

## A conceptual framework of brand experience for luxury brands

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### Abstract

Increasingly researchers are emphasizing the role of consumer experiences in marketing of luxury brands. Experiential marketing essentially describes marketing initiatives that give consumers in-depth, tangible experiences in order to provide them with sufficient information to make a purchase decision. The objective of this research paper is to develop a conceptual framework of antecedents and outcomes of brand experience for luxury brands, which would enable luxury marketers to formulate experiential branding strategies for their offerings in the marketplace.

**Keywords:** Luxury brands, Brand experience, Conceptual framework, Antecedents, Outcomes, Brand.

### Introduction

The luxury market in India has also been steadily growing at a healthy rate of 25% over the last couple of years (CII-IMRB Kantar Report, 2016). The recent ecommerce and technology boom has created many relatively young ultra HNIs who have sky-high aspirations and desires when it comes to luxury purchases. According to Top of the Pyramid 2017, Kotak Wealth Management study, it is estimated the number of UHNHs (Ultra High Net Worth Individuals) in India, has increased by 10% to approximately 160,600 in 2017 – which is a compounded annual growth rate of 12% over the previous five years. The growth of Indian luxury market growth is fuelled by various favourable factors. The rising young population of India is a major driver of the growing Indian luxury market. The Indian luxury market is still young and evolving when compared to the mature European and North American Market (CII-IMRB Kantar Report, 2016). As per the Top of the Pyramid 2017, Kotak Wealth Management study, Indians are also getting wealthier at a younger age. Another important factor to fuel the higher growth rate of Indian luxury market is the rise of the new age women who are now more empowered and financially independent than ever before, especially in the metropolitan cities of India (CII-IMRB Kantar Report, 2016).

The high growth rate of luxury brands in India is also accounted by the change in the mindset of Indian consumers; from savings to consumption orientation (Jain et al., 2015). This change to the broader “millennial state of mind” is permeating the luxury industry and changing the purchasing habits of all generations. In order to capitalize the new competitive landscape traditional corporate strategies are under threat. Luxury companies need to provide inspirational experiences through redesigned customer journeys and master the touch points throughout the customer’s lifetime in order to win this new luxury era (Bain & Company Inc; Luxury Goods Worldwide Market Study, Fall–Winter 2017 Report).

### Conceptual Framework: Theoretical Foundations

Vigneron & Johnson, (1999), use luxury to describe the very top category of prestige brands, whereas Wiedmann et al., (2007) defined the concept of luxury as highly subjective, situation contingent and depending on the experience and individual needs of the consumers. Tynan et al. 2010, (p. 1158) define luxury brands as “high quality, expensive and non essential products and services that appear to be rare, exclusive, prestigious, and authentic and offer high levels of symbolic and emotional/hedonic value through customer experience. As various marketing academicians have defined luxury brands in several different ways there is no agreed upon definition of luxury, in the marketing literature (Dubois & Duquesne, 1993; Vigneron & Johnson, 1999).

Thus marketing academicians have followed an integrative understanding of luxury which examines the multifaceted perceived value, a consumer seeks through luxury consumption (Hennigs et al., 2013; Tynan et al., 2010), which in other words refers to examining luxury brands in terms of what it does- the motivation for the consumer to buy luxury goods and the perceived value of luxury good to the consumer rather than characteristics of or set of attributes of luxury brand.

### Luxury Value Framework

Vigneron & Johnson (2004, 1999) developed a theoretical framework of luxury brand value that captured both personal effects (hedonism and quality) and inter-personal effects (conspicuousness, uniqueness and social) value perceptions. Wiedmann et al. (2007, 2009) extended Vigneron & Johnson (2004, 1999) and added financial value dimension to reflect the monetary value of luxury brand which refers to the direct monetary aspects as well as the aspects of exclusivity and rareness of the luxury products (scarce material used, limited accessibility and distribution). It includes the perception that higher price of the luxury brand, signals the high quality of the product.

A review of the literature of luxury value frameworks reveals that traditionally luxury has been associated with exclusivity, status and quality; however, as contemporary

consumer behaviour is undergoing a paradigm change, modern day consumers are using consumption to make statements about themselves, to create identities and to develop a sense of belonging. This new understandings of changing consumer behaviour have emphasized importance of understanding the meanings which consumers ascribe to luxury brands (Seo & Buchanan, 2015). Thus greater attention is vital for understanding how luxury consumers interact with and experience the luxury brand (Tynan et al., 2010). This new paradigm has emphasized the role of experiential marketing in study of luxury goods (Ballantyne & Varey, 2006). Experiential Marketing provides a new approach to examine the unique nature of luxury consumption and is predicted to become an important component of luxury marketing.

### Brand Experience

The key idea of experiential marketing is that value does not only reside in the objects of purchase (products and services) and in their utilitarian and functional benefits, but also in the hedonic and experiential elements surrounding the product and service, and in the experience of consumption itself (Schmitt & Zarantonello, 2013)

Academic literature examined various experience constructs, such as consumption experience (Holbrook & Hirschman, 1982), service experience (Hui & Bateson, 1991), shopping experience (Kerin et al., 1992), product experience (Hoch, 2002), however most of these experience constructs referred only to specific phases of consumer life cycle (for example shopping experience) or specific offering (for example service experience and product experience).

Brakus et al. (2009), coined the term brand experience to specify the subjective, internal consumer responses generated by brand related stimuli which is part of a brand's design and identity (name, logo, and signage), packaging, marketing communications (advertisements, brochures, web- sites content) and in environment in which brand is marketed (retail stores, events, website- design). Brand experience is considered to be the broadest experience construct which includes all different experiential concepts such as product, shopping, service and consumption experience (Khan & Fatma, 2017; Nysveen et al., 2013; Zarantonello & Schmitt, 2010). It is conceptualised as a multi dimensional construct consisting of four dimensions namely sensory, affective, intellectual, and behavioural experiences.

### Conceptual Model: Brand Experience for Luxury Brands

Existing literature on branding (Keller & Lehman, 2006) and experiential marketing scholars (Brakus et al., 2009; Schmitt, 1999) have emphasized on the need to understand both antecedents and consequences of brand experience, however, except, Roswinanto & Strutton, (2014) study which focussed on the examination of antecedents and consequences model of brand experience in advertising context and Khan & Fatma, (2017) which developed a brand experience model for restaurant brands,

there has been negligible research on brand experience model especially, in context of luxury brands. Therefore this study proposes that event marketing and brand clues positively influences the brand experience in the context of luxury brands and aids in develop brand loyalty and cultivates brand credibility.

### Antecedents of Brand Experience in Luxury Brands

This study in conjunction with the extant literature on brand experience, proposes that event marketing activities and brand clues are the key antecedents of brand experience in luxury brands.

Event marketing is viewed as “a communication tool whose purpose is to disseminate a company's marketing messages by involving the target groups in experiential activity” (Drengner et al., 2008). Event marketing offers first hand brand experiences (Whelan & Wohlfeil, 2006) and is recognised as a branding tool to build brand equity (Akaoui, 2007; Zarantonello & Schmitt, 2013). It plays an important role in creation of long lasting brand experience (Fransen et al., 2013).

Events can take various forms, including incentive/ reward programmes, product launches, open days, conferences, product sampling, publicity events, the so called “ created “ events, road shows, press conferences, competitions/contests, exhibitions, corporate entertainment, charity fundraisers, trade shows and product visitor attractions(Wood, 2009).

Event marketing is characterized by high audience involvement, novelty, experiential richness and spatial and temporal transiency(Tafesse, 2016a), thus suggesting that event marketing activities would have a deeper influence on developing positive brand experience for the luxury brands, which are high experiential in nature.

Therefore, this study proposes:

**Proposition 1:** Event marketing activities have positive influence on brand experience for luxury goods.

Brand Clues have also been emphasised to influence brand experience, clues influence the customer's overall perception of an experience. Brand clues consist of functional clues (technical performance of the service), mechanic clues (tangibles associated with the service), and the humanic clues (behaviour and appearance of service providers)(Berry et al., 2006).

Berry et al., (2002) mentioned that the functional, mechanic, and humanic clues play specific roles in creating the customer's service experience, influencing both rational and emotional perceptions of service quality. Studies have also shown that different brand clues such as that slogans and mascots (Keller, 1987), colours (Gorn et al., 1997), shapes (Veryzer & Hutchinson, 1998), design elements (Mandel & Johnson, 2002), packaging(Underwood, 2003), brand name (Srinivasan & Till, 2002; Warlop et al., 2005) simple touch points such as order forms, application forms, customer billing (Coomber & Poore, 2013), physical infrastructure (Hanna and Rowley, 2013), store uniqueness

(Dion & Arnould, 2011) and store atmosphere (Hollenbeck et al., 2008) can shape consumer's experience with the brand. The composite of all the clues makes up the customer's total experience. The emotional clues, are just as important to the customer experience and work synergistically with functional clues (Berry et al., 2002).

Therefore, this study proposes:

**Proposition 2:** Brand clues have a positive influence on brand experience for luxury goods

### Consequences of Brand Experience in Luxury Brands

After analysing the extant literature on brand experience and luxury brands, this study proposes two outcomes of brand experience in the context of luxury brands- brand credibility and brand loyalty.

Loyalty towards, the brand, provides the firms with numerous advantages, such as reduced marketing costs, increased customer acquisition and cross-selling. Other brand loyalty-related advantages include positive word-of-mouth and reduced switching intentions of consumers (Ramaseshan & Stein, 2014) and due to the range of benefits derived from it, brand loyalty is the most cited concepts in marketing literature (Iglesias et al. 2011). Oliver, 1999(p. 34), gives a formal definition of loyalty, which states that loyalty is "a deeply held commitment to rebuy or repatronize a preferred product/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 behaviour. Experiences are complex phenomena that involves four dimensions: sensory, affective, intellectual and behavioural and providing stimulations on the all the four dimensions of experience is the heart of the brand building process (Brakus et al., 2009). Many studies such as (Khan & Fatma, 2017; Khan & Rahman, 2017b) have found the brand experience has a positive influence on cultivating brand loyalty in the context of services such as online banking (Khan et al., 2016a) and as well as online retail brands(Khan & Rahman, 2016b). Thus on the basis of discussion regarding the positive impact of brand experience on brand loyalty, the present study also proposes that:

**Proposition 3:** Brand experience has a positive influence on brand loyalty for luxury brands

The next outcome of brand experience, proposed by this study is creation of brand credibility. The concept of brand credibility is based on signalling theory of information economics perspective. As there are different levels of product information flows between the consumer and the firms, consumers are uncertain about the product attributes or the quality of services provided by the company (Kirmani & Rao, 2000; Martin & Camarero, 2005), causing the problem of information asymmetry. One of the possible solutions to the problem of information asymmetry is the use of signals. A signal is defined as "an action that the seller can take to convey information credibly about

unobservable product quality to the buyer" (Rao et al., 1999, p. 259).

Advertising may serve as a signal of a firm's commitment to its product or service quality (Nelson, 1974)because perceptions of advertising expenditures of firms are used as cues to infer quality when information about product quality is lacking(Kirmani, 1990). High advertising costs are perceived to be incurred only by high quality firms only, because high advertising expenditures can be only recovered from future sales (Rao et al., 1999), such firms use advertising as a signal to ensure that their product or service claims are credible.

Marketing literature also considers brands are the most widely used signal when considering unobservable qualities (Erdem et al., 2006; Morrin, 1999; Rao & Monroe, 1989). Consumers perceive branded products as higher in quality than unbranded products. According to Erdem & Swait (1998) a brand signal consists of "a firm's past and present marketing mix strategies and activities associated with that brand. In other words, a brand becomes a signal because it embodies (or symbolizes) a firm's past and present marketing strategies" (p. 135). Erdem & Swait, (2004) define, brand credibility as "the believability of the product information contained in a brand, which requires that consumers perceive that the brand have the ability and willingness to continuously deliver what has been promised" (p. 192).

Brand credibility as an outcome of brand experience has been empirically supported in the context of mobile phones brands (Shamim & Butt, 2013) and services (Khan & Fatma, 2017), however, the current marketing literature is silent on how by providing positive brand experiences, would increase the brand's credibility in the context of luxury brands.

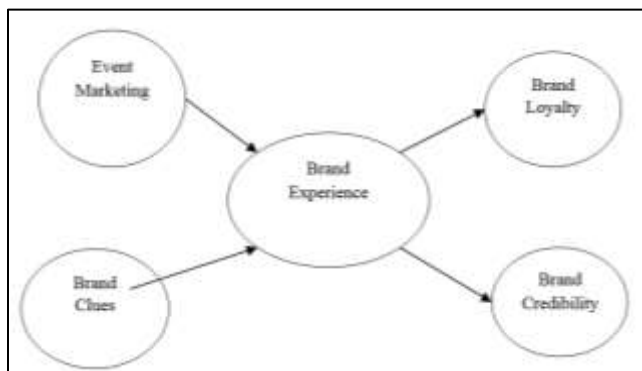
Therefore this study proposes:

**Proposition 4:** Brand experience has a positive influence brand credibility of luxury brands

### Conclusion

This study provides an important addition in current literature on luxury brand value and brand experience by proposing the conceptual framework incorporating antecedents and outcomes of brand experience in the context of luxury brands. In addition to theoretical contributions, this study also provides a number of managerial implications. First, by providing an integrated conceptual framework for brand experience in luxury brands, it provides managers a greater understanding of the factors that help to enhance and provide unique and memorable brand experiences because brand experience plays an important role in the formulation of focused marketing strategies and tactics for luxury value consumers. The present study recommends that event marketing and brand clues have a positive impact on brand experience. Luxury brand managers should focus on organizing events; the luxury brand should get associated with charity fundraisers, fashion shows, pop up shops, corporate

entertainment, art exhibitions which are rich in sensorial stimulation and trigger positive emotions in consumers. Another important implication of the present research is that it recommends that the luxury marketers should make an effort to go beyond the objective of mere sales and focus on developing physical and non-physical cues like store atmospherics, store uniqueness of the luxury brand store to create positive brand experiences. This research paper also highlights that positive brand experience, helps the luxury marketer to develop credibility of their brand prestige of their brand, but also cultivate loyalty amongst its consumers.



**Fig. 1: Adopted from the literature review**

Fig. 1 Proposed Conceptual Framework of Brand Experience for Luxury Brands

### Future Research

This research study has developed a theoretical framework; empirical investigation of the model should be carried out in subsequent research. Marketing literature on brand experience has suggested that brand experience consists of individual dimensions of experience; future research should investigate the current framework by modelling each dimension of brand experience with the antecedents and consequences of the framework and analysing which antecedent has higher influence on the individual dimensions of brand experience. Researchers may also investigate influence of other forms of brand affect as consequences of brand experience.

Existing framework of antecedents and outcomes of brand experience can also be empirically tested in the context of online luxury purchases. The biggest challenge for luxury brands will be to make optimum use of social media without compromising their brand values. Luxury brands will have engaged with more consumers on social media through digital marketing and web listening data analytics to gain insights into customer behaviour. The future success of the industry will depend on its success in permeating and proactively reaching out to its consumers.

With the advent of internet, luxury brands have struggled to provide digitally the same high-end personalised customer experiences that they offer to in-store clients. Today, as well as delivering a lively digital presence, they must also operate in an omnichannel world.

A true omni-channel global market environment would require luxury brands to close gaps in customer experiences across channels, to offer a seamless, unified brand experience irrespective of the device or physical touch point used. Therefore, each channel needs to interact with and support others to establish a single brand presence.

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