



Original Article

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The Effect of Brand Experience on Customer Engagement, Given the Mediating Role of Service Quality

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ABSTRACT: This research examines the effect of brand experience on customer engagement, given the mediating role of service quality in Pasargad Insurance Company. This study is an applied research in terms of purpose conducted through a descriptive-survey. The statistical population in this study included all customers of Pasargad insurance in Mazandaran province, the number of which was unknown. The sample size was set at 384 using Cochran formula for infinite population, the individual members of which were selected using non-probability convenience sampling. The preliminary data was collected through a field study, using a questionnaire with queries in 5-point Likert scale. A library research was conducted to extract the secondary data. The questionnaire validity was determined in terms of content and face validity, and its reliability was assessed using Cronbach's alpha, where the total reliability was 0.89. The research hypotheses were tested using structural equation modeling (SEM) technique in SMARTPLS software. The results showed that brand experience had a significant effect on customer engagement where service quality played a mediating role. Further, the results indicated that brand experience had a significant effect on customer engagement and service quality and service quality, in turn, had a significant effect on customer engagement.

KEYWORDS: Brand experience; Customer engagement; Service quality

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1. INTRODUCTION

Brands are the life force of companies. They generate market share, increase customer loyalty, enhance channel strength, offer higher potential profit margins, and protect the company against competitive shielding. For these key strategic reasons, almost all marketing activities ranging from new product development to retail advertising are focused on building strong brands. The company needs to consider the way(s) brand value is delivered and the kind of valuable outputs are going to be produced by the global brand (Kumar et al., 2017). Brand experience is a branch of experiential marketing that involves a set of conditions that a company creates in order to influence the customer's emotions regarding a specific product or company name. Today, creating better customer experiences sets you apart. For this reason, there is a trend in the world where companies spend more time, energy, and resources on brand and customer experience creation projects, training employees, and ensuring continuous contact with customers across all channels and media. In order to create a brand experience, companies must provide products and services that, if not exceed customer expectations, at least fulfill them. But how to create a brand experience is of great moment (Shabani et al., 2016). Customer engagement occurs when the company's goal is not only to sell the product to the customer, but to establish some kind of emotional connection through personalizing the interactions and making the company's customers and audiences happy, and by understanding the unique challenges of the customers, it tries to make their lives better so that in this way, they become spokespersons for the company. The concept of customer engagement refers to various customer activities that affect the performance of a company. These activities can include buying products, introducing other customers, talking about the company or brand in virtual networks, and providing feedback and suggestions to the company to improve performance (Huang, 2017). Given the above discussion, brand experience is a concept that has become recently of interest to experts in the field of consumer behavior. This concept refers to the experiences that originate from the customer's interactions with the product, organization or part of it, which brings about his reactions. By combining the various modes that consumers use to interact with a brand, companies try to establish a relationship between the brand and a specific need or feeling by creating an atmosphere full of good understanding, confidence and trust. Brand experience, which is usually managed by marketing or management staff, means to create a sensory experience for the user. An experience which remains with the consumer. This strategy, through communication and interaction with the target audience, helps to transform brand awareness to brand loyalty among consumers. This research seeks to answer the question as to whether brand experience has a significant effect on customer engagement through mediacy of service quality among customers of Pasargad Insurance.

2. THEORETICAL BACKGROUND

Brand experience is a type of experiential marketing that includes a set of conditions that a company creates in order to influence the customer's feelings regarding a specific product or company name. Customer involvement refers to various customer activities that affect the company performance. These activities can include buying products, introducing other customers, talking about the company or brand in virtual networks, and providing feedback and suggestions to the company to improve its performance. Accordingly, Pansari and Kumar have defined



customer engagement as follows: Mechanisms by which a customer directly or indirectly adds value to the company (Shabani et al., 2016). Service quality is one of the key factors in the success of service organizations, and the delivery of good quality service directly affects the profitability, market share, and cost reduction of the organization. Also, this category can affect customer satisfaction and behaviors such as loyalty, and while ensuring the continuity of purchases, it can turn the customer into a good marketer.

Aali et al. (2019) in a research entitled customer engagement in creating value during the relationship life cycle. They found that at different stages of the relationship life cycle, the engagement of customers in creating value for the insurance company is different. Fereydooni and Kalate Seifari (2019), in a research titled providing a Model of the Effect of Brand Experience and Awareness on Service Quality, investigated the role of brand and customer intention. Their findings from path analysis showed that brand experience and awareness had an impact on brand service quality and customer intention. Ahangaran and Aslani (2018) studied the effect of brand partnership elements on customer satisfaction and loyalty in chain restaurants of Tehran. They found a positive and significant effect of price advantage, advertising rewards (bonuses) and service support as the three main elements of brand engagement in customer satisfaction and loyalty. Saeednia and Hemmetyar (2016), in a research titled Investigating the Effect of Brand Experience, Trust and Satisfaction on Brand Loyalty in Business Enterprises of Cities (Case study: Kaleh dairy products), showed that brand experience, trust and satisfaction had a positive effect on brand loyalty.

Wang et al. (2019) in a research titled the Effect of Brand Experience and Service Quality on Customer Engagement, addressed the existing conceptual model of customer engagement and the way customer and firm-based factors relate to customer engagement with a focus on the airline industry. Chen and Wang (2018) in a research titled Customer Engagement, Customer Value Creation and Loyalty – A Case of Airline Online System. Their empirical results supported the hypotheses that customer engagement in using an online check-out system is fully related to all three values, which further led to satisfaction with the system. Satisfaction with the system was also related to company satisfaction, and both system satisfaction and company satisfaction had a positive effect on customer loyalty. Balajia et al. (2018), in a research titled Are Classic Customers Different? The Role of Negative Motivation and Customer Engagement in Service Improvement, showed that pessimism had a negative effect on perceived justice on satisfaction. Huang (2017) studied the effects of brand experiences on brand loyalty, given the mediating factors of brand interest and trust. The brand feedback model in this study showed that brand feedback, like brand loyalty, can ultimately be achieved through two logical and emotional paths.

Based on the above background, this research, using a conceptual framework, examines the effect of brand experience on customer engagement, given the mediating role of service quality in Pasargad Insurance Company.

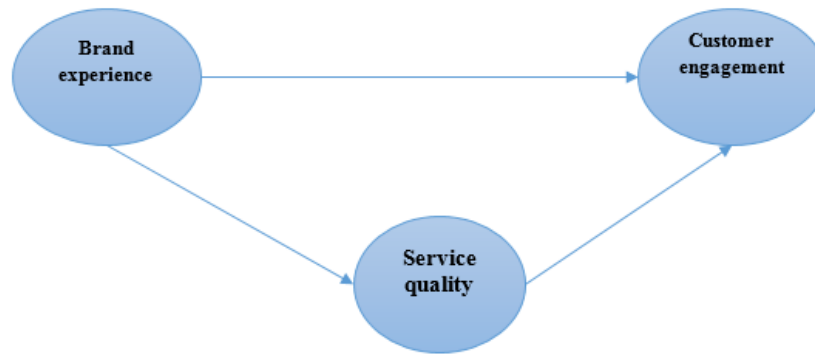


Figure1. Research conceptual model (Wang et al, 2019)

Based on the conceptual model, the following hypotheses are posited

Main hypothesis: brand experience has a significant effect on customer engagement through the mediacy of service quality.

Sub-hypotheses:

H1. Brand experience has a significant effect on customer engagement.

H2. Brand experience has a significant effect on service quality.

H3. Service quality has a significant effect on customer engagement.

3. RESEARCH METHODOLOGY

This is an applied research in terms of purpose conducted through a descriptive-survey. The statistical population included all the customers of Pasargad Insurance in Mazandaran province, the number of which was unknown. The sample size was set at 384 using Cochran formula for infinite population (with a 5 percent error), the individual members of which were selected using non-probability convenience sampling. The main data gathering tool in this research for collection of the required data was a questionnaire which was used in a field study. The research questionnaire was valid since the variables of information sharing level, brand service quality, perceived relationship value, and brand loyalty were derived from the standard questionnaire of Eniadzayo et al. (2017) and the theoretical literature as well as the scales used in other researches. In addition, the calculated Cronbach's alpha for all variables of information sharing level and the entire questionnaire was more than 0.7. In this research, following the descriptive statistics, we analyzed the data using Cronbach's alpha for reliability of the questionnaire in SPSS software. The main body of analyses was performed using SEM technique in the SmartPLS environment.

4. FINDINGS

The strength of the relationship between the factor (latent variable) and the observable variable is shown by factor loading. A factor loading between 0.4 and 0.6 is acceptable, and it is very desirable, if it is greater than 0.6 (Klein, 2010). The factor loading for the research variables has been calculated separately.

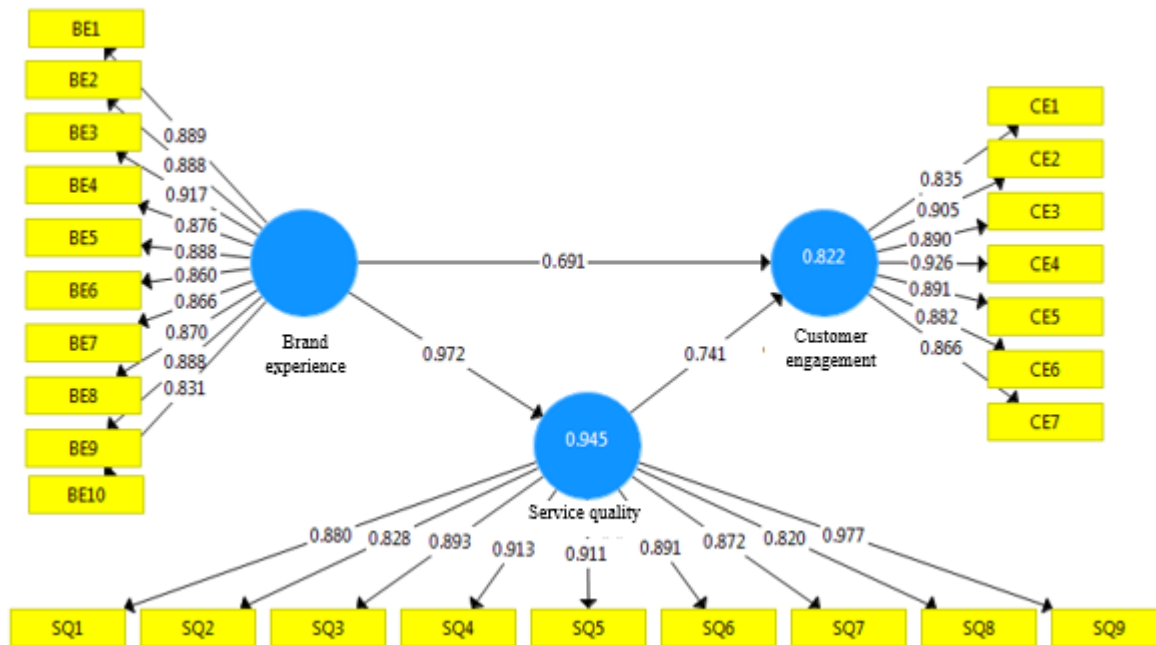


Figure 2. Factor loadings of model metrics in standard mode

As can be seen in figure 1, for all the constructs of the model, factor loadings are greater than 0.4, hence the reliability of the measurement models is within the acceptable range.

Table 1. Cronbach's alphas for composite reliability

Dimensions	CR	Cronbach's alpha	AVE
Brand experience	0.971	0.967	0.770
Customer engagement	0.962	0.954	0.784
Service quality	0.968	0.966	0.789

Dillon-Goldstein coefficient is used to check the composite validity of each of the constructs, which is marked by CR in PLS software. The values of this coefficient are specified in the table above, which are greater than 0.7 in all cases. Therefore, the structures have a good composite reliability. The AVE value in the table above in all dimensions is greater than 0.5, which indicates the acceptable level of convergent validity for the conceptual model. To assess discriminant validity, Fornell and Locker's method was used.

Table 2. Square root of the average variance extracted (AVE) with correlations

Indicators	Brand experience	Customer engagement	Service quality
Brand experience	0.972		
Customer engagement	0.885	0.890	
Service quality	0.878	0.888	0.906

In table 2, the value of R² for the endogenous variables confirms the structural model fit in terms of the R2 criterion.

Table 3. Q2 values

Variable	Q2
Service quality	0.945
Customer engagement	0.822

The Q2 values indicate high predictive power of the model regarding this construct, confirming once again the structural model fit.

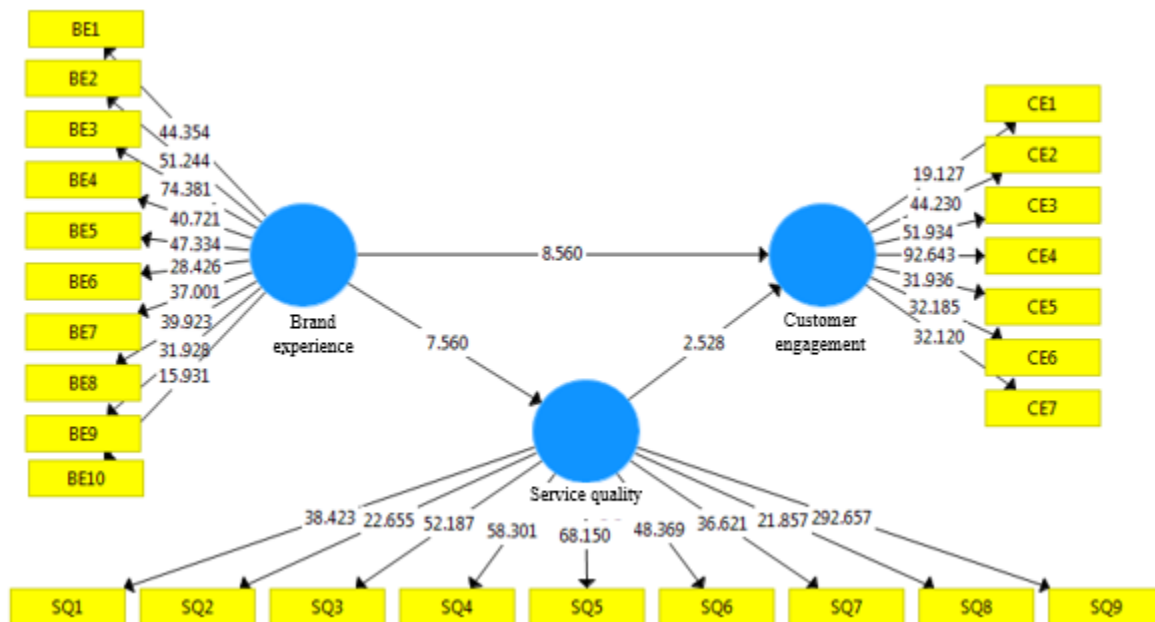


Figure 3. Significance coefficients of the research conceptual model

As shown in the model, all the hypotheses of the model are confirmed as their t-value is outside the specified range, indicating the significance of all the relationships between variables in the research hypotheses at the 95% confidence.

Table 4. The results for the research conceptual model

Hypothesis	Path coefficient	P-value	t-value	Decision
Main hypothesis	0.71	0.0000	83.12	Confirmed
Sub-hypothesis 1	0.69	0.0000	56.80	Confirmed
Sub-hypothesis 2	0.97	0.0000	56.70	Confirmed
Sub-hypothesis 3	0.74	0.0000	52.20	Confirmed

5. DISCUSSION AND CONCLUSION

Examining the main hypothesis, it was found that brand experience had a significant effect on customer engagement, given the mediating role of service quality. This finding is in line with the result obtained by Ahangaran and Aslani (2017), Albert et al. (2017) and Wang et al. (2019). This may suggest that service quality is a motivation hidden in the person in relation to the characteristics of the person or the object. Brand experience is the degree of interest a satisfied customer maintains regarding a brand. In general, to improve and maintain a strong relationship with consumers, one of the important factors is to create a love relationship between the brand and its consumers.

The test of the first sub-hypothesis confirmed the significant effect of brand experience on customer engagement. This finding is consistent with the findings of Mohammadi (2018), Rahimnia and Lotfi (2015) and Chen and Wang (2018). We may suggest that brand experience is of key importance for creating brand equity, considering the fact that several researches have emphasized the importance of brand experience for the organization and state that a great amount of customer satisfaction is considered a valuable asset for the organization. Satisfaction can give the company an opportunity to respond to threats such as competition because of the higher customer experience with the brand. They can also plan special benefits for customer satisfaction by offering gifts and thanking loyal customers, gaining their trust and satisfaction. In addition, by establishing relationships with customers and public relations with their customers, companies can prove their altruistic goals and facilitate satisfaction and strengthen the confidence of their customers.

The test of the second hypothesis confirmed the significant effect of brand experience on service quality. This result is in line with the findings of Aali et al (2019). Experience is a concept that is often heard in daily life. Recently, strong links have been established between products and brands, where the customer emotions are expressed in such experience. The new issue of brand experience or brand popularity has become one of the most important branches of market and consumer research in recent years, so that in consumer research, service quality and customer interest in brand is considered as one of the main elements of consumer behavior toward brands.

The test of the third sub-hypothesis showed the significant effect of service quality on customer engagement. This finding is consistent with the findings of Fereydooni and Kalate Seifari (2019), Shabani et al. (2016) and Huang (2017). This suggests that the outcomes of creating service quality are extensive and valuable. On the one hand, the service quality leads to the elimination of customer problems and the attraction of more customers, which means more market share and higher revenue.

Therefore, it is suggested that company managers change their attitude from focusing only on traditional marketing to experiential marketing, so that given the level of service quality relative



to brand to increase association with the brand, which will ultimately result in (the desired) brand experience. As a result, in this field, managers need to formulate an advertising and experimental marketing strategy suitable for their products. Managers should note that implementing experiential marketing only through gratuitous testing of services cannot produce the desired results, but they also need to create a suitable environment and stimulate the customer's emotions, which can play an effective role in achieving the desired results.



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ETHICAL CONSIDERATION

Authenticity of the texts, honesty and fidelity has been observed.

AUTHOR CONTRIBUTIONS

Mozaffari Asrami, A. and Yousefi Saeedabadi, R. contributed to the design and implementation of the research, to the analysis of the results and to the writing of the manuscript.

CONFLICT OF INTEREST

Author/s confirmed no conflict of interest.