



# Innovative brand experience's influence on brand equity and brand satisfaction<sup>☆</sup>



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## ABSTRACT

Many studies examine the role of innovation as a source of competitive advantage in the airline industry. Innovative brand experience is a particularly hot issue as it can deliver unique functional and emotional elements to build a strong relationship between the brand and its customers. The purpose of this study is to examine the relationships between innovative brand experience, brand equity and brand satisfaction in airlines. To this end, this study collects passenger survey data at Taiwan's Taoyuan International Airport and uses multiple regression analysis to examine the relationships among the research variables and identify the final performance. The results reveal that airline innovative brand experience has a positive impact on brand equity and brand satisfaction. The study confirms the benefits of innovative brand experience in the airline industry and in helping the airlines in the branding process and customer management.

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## 1. Introduction

With the increasing emphasis on recreation and the widespread presence of multinational companies, monopolistic competition is increasingly characterizing the airline industry's market structure, especially following the growth of low cost carriers. Thus each airline must understand the needs and desires of its customers to generate more profit and thereby continue to survive in the competitive market. Budiarti, Surachman, Hawidjojo, and Djumahir (2013) observe that having solid brand management strategies is becoming increasingly important. Meanwhile, strategic innovation or radical business model innovation changes the way companies create, deliver and extract value for their customers (Hamel, 2003). Jacob, Tintoré, Aguiló, Bravo, and Mulet (2003) define innovation in services as "the conversions of ideas into products, process or service". Hjalager (2010) points out that product or service innovations are perceptible to tourists to such an extent that they may become a factor in the purchase decision. Airlinetrends.com reports that the list of products and service innovations show how airlines can come up with creative solutions to improve the passenger experience, increase revenues and/or lower costs (<http://www.airlinetrends.com/>). Furthermore, brand experience contributes positively to the customers' brand satisfaction level (Brakus, Schmitt, & Zarantonello, 2009; Iglesias, Singh, & Batista-Foguet, 2011; Şahin et al., 2011). Companies (i.e., Starbucks) articulate the importance of

brand experience in their mission statement to build strong brand loyalty among competitors (Verhoef et al., 2009). However, the literature on the aviation industry seldom uses this concept. Companies should therefore focus more on innovative brand experience to add value to customers and expand the range of experience options (Hjalager, 2010).

In a nutshell, airline marketers are trying to enhance the innovative brand experience of passengers, instead of only providing transportation services, in order to differentiate themselves from competitors, while increasing brand equity and brand satisfaction. The primary objective of this article is thus to depict the relationships between innovative brand experiences, brand equity and brand satisfaction for different airlines. Furthermore, this study aims to understand how the management of airlines responds to the innovative brand experience of and the relevant feedback from its consumers. Finally, this study's results can serve as valuable reference to airline companies regarding brand management methods.

## 2. Conceptual background

Brand experience is the sum total of consumers' encounters with a brand (Chattopadhyay & Laborie, 2005). Brakus et al. (2009) define brand experience as the sensations, feelings, cognitions, and behavioral responses that brand-related stimuli evoke and that are part of a brand's design and identity, packaging, communications, and environment. These stimuli mean that brand experience is subjective, and also evokes internal consumer responses and behavioral responses (Şahin et al., 2011). Customers' brand experience gains through consumption will possibly be stronger and last longer (Zarantonello & Schmitt, 2010). Subsequently, product or service innovations refer to changes that the customer directly observes and regards as new, either in the sense

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of never being seen or experienced before, or as being new to the particular enterprise involved (Hjalager, 2010). In the past, innovation focused almost entirely on technology, but now there are more and more product and service innovations in the airline and other service industries. Currently, airlines are providing more and better innovation designs for service processes, service products (menus, meals and supplies) and passenger cabins. These innovative brand experiences have profound meaning for the consumers, and serve to increase their trust and willingness to use the brand (Ha & Perks, 2005). As consumers expose themselves to different types of brand-related stimuli, they tend to transfer the brand into innovative brand experience in long-term memory, which influences the satisfaction of the experience when purchasing on the basis of that memory (Brakus et al., 2009).

Brand equity refers to the customer's subjective and intangible assessment of the brand, above and beyond its objectively-perceived value (Rust, Zeithaml, & Lemon, 2000). In short, brand equity is the value of a brand in the market (Randall, 2000). Brand image and brand awareness are the sources of brand equity (Jara & Cliquet, 2012). Furthermore, brand equity can reflect the consumers' thinking, feelings and actions toward the brand, and can even help to increase the value, market share and benefits of a firm. Customer Based Brand Equity (CBBE) occurs when the knowledge of customers regarding a brand affects their behavior toward the brand (Keller, 2003; Lee & Back, 2008). Romaniuk and Nenycz-Thiel (2013) suggest that the core element of CBBE is the association of customers' knowledge about the brand in their memory. Furthermore, the "network of brand associations in consumers' memory" also describes CBBE (Christodoulides & de Chernatony, 2010; Keller, 2003). According to Nam, Ekinci, and Whyatt (2011), the five dimensions of CBBE have positive effects on consumer satisfaction.

Satisfaction is a complex concept, and the consumer's background, characteristics, expectations as well as other stimuli such as convenience, sales people, selection, atmosphere, locations and promotional activities all affect it (Anselmsson, 2006; Devesa, Laguna, & Palacios, 2010). It is also the psychological and emotional result of individual experiences, regardless of whether it matches initial expectations (Baker & Crompton, 2000), and will influence the success of a firm (Nam et al., 2011). In sum, satisfaction refers to the emotional reactions, which emphasizes the emotional construct (Iglesias et al., 2011), and brand relationship quality which refers to the brand satisfaction of consumers in a long-lasting relationship.

Biedebach and Marell (2009) find that customer experience influences brand equity positively, besides giving the consumers deep

meaning and memory that affects their trust and willingness to shop with the brand (Ha & Perks, 2005). The biggest advantage to enterprises who commit to the establishment of the brand experience is that it can improve customer satisfaction and loyalty, strengthen customer-brand relationships and enhance brand value (Şahin et al., 2011; Yao, Wang, & Liu, 2013). Keng, Tran, and Le Thi (2013) find that the customer's experiential value directly affects the brand experience and brand personality indirectly affects it. Brakus et al. (2009) and Iglesias et al. (2011) in their empirical work also find significant effects of brand experience on brand personality, brand satisfaction and brand loyalty. Using brand experience to build a good image in the minds of consumers is an important way for enterprises to win their customer's loyalty and gain a competitive advantage in the implementation of strategic policies (Yao et al., 2013). In addition, Jones and Runyan (2013) and Rahman (2014) clearly demonstrate that the strength of the consumers' experience with the brand drives brand identification and brand equity. Lee and Jeong (2014) indicate that online brand experience influences brand satisfaction with a hotel. Besides, positive tourism innovation affects a firm's image, profitability and customer satisfaction (Jacob et al., 2003). This calculation yields the following hypotheses:

**H1.** Innovative brand experience has a positive influence on brand equity.

**H2.** Innovative brand experience has a positive influence on brand satisfaction.

### 3. Method and measures

This study uses multiple regression analysis (with SPSS 20.0) to examine the effects of innovative brand experience on brand equity and brand satisfaction. The study focuses on twelve questions on innovative brand experience from Brakus et al. (2009) that deal with sensory, affective, behavioral and intellectual brand experiences. There are thirteen questions that relate to brand equity, physical service quality, staff behavior service quality, ideal self-congruence and brand identification based on the CBBE of Nam et al. (2011). Besides, this study also utilizes Brakus et al. (2009) and Morgan-Thomas and Veloutsou (2013) to create four questions to measure the satisfaction of passengers toward airlines. This study modifies all questions to suit the characteristics of airlines and proposes a five-point Likert scale, ranging from strongly disagree (1) to strongly agree (5).

**Table 1**  
Demographic profile of respondents.

Variables		Cathay Pacific (n = 150)	Singapore Airlines (n = 151)	EVA Airways (n = 214)	China Airlines (n = 200)	Korean Air (n = 152)	Air Asia (n = 307)						
Gender	Female	92	61.3%	76	50.3%	120	56.1% <sup>%%</sup>	98	49.0%	88	57.9%	143	46.6%
	Male	58	38.7%	75	49.7%	94	43.9%	102	51.0%	64	42.1%	164	53.4%
Age	≤20	25	16.7%	17	11.3%	37	17.3%	39	19.5%	53	34.9%	107	34.9%
	21–30	47	31.3%	40	26.5%	77	36.0%	82	41.0%	47	30.9%	155	50.5%
	31–40	42	28.0%	59	39.1%	43	20.1%	34	17.0%	26	17.1%	26	8.5%
	41–50	21	14.0%	23	15.2%	30	14.0%	25	12.5%	14	9.2%	14	4.6%
	≥51	15	10.0%	12	7.9%	27	12.6%	20	10.0%	12	7.9%	5	1.6%
Travel purpose	Business	32	21.3%	70	46.4%	45	21.0%	40	20.0%	60	39.5%	132	43.0%
	Tourism	118	78.7%	81	53.6%	169	79.0%	160	80.0%	92	60.5%	175	57.0%
Frequency of travel abroad	≤3	107	71.3%	83	55.0%	164	76.6%	163	81.5%	108	71.1%	235	76.5%
	4–6	29	19.3%	42	27.8%	38	17.8%	26	13.0%	23	15.1%	50	16.3%
	≥7	14	9.3%	26	17.1%	12	5.6%	11	5.5%	21	13.7%	22	7.1%
Monthly income (USD)	≤1000	56	37.3%	41	27.2%	95	44.4%	108	54.0%	79	52.0%	230	74.9%
	1001–2000	50	33.3%	36	23.8%	63	29.4%	55	27.5%	26	17.1%	45	14.7%
	2001–3000	22	14.7%	36	23.8%	17	7.9%	23	11.5%	18	11.8%	23	7.5%
	≥3001	22	14.7%	38	25.2%	39	18.2%	14	7.0%	29	19.1%	9	2.9%
Nationality	Taiwan	98	65.3%	78	51.7%	147	68.7%	144	72.0%	99	65.1%	48	15.6%
	Others	52	34.7%	73	48.3%	67	31.3%	56	28.0%	53	34.9%	259	84.4%

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