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**EFFECTS OF BRAND EXPERIENCE ON BRAND TRUST,  
 BRAND SATISFACTION & BRAND LOYALTY:  
 BUILDING SPA BRANDS IN SOUTH KOREA \***

*The purpose of this paper is to examine whether different types of brand experience by consumers have significant effect on consumers' brand trust, brand satisfaction and brand loyalty. Understanding this information may provide guidelines for marketers in SPA brand market, and facilitate the development of differentiated marketing strategies at this fiercely competitive market. The results show that 4 dimensions of brand experience have different impact on brand trust and brand satisfaction, thus differentiated marketing strategies and communication with consumers may need to be designed for these two important constructs. At the same time, brand trust is an important factor affecting consumers' brand loyalty as compared to brand satisfaction, so marketers may need to gain brand trust among consumers.*

*Keywords:* brand experience; brand loyalty; brand trust; customer satisfaction; retail.

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**ВПЛИВ ДОСВІДУ ПОКУПКИ НА ДОВІРУ БРЕНДУ,  
 ЗАДОВОЛЕНІСТЬ НИМ ТА ЛОЯЛЬНІСТЬ: ЗА ДАНИМИ БРЕНДІВ  
 З ВЛАСНИМИ ЛІНІЯМИ ОДЯГУ (ПІВДЕННА КОРЕЯ)**

*У статті проаналізовано різні варіанти досвіду покупок одягу конкретного бренду на формування клієнтської довіри, задоволеність брендом та лояльність йому. Розуміння залежностей між даними параметрами може допомогти маркетологам у роботі з брендами, які мають власні лінії одягу, при розробці та диференціації маркетингових стратегій в умовах значної конкуренції. Результати аналізу даних щодо південнокорейського ринку одягу та взуття демонструють, що різні елементи досвіду покупок з конкретним брендом можуть мати доволі різний вплив на формування довіри та задоволеності, саме тому маркетингові стратегії і мають бути диференційовані. Довіра ж, своєю чергою, має суттєвий вплив на формування лояльності, набагато більший, ніж задоволеність від конкретної покупки.*

*Ключові слова:* досвід покупок з конкретним брендом; лояльність бренду; довіра бренду; задоволеність клієнта; роздрібна торгівля.

*Табл. 4. Літ. 11.*

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**ВЛИЯНИЕ ОПЫТА ПОКУПКИ НА ДОВЕРИЕ БРЕНДУ,  
 УДОВЛЕТВОРЁННОСТЬ ИМ И ЛОЯЛЬНОСТЬ:  
 ПО ДАННЫМ БРЕНДОВ С СОБСТВЕННЫМИ  
 ЛИНИЯМИ ОДЕЖДЫ (ЮЖНАЯ КОРЕЯ)**

*В статье проанализированы различные варианты опыта покупки одежды конкретного бренда на формирование клиентского доверия, удовлетворённость брендом и лояльность ему. Понимание зависимостей между данными параметрами может помочь маркетологам в работе с брендами, которые имеют собственные линии одежды, при разра-*

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*ботке и дифференциации маркетинговых стратегий в условиях значительной конкуренции. Результаты анализа данных по южнокорейскому рынку одежды и обуви показывают, что различные элементы опыта покупок с конкретным брендом могут иметь довольно различное влияние на формирование доверия и удовлетворённости, поэтому маркетинговые стратегии и должны быть дифференцированы. Доверие же, в свою очередь, имеет существенное влияние на формирование лояльности, намного большее, чем удовлетворённость от конкретной покупки.*

*Ключевые слова: опыт покупки с конкретным брендом; лояльность бренду; доверие бренду; удовлетворённость клиента; розничная торговля.*

**Introduction.** Specialty store retailer of Private Label Apparel (SPA) brand has shown rapid growth in recent years. SPA brands are those that produce their own clothing, distribute, and sell exclusively in their own stores, bypassing high margins of traditional department stores. From having complete control over design to adopt early trends, producing their own garments with faster delivery, to distribution and sales, the vertical integration strategy enables low costs and low price for consumers. Consumers are increasingly sensitive to trends and tend to adopt changes in diverse aspects of society which is driven by massive dissemination through Internet media. SPA brands are responding to changing consumers' preferences by emphasizing their accelerated turnover of retailing. In particular, SPA brand market in South Korea shows a rapid growth in recent years with rising popularity among Korean consumers. A recent study by MBrain TrendMonitor Korea (2013) reports that consumer awareness of SPA brands continues to rise and particularly 66.8% of late 20's show repurchase intention for SPA brand products. 71.3% of the respondents anticipated that SPA brands may become more popular in South Korea, showing substantial market potential for SPA brands.

Global SPA brands such as Zara, Uniqlo, H&M have positioned in South Korea as major players in recent years due to economic downturn. The economic slowdown has resulted in a decrease of luxury brands sales, which are replaced by an increase in sales of SPA brands in South Korea. According to Cushman & Wakefield Korea, the market for SPA brands was 500 bln won in 2008, 800 bln won in 2009, 1.2 trln won in 2010 and 1.9 trln won in 2012 (Lee, 2013). Since 2008, the overall fashion industry market in South Korea grew 3.9% yearly, but SPA brands rose exponentially by 58% per year. The SPA brand market is expected to grow continuously and anticipated to be worth around 20 trln won by 2015 in South Korea. Thus, SPA brands market in South Korea poses a significant market opportunity for both local and global retailers. In response to this, major retail companies in South Korea are changing the way they operate in order to compete with global SPA brands and adopted the SPA strategy for retail fashion. For example, Korean retail conglomerate "E-Land Group" has launched their SPA fashion brands in 2013, and casual wear manufacturer "Bang Bang" turned its business platform from a fashion manufacturer to SPA brands with its own logo and a new brand name. Some Korean SPA brands are joining with local retailers such as "Lotte Mart" or "Home-Plus" and market their brands exclusively at these stores. Competition at the SPA brand market in South Korea is expected to intensify with an anticipation of high growth in consumer demand. For local SPA brands, it would be essential to build their own differentiated marketing strategies in order to compete with global SPA brands which have strong market presence and

consumer brand awareness. By engaging consumers physically, mentally, emotionally, socially, and spiritually, marketers may be able to provide extraordinary experience and develop a relationship in personal way for a long term, resulting in brand equity (Arnould and Price, 1993). "Some industry experts argue that economic value now turns on more than a high-quality product or good service delivery: it turns on engaging customers in a memorable way offering them an experience, transforming them by guiding them through experiences" (Arnould and Price, 1993).

Schmitt (1999) introduced the concept of brand experience constructs with 5 different dimensions to be used in experiential marketing: SENSE; FEEL; THINK; ACT; and RELATE (Table 1). He notes that "experiential marketing is usually broadly defined as any form of customer-focused marketing activity, at various touch-points, that creates a sensory-emotional connection to customers (Schmitt, 2003; 2008). Based on this concept, Brakus et al. (2009) has identified Brand Experience Scale (BES) to be used for major determinants of consumer brand choice and brand preferences.

*Table 1. Constructs of Brand Experience Scale (BES), measurement items from Brakus (2009); Schmitt (1999)*

BES Constructs	Items	Measurement Items	Reference
<b>Sensory</b>	3	This brand makes a strong impression on my visual sense or other senses. I find this brand interesting in a sensory way. This brand does not appeal to my senses.	Brakus (2009) Schmitt (1999)
<b>Affective</b>	3	This brand induces feelings and sentiments. I do not have strong emotions for this brand. This brand is an emotional one.	Brakus (2009) Schmitt (1999)
<b>Behavioral</b>	3	I engage in physical actions and behaviors when I use this brand. This brand results in bodily experiences. This brand is not action-oriented.	Brakus (2009) Schmitt (1999)
<b>Intellectual</b>	3	I engage in a lot of thinking when I encounter this brand. This brand does not make me think. This brand stimulates my curiosity and problem-solving.	Brakus (2009) Schmitt (1999)

The purpose of this paper is to examine whether different types of brand experience by consumers have significant effect on consumer brand trust, brand satisfaction and brand loyalty. Understanding this information may provide guidelines for marketers at SPA brand market, and facilitate the development of differentiated marketing strategies at this highly competitive market.

**Methodology.** Previous research into Koreans' perceptions of SPA brand has been limited as SPA brand has emerged at South Korean market only recently; global SPA brands first entered South Korea in 2005, while Korean SPA brands appeared at the market in 2009. In this study, two Korean new SPA brands are selected along with "Zara" and "Uniqlo" for the analysis. "8 seconds" is a new Korean SPA brand owned by "Cheil Industries", a subsidiary of the "Samsung Group", which created this concept store providing a variety of innovative products to suit every shopper carrying

different styles of clothing. This brand aims at being cheaper than "Zara", trendier than "Uniqlo". "SPA0" is another new Korean SPA brand, recently introduced. Unlike other SPA brands that focus on current trends, "SPA0" chooses to offer simple classic wardrobe staples and adds the season's hot colors. "SPA0" may be the Korean version of Japanese "Uniqlo". This brand offers basic casual apparels similar to "Uniqlo". In addition, "SPA0" has an interesting collaboration with "SM Entertainment", providing the fourth floor, called "the Amusement Zone" selling photos, posters, and CDs of K-pop stars.

"Uniqlo" and "Zara" entered the Korean fashion market in 2005 as the first movers and established their market share substantially for the past 10 years. For example, "Uniqlo"'s sales in South Korea grew from 72.6 bln won in 2008 to 328 bln won in 2011, while "Zara"'s sales grew from 34.3 bln won to 167.3 bln won for the same period. Uniqlo obtained the market leader position for this period, while Zara kept the second largest market share in Korea's SPA market. This study evaluates these two leading global SPA brands and two major Korean SPA brands together in order to determine the effectiveness of brand experience on both global and local SPA brand loyalty.

**Sampling and data collection.** The proposed model was tested using data collected from consumers in the city of Seoul, who shop for SPA brands on a regular basis, and these respondents are likely to be aged between 20s and 40s. Participants were selected to be as representative as possible of the typical SPA brand users in South Korea. Usable surveys were 224, and the typical respondent was female (54%), in their 20s (47.3%), with college education (51.8%) residing in Seoul, Korea (Table 2).

*Table 2. Demographic profile of respondents (N = 224), authors'*

Category	Description	Frequency	Percentile, %
Sex	Male	103	46
	Female	121	54
Age	10's years old	40	17.8
	20's years old	106	47.3
	30's years old	48	21.4
	Over 40's years old	30	13.3
Occupation	Student	116	51.8
	Salary men	61	27.2
	Owner	31	13.8
	Others	16	7.1
Education	High school	50	22.3
	College & University	81	36.2
	Graduate & Professional schools	93	41.5
Income	Under 500 USD per month	26	11.6
	500 USD to 999 USD	37	16.5
	1000 USD to 1999 USD	65	29.0
	2000 USD to 2999 USD	48	21.4
	3000 USD to 3999 USD	26	11.6
	Over 4000 USD	22	9.8

**Measurement.** Scales were selected based on Schitt and Brakus (2009; 2010)'s 4 BES; Sung and Kim (2010); Chaudhuri and Holbrook (2001); Ha and Perks (2005), which proposed well-established procedures. Multiple items were chosen

from these works in order to measure the proposed constructs and purification steps were taken to develop scales appropriate for our study. Scales with 14 items for brand personality were drawn from Brakus et al. and Schmitt (2009); scales with 6 items for brand trust and brand loyalty were elicited from Chadhuri and Holdbrook (2001); and for consumer satisfaction, Ha and Perks (2005)'s scale with 6 items was used, resulting in the 22-item scale. A five-point Likert-type format was used for all items, with 1 = *totally disagree*, 5 = *totally agree*.

**Data analysis.** Model validity was assessed with the significance of factor loadings, and the composite reliability of the constructs. Reliability procedures applied to the selected scales with exploratory factor analysis (EFA) and calculation of Cronbach's alpha in accordance with the recommendation of Churchill. Internal consistency of the scales was assessed using Cronbach's alpha (Table 2). The cutoff level of 0.07 is recommended for theory testing-research (Nunnally and Berstein, 1994). The reliabilities ranged from 0.89 to 0.94, indicating relatively high internal consistency. Exploratory factor analysis (EFA) is conducted to investigate whether the items produce proposed factors and whether individual items are loaded on their appropriate factors as intended. All selected items were loaded reasonably high on their corresponding factors, supporting the independence of the constructs, providing empirical evidence of their validity (Table 3).

Table 3. Exploratory factor analysis for BES, authors'

Item	Factor			
	Sensory	Affective	Behavioral	Intellectual
This brand makes a strong impression on my visual sense or other senses	.83			
I find this brand interesting in a sensory way	.82			
This brand induces feelings and sentiments		.74		
I do not have strong emotions for this brand		.87		
This brand is an emotional one		.86		
I engage in physical actions and behaviors when I use this brand			.77	
This brand results in bodily experiences			.79	
This brand is not action-oriented			.76	
I engage in a lot of thinking when I encounter this brand				.76
This brand does not make me think				.76
This brand stimulates my curiosity and problem-solving				.81
<b>Cronbach's alpha</b>	.91	.89	.95	.94
<b>Eigen-value</b>	3.61	3.24	2.33	2.18
<b>Total Variance Explained (% of Variance)</b>	27.76	24.90	17.90	16.79

**Results and discussion.** Confirmatory factor analysis (CFA) and SEM were conducted to examine the importance of brand experience on Korean consumers' brand trust, consumer satisfaction and brand loyalty. Maximum likelihood estimation was employed to estimate path coefficients of the proposed model. The overall model fit was assessed on the basis of chi-square, root mean square error of approximation (RMSEA), comparative fit index (CFI), and adjusted good of fit index (AGFI).

**Path analysis of the structural model.** A structural model was estimated with an acceptable overall fit (RMSEA = 0.07; CFI = 0.92 and AGFI = 0.90). The composite reliability of the latent constructs was higher than 0.75 for every construct considered to be satisfactory (Table 3). In order to determine whether the 4 dimensions of brand experience affect consumers' brand trust, consumer satisfaction and brand loyalty, the path coefficients of the structural model are reported in Table 4. The results indicate that affective, behavioral and intellectual experience of a SPA brand have statistically significant impact on consumers' brand trust, while sensory experience had statistically insignificant effect on brand trust. However, the effects of the four factors of brand experience on consumer satisfaction show different results (Table 4). While sensory and affective experience has significant influence on consumer satisfaction, other two dimensions of brand experience (behavioral and intellectual) did not have statistically significant effects on consumer satisfaction. On the other hand, all 4 dimensions of brand experience had statistically significant influence on consumers' brand loyalty for SPA brand.

Table 4. Discriminant and Predictive Validity of Brand Experience Scale (BES), authors'

Path	Estimate	S.E.	C.R.	P
Sensory → Consumer Satisfaction	.191	.055	3.444	.002
Emotional → Consumer Satisfaction	.232	.073	3.153	.243
Behavioral → Consumer Satisfaction	.037	.031	1.169	.818
Intellectual → Consumer Satisfaction	.008	.035	.230	.173
Sensory → Brand Trust	.095	.070	1.363	***
Emotional → Brand Trust	.374	.088	4.264	***
Behavioral → Brand Trust	.260	.039	6.693	***
Intellectual → Brand Trust	.199	.043	4.618	***
Consumer Satisfaction → Brand Trust	.158	.055	8.29	**
Sensory → Brand Loyalty	.237	.071	3.361	***
Emotional → Brand Loyalty	.324	.094	3.466	***
Behavioral → Brand Loyalty	.082	.034	2.392	.017
Intellectual → Brand Loyalty	.159	.037	4.233	***
Consumer Satisfaction → Brand Loyalty	-.113	.136	-.827	.408
Brand Trust → Brand Loyalty	.896	.140	6.431	***

\*\*\* p < .05, \*\* < 0.10.

At large, brand trust was found to be an important determinant for consumers' brand loyalty, while consumer satisfaction did not show significant importance for it. This implies that marketers may need to focus more on building brand trust in order to develop brand loyalty for SPA brands in South Korea. The aforementioned outcomes show that rational aspects of brand experience (i.e. behavioral and intellectual) were found to have meaningful contribution in building brand trust. In future marketing and communication for SPA brands, behavioral and intellectual aspects of brand experience and experiential marketing may need to be emphasized to enhance trust and ultimately establish consumers' brand loyalty. This does not necessarily underestimate the importance of affective and sensory aspects of experiential marketing as these two constructs also have significant direct effects on brand loyalty.

**Path analysis of the measurement model.** Regarding brand trust building, specific details of brand experience dimensions may need to be elaborated. Results suggest



that "This brand results in bodily experience" – Behavioral; "This brand makes me think" – Intellectual dimensions are most highly ranked statement from the respondents in experiencing SPA brand, resulting in brand trust. In facilitating design for sensory and affective aspects of experiential marketing program, "This brand makes a strong impressions on my visual sense and other senses"; "I find this brand interesting in a sensory way" – Sensory dimension, and "This brand induces feelings and sentiment" – Affective dimension are specific details which may need to be elaborated.

**Conclusions.** The purpose of this study is to examine the relative importance of 4 dimensions of brand experience (i.e. sensory, affective, behavioral and intellectual) on consumers' brand trust, consumer satisfaction and brand loyalty. The findings show that different aspects of brand experience influence brand trust and consumer satisfaction, while all 4 dimensions of brand experience were found to have meaningful direct effects on brand loyalty. Specialty store retailer of Private label Apparel (SPA) fashion sector was chosen for several reasons. First, SPA brands market is one of the fastest growing retail sector in South Korea, thus it is worthwhile examining what affects consumers' perception of SPA brand loyalty. Understanding the importance of brand experience by Korean consumers elicits detailed information on specific aspects of experiential marketing that may be elaborated by marketers at the SPA brands market. Second, shopping and brand experience are found to be critical aspects of consumers choices for SPA brands (MBrain Trendmonitor Korea, 2013), suggesting that SPA brand products have experiential and relational aspects. Third, brand trust and satisfaction are the two important determinants which SPA brand marketers may need to emphasize in consolidating their position under intensifying competition. The aforementioned marketing strategies of global and Korean SPA brands may need to be further elaborated or mended based on the findings of this study.

Overall, consumers have general perception that SPA brands have good value for its quality due to its competitive prices and this is what most SPA brands offer to consumers. Thus, in order to distinguish a particular SPA brand from others, it may be more effective to elaborate on experiential dimensions for consumer choice. At the outset, 4 dimensions of brand experience have different impact on brand trust and brand satisfaction, thus differentiated marketing strategies and communication with consumers may need to be designed for these two important construct. At the same time, brand trust is an important factor affecting consumer brand loyalty compared to brand satisfaction, so marketers may need to pay attention that it is critical for SPA brands to gain brand trust among consumers. Korean consumers may choose to buy SPA brands instead of going to a traditional marketplace for the trust in a brand name. Thus, affective, behavioral and intellectual dimensions of brand experience may need to be further emphasized for building strong brand trust among Korean consumers.

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