised to analyse all the correlations between the variables and hypotheses. LISREL software was used to achieve the objective of the research tests. The consumers in Indonesia who purchase products from those five corporations are the main target of this study. The purposive sampling technique was used to filter the unit sample based on certain criteria (Ferdinand, 2012). Thus, the sample population are Indonesians who: (1) live in Surabaya, the second most highly populated city; (2) who are at least 20 years old and above; (3) have consumed all of those five corporate brands with minimum usage of 20 product lines every month; (4) have used the products at least for three years.

RESULTS

This study tested validity and reliability test before performing the analysis, namely Cronbach Alpha and Composite Reliability respectively. The value produced by both Cronbach Alpha and Composite Reliability was more than 0.6 for the reliability criteria. The factor loading for the validity test was also categorised as valid, with the t-value exceeding 0.5 (see Tables 1 to 3)

Table 1
The respondent's characteristics

Category		Frequency	Percentage
City territory	East	17	17%
	West	25	25%
	Central	27	27%
	North	10	10%
	South	21	21%
Gender	Male	43	43%
	Female	57	57%
Age	20-25	15	15%
	26-30	24	24%
	31-35	31	31%
	≥ 35	30	30%
Usage level	20 product lines	38	38%
	≥ 20 product lines	52	52%
Usage time	3 years	42	42%
	≥ 3 years	58	58%

Table 2
Validity of manifest variable

Latent Variable	Indicators t- Value					Cut-off Value	Category
Brand building block	4.74	4.33	2.59	5.37	7.38	≥1.96	Valid
Brand experience	6.84	4.89	4.98	3.45	4.95	≥1.96	Valid
Brand personality	8.37	5.25	6.29	7.32	5.84	≥1.96	Valid
Brand trust	7.48	6.00	5.84	6.39	7.48	≥1.96	Valid
Brand credibility	4.98	5.98	7.97	3.85	3.60	≥1.96	Valid
Brand preference	7.45	7.94	5.37	7.99	6.27	≥1.96	Valid
Corporate performance	9.86	8.60	7.63	3.37	6.38	≥1.96	Valid
Brand sustainability	8.90	7.34	8.27	7.32	3.59	≥1.96	Valid
Corporate reputation	7.98	9.86	4.82	2.79	2.92	≥1.96	Valid
Corporate brand equity	8.38	7.93	5.37	7.28	5.78	≥1.96	Valid

Table 3
Reliability test of manifest variables

Variable	Cronbach's Alpha	Category
Brand building block	.977	Reliable
Brand experience	.928	Reliable
Brand personality	.981	Reliable
Brand trust	.817	Reliable
Brand preference	.836	Reliable
Brand credibility	.938	Reliable
Corporate performance	.915	Reliable
Brand sustainability	.839	Reliable
Corporate reputation	.957	Reliable
Corporate brand equity	.828	Reliable

The values of model fit-test were classified as good-fit for six measurements, and marginal fit only for one measurement. This result indicates that all variable was chosen, and the theoretical building was in a good, logic, and qualified conceptual background. The 15 hypotheses was supported which means the sampling technique and the variables were accurate. Thus, the customer experiential values can be implemented in corporate brand equity building.

Table 4
Structural equation model fit indices

Hypotheses	Effects between Constructs			Standardized β
H1	Brand building block	→	Brand experience	0.787 (P≥0.00)
H2	Brand building block	→	Brand personality	0.325 (P≥0.00)
H3	Brand building block	→	Brand trust	0.641 (P≥0.00)
H4	Brand experience	→	Brand credibility	0.890 (P≥0.00)
H5	Brand experience	→	Brand preference	0.152 (P≥0.00)
H6	Brand personality	→	Brand credibility	0.246 (P≥0.00)
H7	Brand personality	→	Brand preference	0.173 (P≥0.00)
H8	Brand trust	→	Brand preference	0.502 (P≥0.00)
H9	Brand trust	→	Corporate performance	0.428 (P≥0.00)
H10	Brand credibility	→	Brand sustainability	0.137 (P≥0.00)
H11	Brand credibility	→	Brand sustainability	0.325 (P≥0.00)
H12	Brand preference	→	Brand sustainability	0.122 (P≥0.00)
H13	Corporate performance	→	Corporate reputation	0.145 (P≥0.00)
H14	Brand sustainability	→	Corporate brand equity	0.283 (P≥0.00)
H15	Corporate reputation	→	Corporate brand equity	0.721 (P≥0.00)

Table 5
Model evaluation tests

Constructs	R Square	Composite Reliability	Loading Factor
Brand building block	0.865	0.890	0.587
Brand experience	0.989	1.000	1.000
Brand personality	0.847	0.818	0.754
Brand trust	0.870	0.925	0.953
Brand preference	0.851	0.883	0.874
Brand credibility	0.975	0.859	0.975
Corporate	0.984	1.000	1.000
Performance	0.963	1.000	1.000
Brand sustainability	0.959	0.842	0.869
Corporate reputation	0.972	1.000	1.000
Corporate brand equity			

Table 6
Model fit-test

Goodness of Fit Index	Cut-off Value	Model Result	Category
GFI	≥0.9	0.975	Good Fit
RMSEA	≥0.9	0.987	Good Fit
NFI	≥0.9	0.951	Good Fit
IFI	0.8≤IFI≤0.9	0.896	Marginal Fit
CFI	≥0.9	0.962	Good Fit
PFGI	≥0.9	0.967	Good Fit
RFIs	≥0.9	0.974	Good Fit

DISCUSSION

The study found: (1) Experiential-based brand strategy can determine corporate brand equity. This is due to customer experience in which convinces them on the value of the product than the old model of brand building strategy via marketing campaign or advertising. This would contribute to corporate performance. This can increase the impact of brand strategy on financial performance. Thus, experiential-brand strategy could be a source of competitive advantage as supernormal profit is earned by satisfying the customer (O'Loughlin et al., 2004). (2) The creation of unique brand experience in consumer minds is a major task of the corporation to create values in them. These values are economic, functional, differentiated value, social and lifestyle. All of these values were built in these corporate brands within every five level of attribute product in the core, basic, added, augmented, and potential product level (Barsky & Nash, 2002). (3) Obviously, this certain brand strategy affects the consumer's perceived value of the corporate brand based on their sensory receptor. As the predetermined concept of sensory experience in seeing, hearing, tasting, sensing, and touching, the experiences could create the sixth element of sensation, as the customer becomes more indulged or even addicted (Backstrom & Johansson, 2006). (4) The corporate reputation was

also affected by the experiential-based brand strategy, as the experience would shape the consumer's preference. This will have an impact on consumer decision-making. The tendency for the customer to simplify their hierarchical of need in the product based on clues of information could be a convenient way to choose among the rival brands. Consumer product evaluation criteria would be better and less expensive as they experiencing the right product through recognition, rather than trial and error (Addis & Holbrook, 2001). (5) Thus, the brand becomes more credible in their perspective. The brand credibility will counter any customer hesitancy. This worthy experience would seal the corporate brand images as the most reliable among s experience offering (Payne, 2008). (6) Customer experience will satisfy their utilitarian, hedonic, and social needs. Achieving these overall needs of the customer in a fast and better way, would increase customer awareness on corporate brand vis a vis their competitors (Berry et al., 2002). Such a strategy creates a corporate brand sustainability in all variant of the brand with fewer efforts. The larger customer equity on brand, occurs when the customer views the corporate brand in a stereotype way without exception or need for a substitute (Ponsonby & Boyle, 2006).

CONCLUSION

This study concluded that all of the variables are positively correlated and have a significant effect on corporate brand equity. Corporate brand equity based on consumer experiential is essential for brand sustainability and corporate reputation. Managing consumer experiential strategy also becomes a source of brand credibility and brand preference. Meanwhile, brand trust is also a predictor variable for corporate reputation. The study shows experiential based strategy for managing the brand equity was success in consumer goods industry, as the consumer needs to be more convinced by the corporate product rather than any non-corporate competitors. Experiential-based strategy on corporate brand equity could also become critical in managing sustainability of consumer brands. Additionally, corporate performance is important for the brand credibility in experiential-based brand strategy. Thus, human experience embedded in the consumer's mind in relation to the product is key. Brand experience along with brand building blocks would lead to brand equity. Customer response is key to achieving any brand marketing strategy developed on an experience basis. Creating a valuable experience can result in customer loyalty.

REFERENCES

Addis, M., & Holbrook, M. B. (2001). On the conceptual link between mass customization and experiential consumption: An explosion of subjectivity. *Journal of Consumer Behavior, 1*(1), 50-66.

Arvidsson, A. (2005). Brands: A critical perspective. *Journal of Consumer Culture, 5*(2), 235-259.

Backstrom, K., & Johansson, U. (2006). Creating and consuming experiences in retail store environments: Comparing retailer and consumer perspectives. *Journal of Retailing and Consumer Services, 13*, 417-430.

Barsky, J., & Nash, L. (2002). Evoking emotion: Affective keys to hotel loyalty. *Cornell Hotel and Restaurant Administration Quarterly, 43*, 39.

Berry, L. L., Carbone, L. P., & Haeckel, S. H. (2002). Managing the total customer experience. *MIT Sloan Management Review, 4*3(3), 85-89.

Edvardsson, B., Enquist, B., & Johnston, B. (2005). Co-creating customer value through hyperreality in the pre-purchase service experience. *Journal of Service Research, 8*(2), 149-161.

Lasalle, D., & Britton, T. A. (2002). *Priceless: Turn-ing ordinary products into extraordinary experiences*. Cambridge: Harvard Business Press.

Oh, H., Fiore, A. M., & Jeoung, M. (2007). Measuring experience economy concepts: Tourism applications. *Journal of Travel Research, 46*, 119-132.

O'Loughlin, D., Szmigin, I., & Turnbull, P. (2004). From relationships to experiences in retail financial services. *International Journal of Bank Marketing, 22*(7), 522-539.

Payne, A. F., Storbacka, K., & Frow, P. (2008). Managing the co-creation of value. *Journal of the Academy of Marketing Science, 36*(1), 83-96.

Ponsonby-McCabe, S., & Boyle, E. (2006). Understanding brands as experiential spaces: Axiological implications for marketing strategists. *Journal of Strategic Marketing, 14*(2), 175-189.

Poulsson S. H., & Kale, H. S. (2004). The experience economy and commercial experiences. *Marketing Review, 4*, 267-277.

Prahalad, C. K., & Ramaswamy, V. (2004). Co-creation experiences: The next practice in value creation. *Journal of Interactive Marketing, 18*(3), 5-14.

Schouten, J. W., McAlexander, J. H., & Koenig, H. F. (2007). Transcendent customer experience and brand community. *Journal of the Academy of Marketing Science, 35*, 357-368.

Shaw, C., & Ivens, J. (2002). *Building great customer experiences*. New York: Palgrave Macmillan.

Smith, S., & Wheeler, J. (2002). *Managing the Customer Experience: Turning customers into advocates*. London: Prentice Hall.

Trauer, B. B., & Ryan, C. (2005). Destination image, romance and place experience – An application of intimacy theory in tourism. *Tourism Management, 26*(4), 481-491.

Uriely, N. (2005). The tourist experience - Conceptual developments. *Annals of Tourism Research, 32*, 199-216.

Uriely, N., Yonay, Y., & Simchai, D. (2002). Backpacking experiences: A type and form analysis. *Annals of Tourism Research, 2*9, 520-538.

Vargo, S. L., & Lusch, R. F. (2004). The four service marketing myths - Remnants of a goods-based, manufacturing model. *Journal of Service Research, 6*(4), 324-35.

Zarantonello, L., & Schmitt, B. H. (2013). The impact of event marketing on brand equity: The mediating roles of brand experience and brand attitude. *International Journal of Advertising, 32*(2), 255-280.