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A STUDY ON TRUST, BRAND IMAGE, EXPERIENTIAL MARKETING AND CUSTOMER LOYALTY

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Abstract: With the improvement of Taiwan’s national income and living standards, department stores have been expanding. Retail malls, new department stores and shopping centers development projects increased that caused the existing department stores to encounter more and more challenge every year. In a highly competitive market, the total turnover of department stores in Taiwan are taken and shared by only few large department store groups that makes single-store operators competing with department store groups appeared to be quite difficult. Nowadays, consumers emphasize on trust, brand image and experiential marketing while making purchase decision. On the basis of analytical framework and the developed operational model, the primary data was collected through a questionnaire survey from the consumer of the department stores in Taiwan. A structural equation model was used to analyze the association among customer’s trust, brand image, experiential marketing and customer loyalty.

Main empirical findings were summarized as following:

1. There was a significant, positive correlation between trust and brand image degree.
2. There was a significant, positive correlation between experiential marketing and brand image degree.
3. There was a significant, positive correlation between trust and customer loyalty degree.
4. There was a significant, positive correlation between experiential marketing and customer loyalty degree.
5. There was a significant, positive correlation between brand image and customer loyalty degree.
6. There was no significant correlation between trust and experiential marketing degree.

Keywords: Trust, Brand Image, Experiential Marketing, Customer Loyalty
I. Introduction

With the improvement of Taiwan’s national income and living standards, department stores have been expanding. Retail malls, new department stores and shopping centers development projects increased that caused the existing department stores to encounter more and more challenge every year. In a highly competitive market, the total turnover of department stores in Taiwan are taken and shared by only few large department store groups that makes single-store operators competing with department store groups appeared to be quite difficult. Nowadays, it is not the product per se influence purchase decision merely but consumer trust, brand image and experiential marketing. On the basis of analytical framework and the developed operational model, the primary data was collected through a questionnaire survey from the consumer of the department stores in Taiwan. The relation among trust, brand image, experiential marketing and customer loyalty was examined in this study.

II. Theoretical Background and Hypotheses Development

A. Trust

Singh & Sirdeshmukh (2000) indicated that building consumer trust must be based on “competence” and “benevolence”. Competence enables the enterprise to achieve its commitment to the customer in a decent and honest way, and benevolence makes the enterprise believe that the interest of customers is always prior than theirs.

B. Brand image

There is high homogeneity among products in clothing retailer industry, brands therefore need a powerful brand image to create differentiation and brand association for adding enterprise value. Based on the consumer point of view, the research adopted the dimension of Park et al. (1986): Brand Concept-Image (BCM), which consists of (1) Functional, concerned with consumer extrinsic demands, (2) Symbolic, satisfying intrinsic demands such as self-esteem, self-identity, and social-identity, and (3) Experiential, meeting demands for seeking something new and exciting.

C. Experiential Marketing

Pine & Gilmore (2003) regarded consumer experience as an important part of selling that service can be seen as acting and product as the scene to create a memorable event worthy of consumer. Schmitt (1999) asserted that experience contains sense, emotion, thought and action beyond the individual to associate with others and culture.

D. Customer loyalty

Sirohi, McLaughlin & Wittink (1998) used three dimensions, repurchase intention, recommendation and cross purchase, to measure customer loyalty. Gronholdt et al. (2000) affirmed that customer loyalty consists of four dimensions: repeat patronage, brand promotion (recommendations), price tolerance, and purchase intention.

Morgan & Hunt (1994) asserted that maintaining a
long-term relationships with customers depends on trust, so trust plays an important role in the development of high-quality relationship. Arjun & Morris (2001) pointed out that trust can reduce consumer uncertainty, enhance the brand image, because consumers know the brand is trustworthy, and a reliable, secure and honest environment is an important part of brand trust.

**H1 : The higher the trust, the higher the brand image.**

Previous studies confirmed experiential marketing and brand image with a certain relevance. Huang (2008) stated that experiential marketing has a significant positive impact relation with brand image. Alba & Hutchinson (1987) believed that consumers can experience a higher degree of familiarity, stronger brand association and deep impression of the brand, thus the relationship between the individual and the brand is strengthened.

**H2 : The more successful the experiential marketing, the higher the brand image.**

An important factor that influence customers and enterprises to maintain a long-term relationship is trust. Singh & Sirdeshmukh (2000) asserted that when there is a strong trust between an enterprise and customers, customers tend to attach great importance to the trade, and it results in higher customer satisfaction and the willingness to maintain a long-term relationship that accomplishes the customer loyalty.

**H3 : The higher the trust, the higher the customer loyalty.**

Lee (2010) affirmed that experiential marketing have significant positive impact on customer loyalty in a study of hypermarkets Industry. Mano & Oliver (1993) pointed out that consumer emotional experience has a positive effect on customer satisfaction. Yue (2003) found that consumers' experience from "senses/ emotion", "affection/ reflection" and "action/ association" results in positive relation with consumer preferences, satisfaction, repurchase intention, customer loyalty and willingness to recommend.

**H4 : The greater the experiential marketing, the higher the customer loyalty.**

Brand is an important clue to assess the quality of the product, the value and willingness to purchase, and brand image is a result of the consumer’s interpretation to what the brand tries to deliver that is directly related to purchase decision. Aaker & Keller (1990) affirmed that a well-known or good-imaged brand is more capable of increasing the brand loyalty, and positive brand awareness also elevates consumer trust toward the brand. From a study on brand equity in B2B market, Juntunen (2011) pointed out that good brand image can lead to customer loyalty. Kamins & Mark (1991) believed that consumers have a better brand attitude toward the brand which they are more familiar with. Keller (1993) asserted that brand awareness enables the consumer to have confidence in products and services.

**H5 : The more successful the brand image, the
higher the customer loyalty.

Scanzoni (1979) and Dwyer et al. (1987) believed that buyers’ frequent interaction with suppliers helps each other to get through the hard time of a relationship, and it provides a better understanding of each other at the same time. Therefore, the more experience retailers have from suppliers, the more chance suppliers have to earn trust from retailers. Ganeesan (1994) also asserted that trust can be produced when experience to channel partners increases. According to the above, experiential marketing can influence trust, but on the contrary how trust influence experiential marketing has not been confirmed.

H6: The higher the trust, the more successful the experiential marketing.

III. Results and Discussion

TABLE 1
RESULTS OF RESEARCH ASSUMPTION

<table>
<thead>
<tr>
<th>Research assumption</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: The higher the trust, the higher the brand image.</td>
<td>Supported</td>
</tr>
<tr>
<td>H2: The more successful the experiential marketing, the higher the brand image.</td>
<td>Supported</td>
</tr>
<tr>
<td>H3: The higher the trust, the higher the customer loyalty.</td>
<td>Supported</td>
</tr>
</tbody>
</table>
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| H4: The greater the experiential marketing, the higher the customer loyalty. | Supported |
| H5: The more successful the brand image, the higher the customer loyalty. | Supported |
| H6: The higher the trust, the more successful the experiential marketing. | Not Supported |

According to this study, brand image of the department store is decided by whether the service is provided professionally and accurate information is given or not, and it determine the degree of customer loyalty as well. Pine & Gilmore (1998) defined experience economy as customers who seek not only tangible goods and services, but to participate in an activity and to feel something unique. Experience marketing were mostly applied on the tourism industry, but recently many retailers gradually converted to the service provider from the goods provider. Recently, department stores also went through a transformation from interior design, product display to the attitude of staff are required to perfection, in order to create brand identity and further improve customer satisfaction and loyalty. Therefore, this study suggested that experiential marketing plays a crucial role in the future business; in addition to maintaining the quality of products, a comfortable shopping environment and experience should be emphasized.

The competitive environment of department stores in Taiwan is intense, because products they provide are much similar. Therefore, brand is the key; in terms of customers, a good brand means the guaranteed after-sale service, so the price is not always the trigger when trust is considered. This study found that customer satisfaction could be improved through proper marketing strategy, and once customers identify the brand, customer loyalty could be relatively increased, and returning customers then advance the brand equity to a firm.

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