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SCHOOL OF ECONOMICS AND BUSINESS

MASTER'S THESIS

**SENSORY BRANDING AND ITS IMPACT ON CONSUMER BRAND  
IDENTIFICATION AND BRAND LOYALTY: THE CASE OF  
STARBUCKS**

Ljubljana, July 2019

ANGELA PROTIKJ

## **AUTHORSHIP STATEMENT**

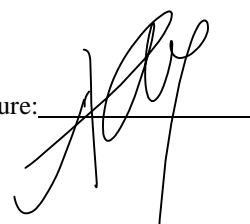
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## INTRODUCTION

As marketing evolved through the years, both in theory and in practice, it shifted from being purely transactional to experiential, relying on innovative branding practices and adapting to the newest consumer perceptions and behavior (McKenna, 1991). The “make and sell” principle, which was focused towards product selling, switched to the “sense and respond”, customer-oriented principle, with companies focusing on consumer needs and enabling experiential interactions for their customers through their brands (Kotler & Keller, 2006).

A customer-focused philosophy for brand building has to occur through constant customer-brand communication (Kotler & Keller, 2006). Nowadays, a broad range of communication is possible through media and interactive multimedia advertising, that usually imply on the functional features and benefits of products and services, including brand names and other characteristics, which attract the attention of customers (Achrol & Kotler, 2012). However, many brands lack the experiential and sensorial implications, as a vital part of brand experience, which contribute to raising brand awareness, impacting brand loyalty and encouraging brand identity creation, as a more subtle and subconscious branding practice. Despite its definition and classification as a vital type of marketing by Hultén (2011), and past research and studies implying on its importance, sensory marketing has long been overlooked by marketers.

Krishna (2012) defines sensory marketing as a marketing practice which captivates and engages the five senses, and influences customers’ perception, behavior and judgment. Sensory marketing generates subconscious triggers in consumer’s minds for the abstract knowledge about the product (e.g., its quality or sophistication) (Krishna, 2012). With customers being surrounded by traditional marketing campaigns every day, targeting triggers which engage the human senses might be a more adequate and effective strategy to achieve customer engagement (Krishna, 2012). With sensory triggers customers may achieve their own generation of desirable brand characteristics, instead of the ones that the marketer specifies (Krishna, 2012). Today, the world’s most valuable brands use sensory marketing as a tool for brand value creation, and some of them are Starbucks, Coca-Cola, McDonald’s, Mercedes-Benz, Singapore Airlines, etc.

There are three main reasons for increased usage of sensory brand experience in marketing: First, customers were overexposed and presumably harassed by traditional media channels, so new ways of gaining customers’ attention were needed. Second, with high saturation of markets, continuing globalization, and tough competitors, it became immensely difficult to differentiate brand characteristics which are functional (Fransen & Lodder, 2010). And third, while engaging in more hedonistic lifestyles, consumers are looking for new exciting experiences and brands which recognize their needs (Fransen & Lodder, 2010). The more and more goods and services became commoditized, companies

found ways for creating experiences, which are valuable both for their customers and for their brands (Pine & Gilmore, 1998).

Holistic brand experiences assist brand marketers in creating long-lasting bonds with customers, through brand-related stimuli (Schmitt, 1999). Brand experiences are induced by brand related stimuli and are a combination of perceptions, feelings, sensations and reasoning (Sahin, Zehir & Kitapçı, 2011). Brakus, Schmitt and Zarantonello (2009) conceptualized brand experience in order to explain and study its relationship with customer satisfaction and brand loyalty. Their brand experience model validates the positive effect that brand experience has on consumer satisfaction and loyalty. It also empirically justifies a brand experience scale, comprised of sensory, affective, intellectual and behavioral components (Walter & Cleff, 2013). Each dimension of brand experience contributes differently to achieving brand value, which may exert in each one having an influence over a different brand equity component. This study will concentrate only on analyzing brand loyalty as a final influenced consequence.

While aiming for brand loyalty, in order to preserve and further expand brand value, companies strive for consumers not to only enjoy pleasurable experiences using their products and services, but to also be able to closely identify with their brand. Consumer-brand identification is a proven antecedent of brand loyalty, but in order for consumers to be able to identify with a brand, they have to experience certain brand attributes, which interconnected or separately will be influence consumer-brand identification (Stokburger-Sauer, Ratneshwar & Sen, 2012). CBI is defined as consumer's perceived state of oneness with a brand (Stokburger-Sauer, Ratneshwar & Sen, 2012).

According to Williams and Page (2011), who investigated the diverse influence that marketing has on different generations, each generation reacts different to marketing strategies. When it comes to experiential marketing practices, millennials or generation Y are the ones which are considered to be influenced the most by it (Qader & Omar, 2013). Thus, for higher reliability and validity of the results, this research will focus only generation Y as an age segment. Also, for further research narrowing, this study will concentrate only on European consumers as its target audience. This study analyzes two Starbucks coffee shops, located in Aarhus, Denmark.

### Problem statement

As evident from the aforementioned, sensory brand experience, enhances the value of the brand, and positively affects brand loyalty. Hence, it is essential for companies to adapt to the alteration in marketing, from traditional to experiential, and utilize the benefits of sensory branding in order to fully exploit its benefits. However, many companies struggle with comprehending that sensory branding can totally shift the perception of consumers towards their brands. Even though, nowadays, sensory branding practices are widely used



by the world's most valuable brands, this branding practice still battles for its recognition as a big contributor to brand value and brand loyalty.

Because of its growing potential, there is a noticeable increase in the amount of research and studies done within the field, but there is also a lack of research tools available to fully capitalize on the economy of experiences (Schmitt, 1999). This problem was also highlighted by Levy (1996), who stated the senses are so deeply incorporated in all that we experience and are very complex to specify and objectify as a research subject. Another major drawback from existing studies and literature is the lack of research on well-known sensorial brands and their sensorial strategies. If the literature in this field could get enriched with facts about successfully executed sensorial strategies and the impact that they had on brand loyalty, it may encourage marketers to incorporate sensory branding in their marketing practices more often. For this purpose, this study will include the Starbucks brand as its case study, considering the highly sensorial nature of the brand, and the compelling brand loyalty that the company enjoys.

Studies within this field, until now, have just concentrated on exploring the causal relationships of all the components of brand experience on brand loyalty, customer satisfaction or brand equity overall (Sahin, Zehir & Kitapçı, 2011; Cleff, Lin & Walter, 2014). None of them have done a separate study with including a single dimension of brand experience (like a sensorial or an affective one), in order to examine and compare the magnitude of its influence, when combined with other drivers of consumer-brand identification, predicting brand loyalty.

For the purpose of enriching this less researched field, this thesis will focus on analyzing the impact that sensory brand experience has on consumer-brand identification and brand loyalty for the Starbucks brand, with also including other antecedents of CBI for the purpose of comparing the impact of sensory-memorable brand experiences with other antecedents of CBI, which have an overall influence on brand loyalty.

The **purpose** of this research is thus to study the influence that sensory branding has on CBI and brand loyalty for the Starbucks brand. Starbucks was chosen because of its highly sensorial nature and well-known sensorial strategies.

The main **goal** of this research is to determine *to what extent sensory branding influences consumer-brand identification and brand loyalty, particularly for generation Y Starbucks customers?*

The following research questions are developed:

- *How sensory memorable brand experiences affect consumer brand identification for Starbucks?*
- *How Starbucks's brand warmth affects consumer brand identification?*
- *How Starbucks's brand social benefits affect consumer brand identification?*
- *How Starbucks's brand distinctiveness affects consumer brand identification?*
- *How Starbucks's consumer brand identification affects brand loyalty?*

The methodology used in this thesis in order to answer these questions, includes secondary data, as well as primary data, collected through an online questionnaire. The questionnaire was conducted in Aarhus, Denmark, because of the authors place of being and geographical proximity. The target population for this study was the millennial generation or generation Y in order to narrow down the scope of the research, and to explore existing theories that different generations react differently to types of branding and marketing. The survey first includes demographical, informational and qualifying questions, and it continues with questions extracted from the adapted conceptual framework this study uses. The data gathered through the online questionnaire was analyzed with SEM (Structural Equation Modelling), in the PLS-SEM software.

The adapted conceptual framework this study is based on is Stokburger-Sauer, Ratneshwar and Sen's (2012) paper on "Drivers of consumer-brand identification". The author's adapted model will combine the sensorial dimension, out of Schmitt's (1999) conceptual framework on brand experience, into the memorable brand experience construct, as a driver of CBI. The conceptual framework includes four drivers of CBI: sensory-memorable brand experiences, brand warmth, brand social benefits and brand distinctiveness. Brand loyalty will be examined further on, as a final consequence of CBI and its antecedents.

Chapter one gives an overview of the research objectives: the field of sensory marketing, the millennial generation and the brand of Starbucks. It continues with presenting the transitioning of transactional marketing into sensory marketing, and explaining the importance of each of the five human senses in depth, separately. Further on, chapter one is an overview of how consumer brand identification developed and what are its drivers and consequences. Then, according to the aforementioned reviewed literature the theoretical constructs and the research model is formed, and research hypotheses are set.

The methodology of the study is presented in the second chapter of the thesis. It tells us about the design of the research, how the survey was developed and how data was collected. In chapter three the study elaborates the data analyses with PLS-SEM in the SmartPLS3 software, gives an overview of the survey results, and evaluates the output that the data analyses gave.

In chapter four it continues with the results and findings of the study, giving detailed conclusion about each construct and its relationship with consumer brand identification and the final consequence in the model, the construct of brand loyalty. Chapter four ends with an overall conclusion, managerial implications, as well as some suggestions for future research.

## **1        SENSORY MARKETING**

### **1.1        The (Sensorial Starbucks Brand Experience)**

The Starbucks story began in 1971, when their first coffee shop opened in Seattle, USA. In the beginning Starbucks started with roasting and selling coffee, tea and spices. Currently, Starbucks has more than 26,000 retail stores in 75 countries, providing exceptional products and service to millions of customers, every day (Starbucks, 2018). As one of the world's most powerful and influential companies, Starbucks has received numerous awards and recognitions, and some of them are: world's most admired company, world's most valuable brand, world's most innovative brand, world's top growing global brand, as well as top 10 millennial brand, and many others.

While building the brand, the company literally changed the way people perceive and drink coffee and other beverages outside their homes and work. Starbucks created a concept of an additional place, other than at home or at work, where people can relax alone or in company, enjoy a cup of coffee and draw pleasures from the stores' sensorial ambient (Roll, 2017). Their concept changed the way people drink coffee. First they started teaching the Americans how to do it the Starbucks way, and then their concept spread globally.

Overall, Starbucks is not only selling products and providing services, they are also spreading their concept of a unique coffee drinking culture. The unique and highly recognizable concept that Starbucks created has been a role model for many coffee shops, which they have also tried to replicate it for their brands.

Since its founding, Starbucks has been building its brand identity by providing consumers with a pleasurable and relaxing experience. The experiential component of brand building was successfully and effectively incorporated in all Starbucks coffee shops around the

world. They were one of the few firms at the time, during the 1990s, which bravely attempted to think outside the boundaries of traditional marketing (Roll, 2017). They are well known for not advertising aggressively, employing innovative and non-routine marketing and branding strategies, making Starbucks employees their partners, by offering them stocks options, etc. Although all these strategies were widely debated of their pros and cons, Starbucks always has in history, as well as now, intended to go against the norms and has done it remarkably well (Roll, 2017).

With offering pleasurable consumer experiences, Starbucks has successfully shifted the focus on the quality of the sensorial experience they provide in their stores, from the pricing of its products. According to Walter and Cleff (2013), consumers are playing around 4\$ for a cup of coffee in order to acclaim the Starbucks experience, almost double the price in comparison to a regular eatery or over-the-block coffee shop. A neuroscience research conducted in Germany in 2013, showed that customers would be eager to pay even more for a Starbucks coffee, even if they increase prices (Roll, 2017). Neuroscience research techniques enable scientists to track changes in brain activity, while exposed to prices and certain brands. Based on research results, Starbucks enjoys higher level of popularity among consumers, because it has certain sensorial power over them, even though it charges much higher prices than many of their competitors (Roll, 2017).

According to Silverstein and Fiske (2008), Starbucks is a new luxury brand. Aside from traditional luxury goods, new luxury goods are capable of generating high sales volumes, regardless of high prices. With an average price of 4\$ per coffee, their products are meant for middle-class people who are willing to pay a price premium for a new luxury good (Silverstein & Fiske, 2008). This phenomenon was also defined by the Boston Consulting Group as “accessible luxury”. New luxury goods usually cost from 50 to 300 percent more than competitive goods, and are highly available to the masses (Silverstein & Fiske, 2008). While spending more income on unique coffee experiences and the like, the middle class has to balance out with choosing other less priced items. According to Silverstein and Fiske (2008), new luxury goods fulfill consumers’ emotional needs (as self-reward), create pleasurable new experiences and possibilities to be part of a well-positioned brand community. New luxury goods are attributed with a better and innovative design, interesting components, attractive packaging and other characteristics that consumers can touch, see, smell, taste and hear (Silverstein & Fiske, 2008).

As one of the world’s most successful sensorial brands, they highly utilize the chance to appeal to our five senses in every aspect of their business. The Starbucks brand has created a combination of pleasing ambiental factors, which allow the consumer to experience relaxation and self-indulgence. As stated by Park, MacInnis and Priester (2006) “*this gesthetic/hedonic experience is supposed to gratify the self and thus to evoke an emotional connection*”. As an experiential coffee shop, the interior design of their stores is very important, and also varies from store to store. Despite those variations, the combination of different pieces is inspired from homogeneous principles of materials and colors (Prostel,

2003). The materials used are usually wood and leather with unique textures and colors varying from brown and green spectrums.

Further on, the music that is played in all Starbucks stores is selected and predetermined by Hear Music, which is Starbucks' record label. Also, the coffee-making sound of the baristas, and the aroma of freshly brewed coffee get immediately stored in our memory through our senses. Starbucks also started making and serving eggs in their shops, but as the smell interfered with their specifically designed aroma of brewed coffee, they pulled it out of their offers. Also, employees are not allowed to wear perfumes while at work, because their scent will intervene with the coffee scent in the shops. Their unique coffee types and tastes, which are updated frequently, are a fusion of freshly brewed coffee, cream, milk, different toppings, as well as, teas, smoothies, chocolates, etc. Drinks are also personalized and served with consumer names, which additionally adds up to self-enhancement. Overall, the whole store ambiance is a winning combination of Starbucks' coffee experience.

## **1.2 The Millennial Generation**

Market segmentation has been considered as a key aspect for marketing efficiency and effectiveness ever since the 1950s (Parment, 2013). The usual segmentation used while analyzing markets is age segmentation. Researchers in marketing and branding fields try to understand the reason behind consumer behavior of generational cohorts, and if age is a determinant of that behavior (Parment, 2013). Generational cohort is a group of individuals within the same or approximate birth years, who share meaningful life events and share similar values, which result from history of common social life experiences (Smola & Sutton, 2002).

The millennial generation (also known as generation Y) varies geographically by its defined population size. They were born between 1977 and 2000. The millennial generation contains several age groups: from age 10 to 12 as tweens, from age 13 to 18 teens and from age 19 to 33, as young adults (Kotler & Armstrong, 2012).

Millennials were growing up in a society which was advancing very fast electronically and technologically, and with globalization at its peak (Qader & Omar, 2013). Generation Y was characterized with several values appointed by scholars. One of those being the need of wider choice, customization, being collaborative, speed and accuracy, being entertained and innovative (Williams & Page, 2011). Qader and Omar (2013) state that, because of these values, and other characteristics of generation Y, traditional mass marketing approaches do not really appeal to them. In fact, experience is what millennials care about the most (Williams & Page, 2011).

Generation Y grew up with the worldwide web, Facebook, Twitter, Instagram and numerous communication channels. Since they were targeted and overflowed with

substantial number of ads and commercials from their youngest years, it started resulting in them being suspicious towards traditional and digital marketing campaigns (Qader & Omar, 2013). Hence, Williams and Page (2011) concluded that the millennial generation values experiences. The Internet, together with other communication channels, are not sufficient to persuade their consumer behavior. The targeted population for this study will be the generation Y Starbucks consumers, in the city of Aarhus in Denmark. The presumed year span of generation Y will be set from 1983 to 2003.

### **1.3 Branding**

According to Business Dictionary, the term brand is something named, designed and symbolized, that has a specific feature which differentiates one seller's good from the goods of the other sellers<sup>1</sup>. This definition implies that a brand and its form of feature can be determined dependent on the creator of the brand and the necessities of the business. The brand as a feature goes way beyond of being just functional and tangible. Some dimensions of it are more abstract, but in many cases, they are the biggest contributors for creating brand equity and brand value. As defined by Keller (2008), the equity of a brand is the enriched added value on its products or services. It reflects what the consumers think about it, how they feel about it and they act accordingly. It also affects prices, market share and profitability of the presumed brand.

The first part of the definition of brand equity explains the term from a customer-based approach, which incorporates customers' perception, emotion and intentions towards the brand. According to Kapferer (2008), customer-based approach targets solely the relationship consumers have with the brand (from complete disregard to attachment, loyalty, and willingness to purchase and repurchase, dependent on beliefs of dominance and induced feelings). Those relationships companies establish with customers through branding. Branding creates mental particles which assist customers in creating their perspective on products and services, simplifying their buying decisions, while providing value to the firm (Kotler & Keller, 2012).

The concept and theory of branding, in spite of its long history, power and importance, did not appear as a significant thinking in marketing, until well into the twentieth century (Bastos & Levy, 2012). The evolution of marketing, and branding as a scope of marketing practices, enabled a shift in their nature. This shift came as a result of the surrounding environment becoming more diverse and offering more options, which made it inevitable for firms to establish relations with their consumers and include them in their marketing strategies (McKenna, 1991).

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<sup>1</sup> <http://www.businessdictionary.com/definition/brand.html>

## **1.4 Transaction vs. Relationship marketing**

Transaction marketing was created based on the reasoning that customers in a global market have ordinary demands and the essential target is to appeal to new customers and make single transactions and momentary trades between the active seller and passive buyer (Rodrigues, Hultén & Brito, 2011). According to Rodrigues, Hultén and Brito (2011), besides the supposed superiority of transactional marketing and the marketing mix approach, primarily because of its simplicity, scholars, researchers and practitioners as part of the industrial and service sectors, started to support the idea that it was overly selective, excessively science-based and included only short term transactions.

With globalization massively taking its turn, it became evident that building long term relationships with customers was of high importance, transactional marketing started to squander, besides being a dominant field since the 1950s (Grönroos, 1994). The reasons for that might have been that primarily, transactional marketing was developed as a response and solution during the industrial age, but it did not entirely fit in the branding and communication revolution that was happening at the time (Schmitt, 1999). Later on, during the 1980's and 1990's, relationships were promoted as a crucial element in the establishment of more effective marketing practices (Sharma & Pillai, 2003). Thus, this created the concept of relationship marketing.

Although there were a lot of definitions about what exactly relationship marketing stands for, all of those contained the argument that companies began acknowledging the requirement to go against one another, through the formulation and establishment of long-term relationships (Hunt, 1997). Relationship marketing was about creating loyalty, in order to maintain long-lasting relationships, opposite to transactional marketing, where short-term transactions and short-term relationships were crucial (Gummesson, 2008). The foundation of relationship marketing is also about gaining new customers, and in the meantime, creating valuable relationships which are beneficial for all parties, and sustaining customers that remain connected to companies while they grow their business over time (Christopher, Payne & Ballantyne, 2002; Gordon, 1998). As stated by Rodrigues, Hultén and Brito (2011), the relationship marketing model is built on the basis of long-term relationships, customer retention, personal interactions, two-way communication and giving priority to a customer-oriented view, through managing relationships and focusing on the firm's marketing approaches and strategies.

Regardless of relationship marketing, reaching to the top of marketing theory, disbeliefs appeared once again, as to whether businesses would find it acceptable and also cost-effective to establish relationship-based strategies (Egan, 2008). Moreover, Brodie, Coviello, Brookes and Little (1997) suggested they should rather integrate transactional marketing and relationship marketing approaches at a managerial level, in the marketing strategy continuum hypothesis. Later on, Hultén (2011) proposed his model which

incorporates transactional and relationship marketing, but its final stage of marketing evolution actually leads to sensory marketing.

As shown in Figure 1 below, Hultén (2011) developed a transitioning marketing model that incorporates the final stage of marketing development as sensory marketing, which evolves around the five human senses, where mental processes, perceptions and reactions establish the foundations for a multisensory brand-experience.

*Figure 1: The development of sensory marketing*

	<b>Transaction marketing</b>	<b>Relationship marketing</b>	<b>Sensory marketing</b>
<b>Marketing</b>	Goods logic Exchange perspective Transaction marketing	Service logic Relationship perspective Relationship marketing	Experiential logic Brand perspective Sensory marketing
<b>Strategic Marketing</b>	Product focus Customer acquisition Transactional strategies	Customer focus Customer retention Relational strategies	Multisensory focus Customer treatment Sensorial strategies
<b>Tactical marketing</b>	Persuasion and promotion One-way communication Production technology	Interaction and interplay Two-way communication Information technology	Dialogue and on-line interactivity Multi-sensory communication Digital technology

*Source: Hultén (2011).*

The sensory marketing model guides companies to diversify and articulate brand image throughout sensorial strategies, sensations, expressions, dependent on elements which cognitively bond with the human mind (Hultén, 2011).

As Rodrigues, Hultén and Brito (2011) emphasized, Hultén's research conforms with the marketing strategy continuum hypothesis, because it incorporates the relational and transactional concepts in achieving a brand-experience which is multisensory. According to Hultén's model (2011), sensory marketing is the outcome of the evolution of the aforementioned two combined, and within the scope of marketing, it has the brand as a main perspective, together with experiential logic, which draws us further into shortly exploring the concept of experiential marketing.



## **1.5 Experiential Marketing**

Experiential marketing defines customers as realistic and emotional individuals, who have an interest in having experiences which are pleasurable (Schmitt, 1999). Experiences became the drivers of the modern marketing practices, because people have high interest in achieving them, and they are concerned about them on a daily basis (Smilansky, 2009). As stated by Smilansky (2009), the experiential marketing practice is able to determine and meet consumer needs with including them into a two-sided communication, upbringing the personality of a brand and adding value to the appointed audience.

Schmitt (1999) indicated five experiential components: sense, feel, think, act, and relate. According to Schmitt (2011), sensory marketing stimulates consumers' senses. Further research undertaken by Gentile, Spiller and Noci (2007), recorded the sensorial segment first among six experiential segments and showed survey results which implied that the sensorial segment was the most influential one for various experiential brands (Pringles, Harley-Davidson, Nike, PlayStation, McDonald's, Swarovski, Ikea, etc.) (Schmitt, 2011).

Stimulated by the service logic, it is presumed that a brand's value surfaces with an interplay occurring in the value creating process, with a multi-sensory experience, constructing synergism between the customer and the brand (Rodrigues, Hultén & Brito, 2011).

With relevant multi-sensory product characteristics that provide touch, taste, smell, sound and sight to consumers, and create an emotional relation with the brand. Companies which induce a multi-sensory brand experience to its customers have the advantage of triggering emotions that traditional marketing strategies are struggling to invoke (Schmitt, 2011). Companies which are implementing experiential marketing strategies on a long-term are drastically differentiating themselves from their competitors, in the meantime, they are also creating valuable and long-lasting connection with their targeted audience and increasing consumer loyalty (Smilansky, 2009).

According to previous research and literature overview, which comprise the conceptual foundation for this research, we come to find that the evolution of marketing on many fronts leads us to sensory marketing and multi-sensory experience as branding practices.

## **1.6 Sensory branding**

In practices of traditional marketing and other related fields, branding was predominantly concentrated on visual expressions, which is to some extent unjustifiable, considering the importance of branding for the success of the brand, company or organization (Dani & Pabalkar, 2013). Behavioral economists began addressing the need for sensory marketing, highlighting the importance of sensory impressions through emotional responses, and their effect on causing changes in buying intents and behavior (Yoon & Park, 2012).

As initiated by Hultén (2011), the branding literature has ignored to imply on the importance of the multi-sensory brand experience and the effect it has on brand building. He acclaimed multi-sensory brand experience as the foundation for brand identity creation and establishing the brand's image and loyalty.

The multi-sensory brand-experience hypothesis introduces a sensory marketing model, drawing attention to the importance of the human senses in embracing the consumer's mind at a greater level, than the transactional marketing and relationship marketing models (Hultén, 2011). According to Krishna (2012), sensory marketing engages our senses, while affecting our decision-making, buying behavior and creates memorable perceptions. Mainly, the buying decision of a customer will be attentive and intentional, depending on preferences. However, depending on intrinsic motivations, when choosing a specific brand, there is an unconscious process (Dani & Pabalkar, 2013).

In the most common buying-decision process the consumers will act rationally in accordance with what they know and how they feel. Based on unconscious information processing and intuition, the new sensory branding model contemplates that consumers decide and act at last, but first they sense, feel and think in order to make the decision (Yoon & Park, 2012).

According to Hultén (2011), when it comes to emotional or affective branding, there is a bigger inclination towards product brands than towards service brands. Still, affective branding appears more apparent in the context of intangibles (services), because the consumer gets more involved on a personal level and services can develop a more intimate connection with the customer (Pullman & Gross, 2004).

According to the marketing literature on services, a service brand should shift its focus towards becoming an experience brand, in order to obtain and keep customer loyalty (Pullman & Gross, 2004). In a case in which more than one of the five senses adds to the perception of sensory experience, then we have presence of a multi-sensory brand-experience (Hultén, Broweus & Dijk, 2009). A brand experience which is multi-sensory, backs up the formation of value and refers to the mutual interaction between a consumer and a firm, also, it supports consumers' purchase decisions through the engagement of the human senses in creating experiences, customer value and defining the image of the brand (Hultén, 2011).

Lindstrom (2005) stated that each brand has to incorporate sensory elements to product features, and established the link between those sensory elements and the effectiveness of a brand. Lindstrom's research BRAND Sense conducted focus groups in thirteen countries on ten global brands (Coca Cola, Mercedes-Benz, Levi's, Ford, Gillette, Vodafone/Disney, Dove, McDonald's, Nike and Sony), in order to get qualitative insights. Moreover, in order to quantify the influence of senses in his research, over two thousand people were questioned through an online questionnaire in the USA, the UK and Japan. The results of

the focus group study in thirteen countries and the research on global markets, showed that each separate brand has at least one sensory profile connected to one different and positive sensory feature (Yoon & Park, 2012). Lindstrom (2005) also proved that sensory brand experience perceptions, leadership and clarity come as a result of sensory perceptions.

#### 1.6.1 The five senses

Sense-making and consumer sensations have received little research attention, apart from the unavoidable conduct in consumer behavior texts (Jacoby, Johar & Morrin, 1998). Also, through time, sensation and perception were not given much importance as research contexts by researchers in consumerism. As an exemption came the studies of impact on odors on consumer behavior by Mitchell, Kahn and Knasko (1995) and Spangenberg, Crowley and Henderson (1996), which broke the ice and encouraged future research in the fields of sensation and consumer behavior. Also, the concurrence of behavioral and physiological theory in the form of neurophysiology exceled to a rebirth of scientific curiosity in sensory processes (Zaltman, 2003). In his book, *A History of the Senses: From Antiquity to Cyberspace*, the author Jütte (2005), states that even though senses were rediscovered just a few decades ago, they are the current response of a post-industrial leisure society which became very commercialized and the senses became confused by artificial worlds.

Since the first ice breakers, multiple fields have incorporated sensory research in their studies. Ranging from cognitive neuroscience to neuro-economics, they are all interconnected and beneficial for exploring further the decision making of our own mind and body.

#### 1.6.2 Smell in sensory marketing

We are able to intentionally close our eyes, cover our ears in order not to hear, we can refuse to taste, but we cannot protect ourselves from smell, because it is part of our breathing air (Lindstrom, 2005). From exploring potential safety (especially animals), up to usage in marketing practices as part of scent marketing, the sense of smell is deeply rooted in our connection with the surroundings.

Desrochers and Bradford (2009) defined the marketing of scent as a combination of ambient scents, as general odors, that do not come straight from a product, as a product smell, but are incorporated in the retail surroundings. The sense of smell in sensory marketing is of high importance to marketers, because of its capability to generate unconscious reactions to marketing stimuli, besides, the sense of smell is acknowledged to be the one most associated with emotional reactions (Desrochers & Bradford, 2009). The sensory system of smell has a type of intimate connection between associative learning and emotion, which is not present in other sensory systems (Herz, 2002).

Research has shown that smell has an immediate positive or negative effect on our emotional state, and this deeply affects our spending and purchasing behavior (Desrochers & Bradford, 2009). The sense of smell in sensory marketing contributes substantially for the brand to be more identifiable for the customers. Sensorial smell strategies are incorporated in order to enable a scent to develop into a feature of a brand's image and identity (Hultén, 2011). A number of researches and studies have proven the positive effect of scents on purchasing intentions and the image of the store (Parsons, 2009).

Based on olfactory and store atmospherics research and its value upbringing in marketing practices, markets created a need for establishment of companies which will specialize in retail atmospherics, and couple of them specialize in ambient scent. An industry of companies has appeared in recent years to meet the demand that comes from hotels, stores, casinos.

### 1.6.3 Taste in sensory marketing

Some researchers argue that not all senses in sensory marketing are involved altogether. Depending on the nature of the brand, the product or service, it is presumable that not all senses can be engaged in a sensory marketing practice. On the other hand, researchers in this field also argue that some of the senses go hand in hand and are deeply interconnected.

Taste as a sense in sensory marketing, and a part of a sensorial strategy involves way more than a specific flavor, and is related to other sensory aspects as, synergy, symbiosis, interaction and highlighting the importance of the rest of our senses (Hultén, 2011). A lot of examples in literature consider this to be true for taste and sight. Visual aids of food and drinks are a proven concept of triggering temptation to taste.

According to Pelsmaeker, Dewettinck and Gellynck (2013), taste is important because it helps customers to build loyalty to a brand. Also, past research has proven that strong brands can heighten consumers' taste perceptions of food products (Paasovaara, Loumala, Pohjanheimo & Sandell, 2012). In a study done by Robinson, Borzekowski, Matheson and Kraemer (2007), children were given to taste the same foods and drinks separately in a McDonald's packaging and in a packaging that was not branded. The McDonald's packaging persuaded children to prefer the taste of the foods and drinks that were packaged in it.

Previous experiences about an image of a brand are crucial for using taste as a strategy, so what matters about a product is not only the quality (Hultén, 2011). Coca Cola is a perfect example of how strong brands produce and retain loyal customers. The strength of the brand and its unique drinking formula overthrows other Cola drinks even before one has tasted them. Because of the high correlation of taste and creation of brand loyalty, stores use food and drink sampling techniques in order to persuade customers to purchase food or drink products from certain brands.

When it comes to brand identity creation, as previous research claims, taste is a difficult sense to be used for creating identity (Isakson & Alakoski, 2009). As aforementioned, Coca Cola can be taken as an example of a brand and a product with a highly identifiable taste. Starbucks also is one of those brands which are creating different variety of tastes, specific for their brand and respectively developing an identity in their customers' minds. However, the enormous specter of products in the food and drinks industries have given companies a hard time to develop an easily identifiable formula.

#### 1.6.4 Sight in sensory marketing

In just 45 milliseconds people can objectify visually everything around them, this supports the fact that vision is the most dominant sense, considering that the eyes to brain linkage is amazingly fast (Herz & Engen, 1996). Sight is usually the driver of a first impression and the most relied upon sense for most people (Rupini & Nandagopal, 2014). Visual commercials encouraging purchase and highlighting the benefits and features of a brand were among the first commercials created. According to Jayakrishnan (2013), almost 80% of the communications in shopping are being done through our sense of sight.

The sight strategy is employed with emphasizing visual stimuli as packaging, design, logos and colors on a product (Hulten, 2013). With visual information collected through our eyes, the brain alters visual stimuli and features such as orientation, color, motion texture, 3-D structure and perception of depth (Rupini & Nandagopal, 2014). By stimulating the sense of sight, together with a combination of other senses, the whole environmental stimulation in the store will have an impact on consumer behavior (Farias, Aguiar & Melo, 2014).

A sight strategy is especially inevitable in the food stores. Research has showed that customers prefer to visualize the foods that companies are selling, to see if they can deliver on their corresponding product features and promises (Pelsmaecker, Dewettinck & Gellynck, 2013). Strong companies have succeeded at large with being highly recognizable for consumers by using well-known visual ads. Also, there are strong concepts of brands which are very familiar on the market and easily recognizable for their origins. Here we can take as an example Scandinavian interior design or Russian wooden dolls.

Other than visual ads, strong brands occupy the shelves which are spotted the easiest in stores. This is another sensory marketing technique employing a sight strategy that makes specific product brands immensely visible to the consumers. We can easily state Coca Cola as an example for a brand that uses this technique, both for the visual ads and the shelf positions in stores (also their own refrigerators with only Coca Cola in them).

Colors, shapes, style and design of products can influence preference, encourage purchase and form brand identity in customers' mind, also creating a future brand recall. Products which have a specific visual appearance like Volkswagen's Beetle car, Coca Cola's bottles

and product colors, Starbuck's logo and signed coffee cups, the logos of McDonalds, Nike and Apple etc., have all successfully created a strong consumer-brand identification. According to Paasovaraa, Harri, Terhi and Sandell (2012), a customer develops brand loyalty by getting significant value from brands which he or she identifies with and feels them as part of their own image.

#### 1.6.5 Sound in sensory marketing

Sonic branding (branding with music and sound), has been recognized as the 'next big thing' in marketing and branding, but as part of marketing strategy of the senses, it still awaits its groundbreaking recognition (Gustafsson, 2015). Music has proven that sounds can build very powerful emotional connections and can also create and provoke memories. With a scope of more than nine octaves, the frequency of human hearing is astounding (Rossing, Wheeler & Moore, 2002). Humans are used to living in symbiosis with surrounding sounds and noises, as they cannot be shut off (Hultén, Broweus & Dijk, 2008). Orbach (1999) states that, feelings are highly associated to the experience and pursuit of music, and different types of music can trigger different moods and feelings like excitement, satisfaction, calmness, anger, sadness, happiness, relaxation and many others. That is why we sometimes play different music genres, dependent on our mood and surroundings.

Marketers have been using the benefits of sound for a long time (Hultén, Broweus & Dijk, 2008), and it has been proven that music helps to influence customer's mood and affect the shopping pace or the time span customers spend in the store (Rupini & Nandagopal, 2014). For example, it has been identified that classical music has a positive effect on the evaluation of the store atmospherics (Grewal, Baker, Levy & Voss, 2003). Moreover, studies have proven that luxury or expensive products are selling at a higher pace when classical music is used in the stores (Areni & Kim, 1994). Brands are enriching visual ads with specific jingles, and most of them became worldwide known and are highly recognizable, like Intel's ping, Windows's ping, Coca Cola's Christmas jingle, the jingle of Blackberry, etc.

Companies are trying to establish a strong relationship between their brand and their customers with the help of their sound signature, in order for the specific sound to remain in the mind of the customer, and for him/her to be able to associate the sound to their brand whenever he/she hears it (Rupini & Nandagopal, 2014). There are diverse ways of employing sonic branding strategies, through different channels.

Sonic branding has been said to boost brand loyalty (Fulberg, 2003). Moreover, it has been described as made up of different elements, which influence us on an emotional level and increase brand recognition, usually beyond our awareness and our actions (Kilian, 2009). Hence, it is noted as valuable and advantageous to brands, and as something that customers are not even perceiving consciously (Gustafsson, 2015).

#### 1.6.6 Touch in sensory marketing

The sense of touch is one of the first senses humans developed (Field, 2001). As our largest human organ, our whole body is covered in skin. A grown-up individual with an average height and average weight, has 2m<sup>2</sup> of skin which usually weights around 4 to 5 kilograms (Schiffman, 2001). Our skin provides us the ability to get immediately alerted to cold, heat, pain or pressure (Lindstrom, 2005). With the usage of the skin on our fingers, which are exceptionally sensitive to tactile stimulants, we examine our environmental surroundings.

The influence of touch on sensory experience has not really been in the spotlight of the marketing literature and research, although touch has been noted to highly impact consumer behavior (Morrin & Ratneshwar, 2003; Peck & Wiggins, 2006). Touching a certain product has been found to raise assurance in the evaluation of the product and to boost purchase intentions towards it (Peck & Childers, 2003). Accordingly, it became essential for companies to apply the facet of touch to their brand and think about textures their brand should incorporate (Lindstrom, 2005).

A great example of a touch strategy consumers experience is in the stores for electronic devices, where they are allowed (for almost all products) to touch them and try them for free, before making a purchasing decision. Also, Toblerone, the Swiss chocolate company, makes their chocolates in a unique triangular form which can be easily sensed upon touch even with a blindfold. Clothing and other apparel are usually always displayed with a touch possibility in stores, but packaged bed sheets and pillows are not always available to touch. Considering the importance for customers to touch and feel the fabric, stores offer unpackaged samples of the same products for customers to touch them. Also, laying on bed mattresses, sitting on chairs and trying out sofas in IKEA, JYSK and other stores that display home furniture and accessories, its an unconscious way of using touch in order to assess the products' comfort. We attribute quality of a product based on how a brand or product feels (Lindstrom, 2005).

### 1.7 Brand experience

The focus around which the branding theory is evolving in recent years is the development of consumer-brand relationships (Sahin, Zehir & Kitapçı, 2011). A mechanism in which a brand is engaging the seller and the buyer in a long-term consumer-brand relationship (Keller, 2008). Consumer brand relationships are highly dependent on the successful creation of brand connotations, which are formed directly from customer's experiences (Sahin, Zehir & Kitapçı, 2011).

The brand experience concept is defined as sensory induced feelings, sensations, cognitive perceptions and responses to brand associated stimuli that are included in a brand's identity, design attributes, packaging, etc. (Brakus, Schmitt & Zarantonello, 2009).

Affecting on consumers' mind-set, marketing activities connected with the brand define what consumers know about the brand and how they feel about the brand (Sahin, Zehir & Kitapçı, 2011).

Most of past research done on experiences until now, was focused on functional product facets, but not on the experiences that brands provide (Brakus, Schmitt & Zarantonello, 2009). The exposure to brand related stimuli, as specific shapes, colors and textures, affects the customers in the search, shop and consume process (Bellizzi & Hite, 1992). These brand-associated stimuli create the biggest source of instinctive, subjective consumer responses, and behavioral reactions attributed as brand experience (Brakus, Schmitt & Zarantonello, 2009).

Previous studies and research analyzed the influence of experiential marketing and tried to assess its impact (Walter & Cleff, 2013). As of biggest importance for this research, Brakus, Schmitt and Zarantonello (2009), confirmed that customer satisfaction and loyalty affect brand experience directly and indirectly through associating brand personalities. In another research, it was confirmed that experiential happenings which are in-store, have an impact on shopping intent and perceived shopping value (Sands, Oppewal & Beverland, 2008). As more of an abstract concept, experience is complicated to be analyzed, structured and put on paper, but ways of quantifying experiences and putting them into typologies had to be made.

Schmitt (1999), divides brand experience in five different typologies: sensory experiences, cognitive experiences, physical experiences, behavior, lifestyle and social experiences, associated to a reference group or relating to a certain culture. An empirical research study, by Tsauro, Chiu and Wang (2006), also verified these typologies.

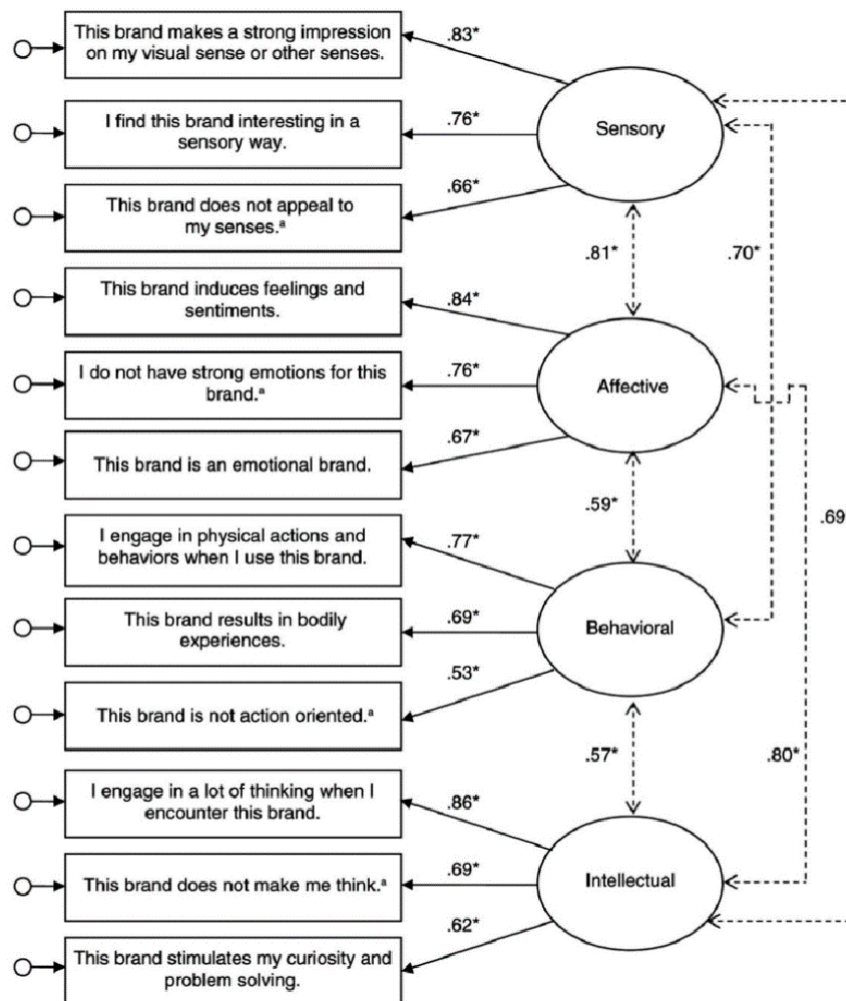
Opposite of Schmitt (1999), who derived his factors from literature, Brakus, Schmitt and Zarantonello (2009) created a brand experience scale with four factors/dimensions: sensory, affective, behavioral and intellectual, with gathering practical evidence through investigative and confirmatory factor analysis (Sahin, Zehir & Kitapçı, 2011). The authors started with selecting five factors through literature overview (sensory, affective, intellectual, behavioral and social) and developed a clean-cut framework, based on which further confirmatory research can be administered in order to assess the magnitude of consumer experiences with brands and the impact it has on satisfaction and loyalty.

As depicted in Figure 2 below, each factor is analyzed by three elements, to measure the magnitude of consumer brand experience. Based on the discoveries of the research, the authors concluded that brand experience is a stronger prognosticator of actual buying behavior in comparison with brand personality, and a more adequate measure of customer satisfaction. For the purpose of testing further the validity and reliability of the scale, approximately six additional studies were conducted (Brakus, Schmitt & Zarantonello, 2009).



The conceptualization of brand experience and its scale development were crucial for comprehending and assessing loyalty concepts (Brakus, Schmitt & Zarantonello, 2009). Hence, according to prior studies, brand experience positively affects consumer satisfaction and brand loyalty (Zarantonello & Schmitt, 2010). Brand experiences also vary in intensity and strength, so some of them are stronger and more intense and some of them are weaker and short-lived (Brakus, Schmitt & Zarantonello, 2009). The long-term and positive brand experiences, which are successfully stored in consumers' memory are actually those which affect customer satisfaction and brand loyalty the most (Oliver, 1997).

*Figure 2: The Four Factor Model*



*Source: Brakus, Schmitt and Zarantonello (2009).*

Stokburger-Sauer, Ratneshwar and Sen (2012), developed a research model in which they analyzed brand loyalty as a consequence, measured the impact of consumer-brand identification on that consequence, and one of the drivers of CBI that was included in their model were memorable brand experiences. Their research model is presented and explained in detail below.

As most researchers in this field, which concentrated on analyzing brand experiences and other brand attributes as drivers or antecedents, they too involved memorable brand experiences in their model, which lead them to consumer-brand identification and finally, to brand loyalty as a consequence. Drawing on the aforementioned facts from previous research, we will examine further the concepts of brand identity and consumer-brand identification, explain memorable brand experiences as a CBI driver, and brand loyalty as the final consequence.

## **1.8 Brand Identity**

Since we are examining consumer-brand identification in a research context, it is very important to comprehend the relations between CBI and brand identity. According to Kotler and Keller (2012), brand identity comprises the forms and ways adopted by a company to identify itself or to position its product and service. A clear and strong identity, that is highly recognizable, implies that a company is successfully creating and maintaining its identity. With creating a valuable identity, the brand differentiates itself from its competitors, raises brand awareness and builds up organizational value, with gaining recognition and loyalty from its customers (Aaker, 1991).

When comparing the two concepts of CBI and brand identity, we can say that CBI exists because of brand identity. The identity a brand creates becomes the base around which customers can identify themselves with. To simplify, brand identity is an identity creation from the brands' side, and consumer-brand identification is an identity creation from the consumers' side, where the consumer is identifying with the brand and shares a perceived oneness. Moreover, when a brand does not have a strong brand identity, it also does not have a solid base for CBI, so the CBI concept is highly dependent on the brands' possession of a unique identity.

## **1.9 Consumer-brand identification**

The concept of identification comes from the Social Identity Theory (SIT) (Tajfel & Turner, 1979). SIT is a theory of group belonging and behavior (Hogg, Terry & White, 1995). It means that individuals acquire a part of their identities from belonging to a certain group and the interactions within and among those groups (Hogg & Terry, 2000). Also, individuals can go beyond their identities in order to develop and maintain a social identity by making themselves a part of a social category (e.g., an organization, sport club, brand, etc.) (Mael & Ashforth, 1992). Drawing from organizational identification research (Ashforth & Mael, 1989) and SIT (Tajfel & Turner, 1979), Bhattacharya and Sen (2003), claimed that the key factor for creating durable relationships between consumers and companies is the concept of identification, when customers identify themselves with companies or brands for the purpose of self-defining.

In this case, consumer-brand identification comes as a result of bond building between individuals and brands (Bhattacharya, Rao & Glynn, 1995). Individuals identify with a brand when the brand indicates specific values and traits, which those individuals find as central to their identities (Aaker, 1997). Hence, it is broadly acknowledged that have the competence to inspire, communicate and personify consumer identities (Bhattacharya & Sen, 2003; Escalas & Bettman, 2003; Fournier, 1998).

Brands and ownership stimulate consumers to highlight their uniqueness, articulate their identities, and produce a sense of past happenings, so customers usually identify with them from their younger years (Belk, 1988). McEwen (2005) supports the following argument: consumers create strong and durable connections with brands because they articulate and intensify one's identity, as such, they are of big importance for consumer's life.

Scholars and researchers in this field have recognized consumer identification as a process which has a very powerful impact on consumer behavior, especially on: consumer-buying related decision (Ahearne, Bhattacharya & Gruen, 2005), brand preference (Tildesley & Coote, 2009), consumer loyalty (Bhattacharya, Rao & Glynn, 1995), psychological sense of brand community and brand commitment (Casaló, Flavian & Guinaliu, 2008), consumer satisfaction and a higher possibility of repurchase (Kuenzel & Halliday, 2008), positive word of mouth (Kuenzel & Halliday, 2008) and consumers' willingness to pay a price premium (Tuškej, Golob & Podnar, 2013).

CBI addressed as the main psychological foundation for committed, deep, and meaningful connections, that marketers are constantly seeking to create with their consumers (Bhattacharya & Sen, 2003), is a construct resulting from substantial research, undertaken in order to understand and explain the relationships between brands and consumers (Elbedweihi, Jayawardhena, Elsharnouby & Elsharnouby, 2016).

The CBI concept results from multiple different constructs in past literature, which were all related to an individual's relationship with a brand.

Even though, the conceptualization of CBI has its roots in organizational identity, it is connected to the self-brand connection construct, which is by definition, the extent to which an individual has integrated a brand into his/her concept of self (Stokburger-Sauer, Ratneshwar & Sen, 2012). All the constructs which were similar and related to the final definition of consumer-brand identification are summarized and presented in Table 1 below.

*Table 1: Related constructs to CBI throughout literature*

<b>Construct</b>	<b>Defined</b>	<b>Literature</b>
Organizational identification	Perceived oneness with an organization and experiencing the organization's successes and failures as one's own.	(Ashforth & Mael, 1989), (Mael & Ashforth, 1992)
	Cognitive connection between the person's self-definition and the definition of the organization.	(Dutton, Dukerich, & Harquail, 1994)
	Perceived belongingness and oneness to an organization of which the individual is a member.	(Bhattacharya, Rao & Glynn, 1995)
Cognitive organizational identification	Cognitive state of self-categorization reflecting self-awareness of an individual's membership in an organization.	(Bergami & Bagozzi, 2000)
Consumer-company identification	Identification with a company as an active, selective, and volitional act motivated by the satisfaction of one or more self-definitional needs.	(Bhattacharya & Sen, 2003)
Customer-brand identification	Customer's psychological state of perceiving, feeling, and valuing his or her belongingness with a brand.	(Lam, Ahearne, Hu, & Schillewaert, 2010)
Brand love	Degree of passionate emotional attachment satisfied consumer has for a particular trade name.	(Carroll & Ahuvia, 2006)
	Different cognitions (e.g., about self-identity), feelings, sense of connectedness and fit, and behaviors (e.g., frequent interactions, resource investments).	(Batra, Ahuvia, & Bagozzi, 2012)
Brand attachment	Strength of the bond connecting a brand with the self.	(Park, MacInnis, Priester, Eisingerich, & Iacobucci, 2010)
Emotional brand attachment	Bond that connects a consumer with a specific brand and involves feelings (i.e., affection, passion, connection) toward the brand.	(Malär, Krohmer, Hoyer, & Nyffenegger, 2011)

*Table continues*

Table 1: Related constructs to CBI throughout literature (continued)

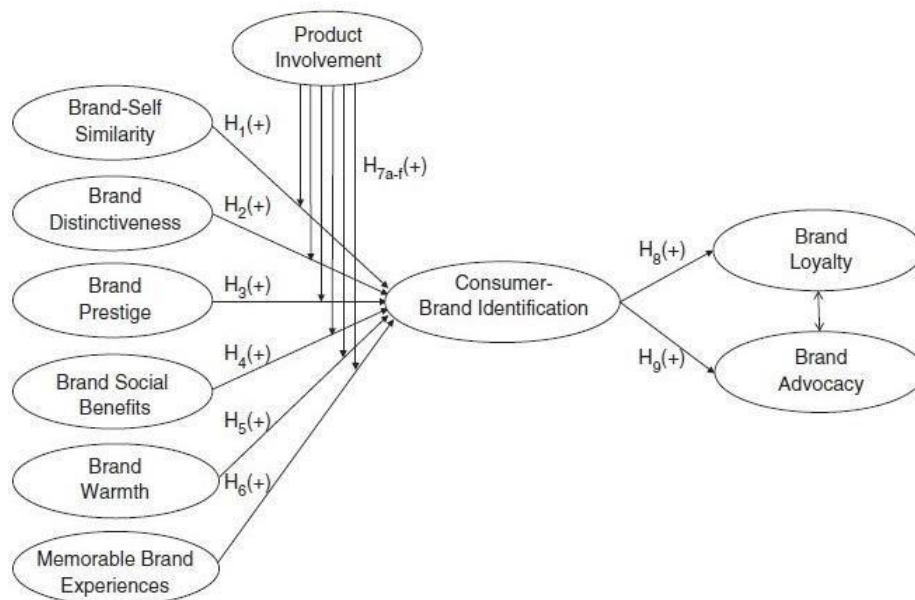
Self-brand connection	Extent to which an individual has incorporated a brand into his or her self-concept.	(Escalas & Bettman, 2003) (Fournier, 2009) (Park, MacInnis, Priester, Eisingerich, & Iacobucci, 2010)
Consumer-brand identification	Consumer's perceived state of oneness with a brand.	Present literature

Source: Stokburger-Sauer, Ratneshwar and Sen (2012).

### 1.9.1 Drivers of CBI

Previous research, by Stokburger-Sauer, Ratneshwar and Sen (2012), based on a synthesis of literature, included six antecedent factors as drivers of CBI. Three of them are cognitive in nature (brand-self similarity, brand distinctiveness and brand prestige), and the other three are affect-based (brand social benefits, brand warmth and memorable brand experiences) (Stokburger-Sauer, Ratneshwar & Sen, 2012). This study's research model is built on the basis of the below presented model with certain adaptations made by the author.

Figure 3: Drivers of CBI, Research Framework



Source: Stokburger-Sauer, Ratneshwar and Sen (2012).

### 1.9.2 Consequences of CBI

In the conceptual model of Stokburger-Sauer, Ratneshwar and Sen (2012), brand loyalty and brand advocacy are both consequences of CBI. As mentioned in their study, the more a consumer identifies with a brand, the more loyal will that person be to that brand. And, the more a consumer identifies with a brand, the more the person will advocate that brand. Brand advocacy means that the consumer becomes an advocate to the brand, promotes the brand socially and physically, recommends it to others, etc. (Stokburger-Sauer, Ratneshwar & Sen, 2012). Because the aim of this research is to examine only brand loyalty as a final consequence, brand advocacy will not be measured and will be excluded from the research.

## 1.10 Constructs of Theoretical Framework

### 1.10.1 Sensory-memorable brand experiences

As mentioned before, according to literature, brand experience contains several dimensions: sensory, affective, cognitive, behavioral and relational, with respective stimuli (Schmitt, 1999). These stimuli enable consumers to gain pleasurable and memorable experiences towards brands. Brands differ in range and intensity with which they provide consumers with memorable experiences (Stokburger-Sauer, Ratneshwar & Sen, 2012). Also, frequent usage of a particular brand does not mean that it will most certainly create a memorable experience (Park et al., 2010). However, some brands, even when used only occasionally, can occupy a big part in consumer's memory and can trigger pleasures affectively (Stokburger-Sauer, Ratneshwar & Sen, 2012). Mostly, memorable brand experiences can come from experiencing a unique and exciting consumption of a product or a service (like river-rafting), but it can also happen while using everyday brands (Arnould & Price, 1993). If everyday brands can provide consumers with positive and long-lasting brand experiences, which will be successfully stored in their memory, those brands will usually create and retain loyal customers (Oliver, 1997). Affirmative to these ideas, memorable brand experiences are analyzed as an antecedent of CBI, described as the magnitude of consumers having positive, affectively charged memories based on prior brand experiences (Stokburger-Sauer, Ratneshwar & Sen, 2012).

According to a research study by Cleff, Lin and Walter (2014), who analyzed the impact of brand experience on brand equity for Starbucks in Taiwan, the empirical study showed a positive impact of brand experience on brand equity. Moreover, the SENSE dimension had by far the biggest influence on brand equity for Starbucks (Cleff, Lin & Walter, 2014). This indicates that experiences that evoke sensory stimulation through the five senses, play a central role in creating brand equity for Starbucks (Cleff, Lin & Walter, 2014).

Schmitt (1999) emphasized that sensory stimulation, together with cognitive coherence, is an ideal combination for creating state-of-the-art sensory consumer experiences. As Cleff,

Lin and Walter (2014) state in their study, Starbucks' combination of a highly recognizable green icon logo, particular taste and smell of coffee, the music played, cozy and comfortable furniture, the stores' interior design and the ambient and atmosphere that they have is a symbiosis that fulfills all criteria.

After drawing parallels from the aforementioned literature and previous research, this study will incorporate the SENSE dimension (sensorial component) into the memorable brand experiences construct and examine sensory-memorable brand experiences as a driver of CBI, while analyzing its impact on brand loyalty for Starbucks coffee shops in Aarhus, Denmark. Based on the theoretical background, the following hypothesis is set:

H1: Positive sensory-memorable Starbucks brand experiences are positively related to customer brand identification.

#### 1.10.2 Brand warmth

According to Stokburger-Sauer, Ratneshwar and Sen (2012), brands can be divided on warm brands and cold brands. The distinction can be made based on the product category of the brand, its notable or differentiating characteristics (visually satisfying or unattractive esthetics of product designs) and its positioning based on marketing communications (Rathnayake, 2008). Depending on this characteristics the brand's personality can be found as relatively warm or cold (Aaker, 1997; Fournier, 1998). The warm-cold division, which is in this case related to brands, is separated of perceptions of brand quality, reliability, and functionality (Stokburger-Sauer, Ratneshwar & Sen, 2012). Thus, the extent to which the brand is perceived as warm, in emotional terms, rather than in cold, rational terms, is one of the key antecedents of CBI (Stokburger-Sauer, Ratneshwar & Sen, 2012). Moreover, because identity creation and preservation are affective processes, warm and lovable brands are more likely to be acceptable for identification than cold brands (Stokburger-Sauer, Ratneshwar & Sen, 2012). According to these statements, the following hypothesis is proposed:

H2: Positive customer perception of Starbucks' brand warmth is positively related to customer brand identification.

#### 1.10.3 Brand social benefits

A number of studies assert brands as important bearers of social and cultural meaning (Holt, 2005; Thompson, Rindfleisch & Arsel, 2006). As reported by Stokburger-Sauer, Ratneshwar & Sen (2012), three extensive streams of research studies imply to the social benefits administered by brands. First, studies on social groups, suggest that individuals often consume brands, which are also consumed by the social or reference group that they belong in, in order to enhance their membership in those groups (Escalas & Bettman,

2003). Second, the expanding literature on brand communities represents the brand as a crucial and fundamental gear for bringing people together and connecting them mutually (Muniz and O'Guinn, 2001; Stokburger-Sauer, 2010). Muniz and O'Guinn (2001) conceptualized brand community as a functionalized, non-geographically constrained community, established on a group of systematical social relationships between the supporters of a certain brand. And finally, scholars who have analyzed consumption in subcultures imply that consumers sometimes integrate into different sub-groups of society based on a mutual pledge to a brand (Thompson, Rindfleisch & Arsel, 2006). Likewise, as in a brand community, those groups are detectable, they have a socially stratified structure, mutual values and beliefs and exclusive rituals (Stokburger-Sauer, Ratneshwar & Sen, 2012).

According to the above-mentioned, customers are expected to identify with brands that enable them to create connections with significant others, certain groups, established communities and variety of subcultures (Stokburger-Sauer, Ratneshwar & Sen, 2012), so the following hypothesis is proposed:

H3: Positive customer perception of Starbucks's brand social benefits is positively related to customer brand identification.

#### 1.10.4 Brand distinctiveness

Social theories imply that people tend to differentiate themselves from others in social contexts in order to be unique. The expression for such need of uniqueness can be best presented with the consumer's "need for uniqueness" (Tajfel & Turner, 1979). This construct is described by Tian, Bearden and Hunter (2001) as the individual's quest of being distinct, relative to others, which is possible through acquiring, utilizing and disposing products or services, with the aim of developing and enhancing his/her social and personal identity.

In accordance with social theories, the branding literature draws parallels that the distinctiveness of a brand is also a key originator to a consumer's desire to identify with that brand (Stokburger-Sauer, Ratneshwar & Sen, 2012). Brands with identities that differentiate them from their competition are more likely to be identified with, if of course, the foundation of that differentiation is not negatively perceived (Stokburger-Sauer, Ratneshwar & Sen, 2012).

Based on this, brand distinctiveness is defined as a recognized and noticeable uniqueness of a brand's identity, in comparison with its competitors, and is analyzed as an antecedent or driver of CBI (Stokburger-Sauer, Ratneshwar & Sen, 2012), and the following hypothesis is proposed:



H4: Positive customer perception of Starbucks brand distinctiveness is positively related to customer brand identification.

#### 1.10.5 CBI as a predictor of brand loyalty

The marketing literature usually uses the term loyalty in order to refer to the operational definition of repurchase, repeat preference, commitment and allegiance (Sahin, Zehir & Kitapçı, 2011). Oliver (1997), defines loyalty as a act of re-purchasing a certain product or service consistently, from preferred brands, in spite of different influences and the competition's marketing efforts having a potential to motivate switching behavior (Chaudhuri & Holbrook, 2001).

Consumer-brand relationships are crucial for building brand loyalty (Fournier, 1998). Brand experiences contribute to brand loyalty and higher profitability for the brand (Morrison & Crane, 2007). By creating emotional ties through a compelling and engaging context, brand experiences stimulate loyalty, the context being the surroundings in which the encounter of service happens (Sahin, Zehir & Kitapçı, 2011). By definition, there are two main factors of context, relational and physical. Physical context is the one created by "clues", created by the sounds, sights, textures and smells of the surrounding environment, the relational is made up from the "clues" that arise from people and the behaviors they engage in (Morrison & Crane, 2007).

The marketing literature supports the theory that identification is connected to a constant, long-lasting preference for the ones which identify with the company's products or services (Bhattacharya & Sen, 2003). Moreover, a strong impact of customer-company identification on customer loyalty was reported by Homburg, Wieseke and Hoyer (2009). Lam, Ahearne, Hu and Schillewaert (2010) proved that CBI discourages customers from changing usage of brands, and Park et al. (2010) revealed a positive connection between a CBI related construct (brand attachment) and actual buying behavior (Stokburger-Sauer, Ratneshwar & Sen, 2012). Hence, to summarize, it can be clarified that CBI is a high prognosticator of customers' loyalty towards a brand (Stokburger-Sauer, Ratneshwar & Sen, 2012).

The brand's value is to a great extent build by the customer loyalty it commands (Aaker, 1996). A loyal customer base is expected to produce foreseeable profit and sales stream, which is why brand loyalty is a key element when indicating a value on a brand (Aaker, 1996). Also, from a cost perspective, it costs much less to retain existing customers, than to spend additionally on marketing in order to gain new ones. As stated by Aaker (1996), a very common and costly error is to try to achieve growth by seeking new customers, while overlooking existing ones.

Brand loyalty is usually appointed as a key focus of marketing strategies across firms, specifically when it comes to the services industry, where markets can be relatively tough

and very similar (Fournier & Yao, 1997). It is very well known that firms which enjoy higher market shares, high investment rate returns and maintain a high bargaining power on the market, are the ones which have a subsequently big base of loyal customers.

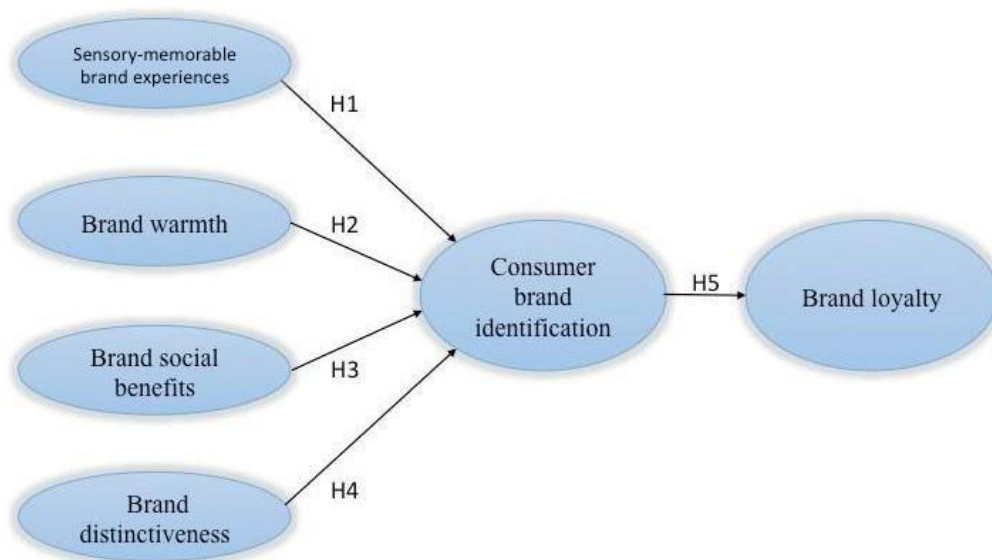
Drawing from aforementioned theoretical background on CBI and brand loyalty, the following hypothesis is proposed:

H5: Higher consumer-brand identification with Starbucks is positively related to customer loyalty to the brand.

### 1.11 Theoretical Framework and Hypotheses

The proposed research model is the author's adaptation of Stokburger-Sauer, Ratneshwar, and Sen's (2012) model from their paper "Drivers of Consumer-brand identification". The adapted model for this study excludes two antecedents of CBI, namely, brand prestige and brand self-similarity. This model also incorporates additionally the SENSE dimension of brand experience in the construct of memorable brand experiences as sensory-memorable brand experiences.

*Figure 4: Theoretical framework*



*Adapted from Stokburger-Sauer, Ratneshwar and Sen (2012).*

Table 2 is an overview of the hypotheses proposed.

*Table 2: Outline of Hypotheses*

H1: Positive sensory-memorable Starbucks brand experiences are positively related to customer brand identification.
H2: Positive customer perception of Starbucks' brand warmth is positively related to customer brand identification.
H3: Positive customer perception of Starbucks's brand social benefits is positively related to customer brand identification.
H4: Positive customer perception of Starbucks brand distinctiveness is positively related to customer brand identification.
H5: Higher customer brand identification with Starbucks is positively related to customer loyalty to the brand.

*Source: Own work.*

## **2 METHODOLOGY**

### **2.1 Research design**

This study's research design, includes a secondary data analysis, and quantitative study, as a primary data collection, through an online questionnaire. The research design was chosen because of the number of benefits it brings to a study. According to Tashakkori and Teddlie (2003), this research method has the ability to resolve and answer research questions that other methodologies struggle with doing so. The quantitative part provides generalizability and statistical strength, whereas the qualitative part provides meaning, depth and context (Teddlie & Tashakkori, 2009).

Because of the lack of research within the field of sensory branding and CBI, and also the lack of relational research between them, this study will examine existing theories, and reshape and enrich existing conceptual models. Thus, this research is of exploratory nature, since it measures the extent to which sensory brand experience and the other co-drivers impact CBI and consumer brand loyalty.

This study consists of primary and secondary data. The primary data for quantitative analysis was gathered through an online questionnaire. The secondary data was provided by literature overview of books and scientific articles from within the argued fields. The literature review combines two main concepts, which are the foundation of this study's conceptual framework. The brand experience concept (Schmitt, 1999; Brakus, Schmitt & Zarantonello, 2009), concentrating on the sensorial dimension within it, and the CBI

concept, derived from the social identity theory (Tajfel & Turner, 1979). As the aim of this study is to measure the extent to which sensory brand experience affects CBI and brand loyalty, the sensorial component of the brand experience concept is incorporated in an adapted conceptual model of Stokburger-Sauer, Ratneshwar and Sen (2012), which was developed for testing CBI drivers and overall influence on brand loyalty.

## **2.2 Survey development**

The first page of the survey is an introduction for the respondents, informing them on the purpose of the study and what the study is measuring. It also implies that their response is only useful if they are a consumer of one or both coffee shops in Aarhus, Denmark. The introductory page also contains general and qualifying questions, collecting information about gender, age, nationality, and place of living (qualifying question, for respondents living within the Greater Aarhus area). Since this study concentrates solely on Starbucks coffee shops in the city of Aarhus, in Denmark, if a respondent responds negatively to the question “Do you live in Greater Aarhus area?”, the survey will be brought to an end for that respondent, because of low possibilities that the respondent has actually visited one of the coffee shops in Aarhus.

The second page of the survey also contains a qualifying question, asking respondents if they have ever visited a Starbucks coffee shop in Aarhus. If the respondent answers negatively, the survey will also be brought to an end. If the respondent gives a positive answer to the same question, the survey moves on to the third page, which asks respondents for the frequency of their visits in Starbucks coffee shops in Aarhus. On page four, the survey contains thirty close-ended questions (statements), that respondents are able to rate with choosing from a set of limited statement options. The statements are derived and adapted from previous studies, and in accordance with the conceptual model for this study (Appendix 2, Table 1).

This study will take into account only European consumers as its target population, and in order to avoid language barriers and to maintain the original definition of the constructs, the survey is conducted in English. All items are measured using a five-point Likert scale. The questionnaire uses a non-comparative scaling technique, which means that every item is scaled separately of the others. The questionnaire can be seen in Appendix 2.

## **2.3 Pilot study**

Prior to distributing the questionnaire, a pilot study was conducted in order to examine the comprehensibility of the statements for the constructs of the adapted conceptual framework. The pilot study was conducted as face to face interviews with potential respondents from both Starbucks coffee shops in Aarhus, Denmark. The pilot study included 20 interviewees. All the statements from the questionnaire were subjective to

interview, and the interviewees were asked to evaluate if they clearly understand and comprehend the content of the statements and what they imply. The group resembled the final target population as much as possible.

Based on their answers and opinions, 86% of them fully understood the statements, and knew what the statements were implying to. The interviewees also suggested some improvements, content wise, that were taken into account in order for the questionnaire to be more understandable for people who have never heard some of the words used in the statements, especially from branding literature.

## **2.4 Data collection method**

Starbucks opened its first coffee shop in Aarhus, Denmark, as late as in 2013 (Starbucks Newsroom, 2013). The first Starbucks coffee shop in all of Denmark opened in Copenhagen, at the Copenhagen Airport in 2007 (Starbucks Newsroom, 2013). Before that, Danes have been familiar with the brand from travelling abroad. As of July 2017, Denmark has the highest number of Starbucks stores compared to the other Nordic countries (Statista, 2017).

Starbucks positions its stores strategically in the most eye-catching locations. They target premium locations which have high traffic and are highly visible, usually in city downtowns, retail centers, office buildings, at universities, airports and several off-highway locations. In the city of Aarhus, both coffee shops are in the heart of the city. One is located in front of a well-known and very apparent retail shopping center, and the other is in the middle of the main city square and is impossible not to spot them. Based on this, it is highly apparent to assume that a big margin of the targeted population for this study, has been to one of the Starbucks stores in Aarhus at least once, which makes them a qualified respondent for the survey.

Regarding sampling techniques, as the most appropriate for this study, the convenience sampling technique was chosen. Convenience sampling is also known as Accidental sampling. Because this technique uses non-probability or non-random sampling, it samples representatives that are in accordance with certain benchmarks, like, easily accessible, available, eager to participate, being physically close, etc. (Dörnyei, 2007). In convenience sampling, the process of sample selection continues until the researcher decides that the gathered sample size is sufficient (Saunders, Lewis & Thornhill, 2012). Moreover, with convenience sampling the researcher can collect data in a way which is cost-free, fast and efficient and broad geographical spans (Saunders, Lewis and Thornhill, 2012). The main presumption when using convenience sampling is that the target population is similar and comparable (Etikan, Musa & Alkassim, 2016). A main disadvantage that this sampling may have is the tendency to be biased and narrow-minded (Mackey & Gass, 2005).

For the purpose of reaching the most valuable sample for this study, the questionnaire was distributed via e-mail and in social media groups. Starbucks coffee shop customers in Aarhus were approached with a brief explanation of the study and asked if they are willing to participate with answering the survey. With their consent the questionnaire was sent to their e-mail addresses. Also, the questionnaire was distributed in social media groups on Facebook, mainly groups containing internationals and Danish nationals from Aarhus, which contained members who had a desired respondent profile. Respondents had the ability to spend as much time as they need in order to fulfill the questionnaire, in order for them to be able to read the questions carefully, for the purpose of understanding what they mean and imply.

## **2.5 Sample Description**

In total, the questionnaire had 221 respondents. Out of those 221, valid representatives which were Europeans were 205, leaving out of the study representatives which were out of the geographical scope, specifically from the USA, Brazil, Australia, Canada, Armenia, China, Philippines, Korea, Thailand and Syria. Also, represented countries did not have the same frequency in respondents. As expected, Denmark had the highest frequency, with 89 respondents, Poland was second with 20, Germany was third with 12, and so on (Appendix 3, Table 2).

Out of 205 representatives, 10 were out of the age scope, aged over 36 years old (Appendix 3, Table 3). Taking into account that the targeted sample of the study was generation Y (millennials), the highest frequency in age of the respondents was 25, with a age range mean of 26,5 and median of 26 (Appendix 3, Table 3). Considering the gender ratio between the respondents, female respondents were much more frequent than male respondents, with 121 females and 74 males out of 195 in total (Appendix 3, Figure 1).

It is important to mention that the targeted sample included Europeans meaning, citizens and residents of the European continent, not the European Union. For this study, the difference in frequency of nationals and country representatives is not considered as an issue, because the study does not compare nor analyze them separately, putting the interest on the European market overall. The respondents had two qualifying questions in the beginning of the survey. Out of 195, 11 respondents were not living in the greater area of Aarhus, while 7 out of 195 never visited a Starbucks coffee shop in Aarhus. Concerning the frequency of visits of the respondents in both of the coffee shops of Starbucks in Aarhus, the highest frequency of visits was once per week, while the lowest was everyday visits. (Appendix 3, Figure 2).

## **2.6 Missing Data**

The advantages of online data collection approaches have substantially reduced missing data, because usually the questionnaire prevents respondents from going to the next question if they have not filled all the data required previously (Hair, Hult, Ringle & Sarstedt, 2013). Also, this forced-answer approach sometimes demotivates respondents to carry out the survey, if there are sensitive questions which they do not want to respond, or they answer a question just by clicking on a random option in order to be able to continue further.

The final number of questionnaires completed (both partially and fully) was 258. Out of those 258, 37 were either partially completed, or had only answered the demographic questions. In order to ensure that missing entries will not alter data significance, only fully completed questionnaires were taken as a sample for analysis.

## **3 DATA ANALYSES**

### **3.1 PLS-SEM Analyses**

Structural Equation Modeling or SEM is a second-generation multivariate data analysis method used in marketing research, mainly for its ability to test linear and additive causal models which are theoretically supported (Haenlein & Kaplan, 2004). It includes a set of statistical methodologies meant to measure a network of causal relationships, determined according to a theoretical model, connecting two or more latent complex concepts, each of them measured through a set of observable indicators (Bollen, 1989). SEM combines constructs to data in confirmatory factor analyses, path analyses and partial least squares path analyses (Kline, 2015).

Using SEM, marketers can study the relationships between chosen variables, for the purpose of prioritizing assets to offer better service to their customers (Wong, 2013). There are different SEM approaches used in research, as covariance-based SEM, partial least squares and component-based SEM (Wong, 2013). When it comes to CB-SEM, researchers have been using it for data analyses mainly when it comes to large sample sizes, data which is normally distributed and a accurately defined model (Wong, 2013). Taking into account the difficulty of gathering data with the aforementioned characteristics, PLS-SEM was introduced as an alternate SEM, with the ability to function as a multiple regression (Hair, Ringle & Sarstedt, 2011).

When taking about differences, PLS-SEM is a better option than CB-SEM when there is a small sample size, inaccessible theory, predictive accuracy is principal and accurate model specification is not ensured (Wong, 2013). In contrast to CB-SEM, PLS-SEM enables prediction and exploration, while handling complex research models, and relaxing the demands on data, as well as relationship specification (Jöreskog & Wold, 1982). PLS-SEM has shown itself useful, especially in projects with limited number of participants and skewed data distribution, particularly in behavioral sciences, marketing research,

organization research, business strategy research, etc. (Wong, 2013). The evolution of the PLS-SEM software started in the mid-1960s, and up to date it has reached the highest level of customer-friendly interface, ease of use and advanced reporting features (Wong, 2013). This study uses the Smart PLS 3 software, as one of the most eminent software applications for PLS-SEM, developed by Ringle, Wende and Will (2005).

Even though PLS is acknowledged for its capability to handle small sample sizes, when determining the sample size it is important to consider the background of the model, the distribution of the data, the psychometric properties of the variables, and the extent of their relationship (Wong, 2013). According to prior research, a sample size from 100 to 200 is a good fit for path modeling (Wong, 2013). Other important characteristics include a typical marketing research having a significance level of 5%, a statistical power of 80% and a  $R^2$  of at least 0.25 (Hair, Hult, Ringle & Sarstedt, 2013). Smart PLS enables the researcher to construct a path model that connects constructs and variables according to theory and logic and visibly display the hypotheses that need to be tested. The structural model created usually displays predictive (independent) constructs on the left and outcome (dependent) variables on the right-hand side (Hair, Hult, Ringle & Sarstedt, 2013). If there are constructs which are positioned in the middle of the model, they are perceived to have a dual relationship, acting as both dependent and independent variables (Hair, Hult, Ringle & Sarstedt, 2013). When the sequence between the constructs is decided, they are connected through causal links and a structural model is formed.

Afterwards, a measurement model is depicted, which in PLS-SEM can be either formative or reflective. In a formative model, the construct is being defined by the indicators, and including or excluding an indicator can completely shift the conceptual scope that the construct has. On the other hand, in a reflective model, a shift in the latent variable, will anticipate a change in the indicators, which means that the indicators are interchangeable and insertion or removal of indicators from the domain does not modify the content validity of the construct (Coltman, Devinney, Midgley & Veniak, 2008).

Based on the aforementioned, and with evaluating the theory behind the conceptual framework, the measurement model of this study is depicted as reflective, as a modification in the dependent construct can be mirrored in a modification of the indicators which are independent. Theory evaluation suggests that sensory-brand experience, brand warmth, brand social benefits and brand distinctiveness are determined differently for every customer based on personal beliefs and preferences. Hence, the constructs are highly dependent on the indicators, which affect them reflectively. A reflective measure means that all indicators are initiated by the same construct, therefore, indicators associated with a certain construct should be highly correlated among each other (Hair, Hult, Ringle & Sarstedt, 2013). Using a reflective model which suggests that indicators are interchangeable and correlated also enables us to thoroughly examine their reliability and validity (Wong, 2013).



The calculations which are performed in Smart PLS3 for this study are Consistent PLS Algorithm, Bootstrapping and Blindfolding. Consistent PLS Algorithm was chosen over the regular one, because it provides a correction for estimates when PLS is applied to reflective constructs, and also has advantages when the research uses non-normally distributed data (Hair, Hult, Ringle & Sarstedt, 2013). For examining the non-normal data distribution of this study, kurtosis and skewness were calculated in SPSS (Appendix 4, Figure 3).

Bootstrapping is a non-parametric resampling procedure, which decides on the variability of a statistic by researching the variability of the sample data, instead of using parametric guesses to determine the accuracy of the estimates (Efron & Tibshirani, 1994). At last, blindfolding is a sample technique, which consistently eliminates data points and provides an estimation of their original values (Hair, Hult, Ringle & Sarstedt, 2013). According to Hair, Hult, Ringle and Sarstedt (2013), the blindfolding procedure is usually applied to dependent constructs that have a specified reflective model.

This study used Consistent PLS Algorithm, Bootstrapping and Blindfolding as calculation parameters. The Consistent PLS Algorithm had Path as its Weighting Scheme, with maximum number of iterations at 300 (Ringle, Wende & Will, 2005) and an abort criterion of 1.0E-5 (Wong, 2013). The Bootstrapping was set to 5000 subsamples (Hair, Hult, Ringle & Sarstedt, 2013), parallel processing, complete bootstrapping, bias corrected and accelerated bootstrap and a two tailed test with significance level of 0.05. The Blindfolding was set to with an omission distance value of 6.

### **3.2 Output Evaluation**

There are certain general guidelines which are drawn from previous literature, that should be considered when assessing reflective measurement models with PLS-SEM. The guidelines are presented in Table 3.

Assessing the output of the PLS analysis in Smart PLS for this study includes observing indicator reliability, internal consistency, convergent validity, discriminant validity, coefficient of determination, significance of paths and goodness of fit for the model. Besides being compatible with other types of analyses, according to Hair, Hult, Ringle and Sarstedt (2013), Cronbach's alpha does not correspond well with PLS testing, so in this case, composite reliability is used as a substitute.

*Table 3: Guidelines for evaluating reflective measurement models*

<b>Topics</b>	<b>Indicators</b>	<b>Adequate values</b>
Internal Consistency	Composite Reliability	Higher than 0.70 or 0.60 – 0.70 (for exploratory research)
Indicator Reliability	Outer loadings	Higher than 0.70 or Higher than 0.40 (for exploratory research)
Convergent validity	Average Variance Extracted (AVE)	Higher than 0.50
Discriminant validity	Heterotrait-monotrait ratio of correlations (HTMT)	Lower than 1
Multicollinearity	Variance Inflation Factor (VIF)	10–5 ► Highly correlated 5–1 ► Moderately correlated 1 ► Not correlated
Path Significance	T statistics P values	Higher than 1.96 Lower than 0.05
Predictive Relevance	Q squared	Lower than 0.02 ► Low 0.02 – 0.15 ► Moderate 0.15 – 0.35 ► High
Effect Size	F squared	Lower than 0.02 ► Low 0.02 – 0.15 ► Moderate 0.15 – 0.35 ► High
Model Fit	Standardized root mean square residual (SRMR)	= or lower than 0.08 (Hu & Bentler, 1999)

*Source: Adapted from Hair, Hult, Ringle and Sarstedt (2013).*

After the structural and the measurement models were defined in Smart PLS, the parameter calculated first was the Consistent PLS algorithm. Because the measurement model is reflective, based on the outer loadings, we can assess the relationship between the reflective latent variables and their indicators (Hair, Hult, Ringle & Sarstedt, 2013).

Based on the loadings of the outer model, indicators with loading values less than 0.5 were excluded from the model, as the calculation suggested poor correlation to the latent variable (Hair Jr, Black, Babin & Anderson, 2014). According to Hair, Ringle and Sarstedt (2011), the outer loading estimates should be higher than 0.7 to be treated as reliable, but also, loadings that are in between 0.4 and 0.7 should be considered for deletion (usually one by one), only if their deletion improves composite reliability. When it comes to outer loadings that are lower than 0.4, they are considered as unreliable and should always be removed from the model.

Figure 5 below shows the resulting model after running the Consistent PLS Algorithm. Based on the calculations, the model shows high composite reliability with values of 0.95 for brand loyalty, 0.876 for CBI, 0.942 for sensory-memorable brand experiences, 0.839 for brand warmth, 0.89 for brand social benefits and 0.918 for brand distinctiveness.

*Table 4: Initial Model for PLSc Algorithm and Bootstrapping*

	Composite Reliability	AVE	R <sup>2</sup>	Adj. R <sup>2</sup>	Inner VIF Values	Q <sup>2</sup>	F <sup>2</sup>
SensoryM brand experience	0.942	0.672			2.138		0.818
Brand warmth	0.839	0.567			1.889		0
Brand social benefits	0.89	0.671			1.15		0.422
Brand distinctiveness	0.918	0.79			1.772		0.023
CBI	0.876	0.703	0.669	0.661	1.23	0.299	6.818
Brand loyalty	0.95	0.733	0.872	0.871		0.441	

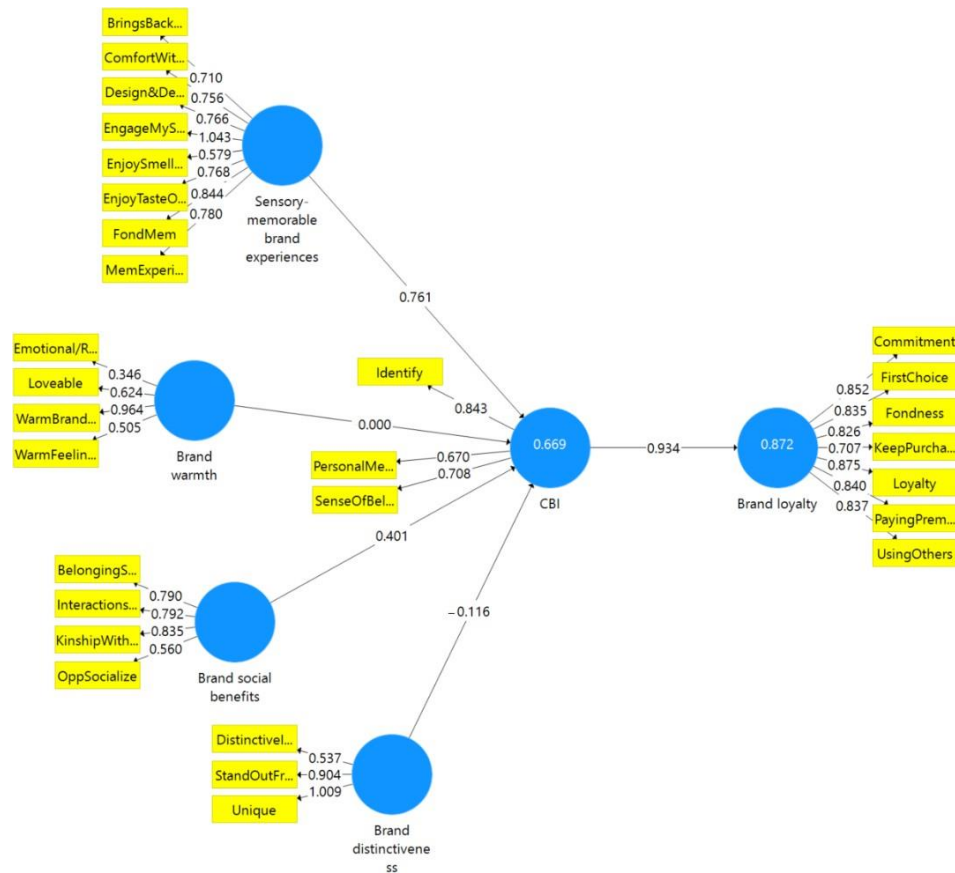
*Source: Own work.*

The Average Variance Extracted (AVE) for the same constructs is also significant, as all the values are above 0.5. The construct with the lowest AVE, closest to 0.5 is brand warmth, which can be explained through having the lowest outer loading in the model for the Emotional/Rational indicator with a value below 0.4 (0.346). Table 4 above sums up the results from the performed PLSc Algorithm and Bootstrapping.

As presented in Figure 5 both R<sup>2</sup> and Adjusted R<sup>2</sup> are significant with values of 0.669 (0.661) for CBI and 0.872 (0.871) for brand loyalty. For the CBI construct, the coefficient of determination value, means that the four latent variables moderately<sup>2</sup> explain 66.9 % of the variance in CBI. While for the brand loyalty construct, it means that the CBI construct that has a dual relationship of being both an independent and a dependent variable, substantially explains 87.2 % of variance in brand loyalty. The model has particularly strong indications of predictive relevance (Q<sup>2</sup>) with values of 0.299 for CBI and 0.441 for brand loyalty. Furthermore, the effect size (f<sup>2</sup>), was moderate for the brand warmth and brand distinctiveness constructs and strong for all the rest, the strongest being CBI with an effect size of 6.818.

<sup>2</sup> In marketing research, a R<sup>2</sup> value of 0.75 is substantial, 0.50 is moderate and 0.25 is weak (Wong, 2013).

Figure 5: Primary Model



Source: Own work.

Concerning multicollinearity, by examining the Inner VIF Values, Smart PLS checks the structural model for collinearity issues. The Inner VIF values represent values of all combinations of endogenous constructs (as columns) and the corresponding exogenous (predictor) constructors (as rows) in a predictive model (Hair, Hult, Ringle & Sarstedt, 2013). As all the VIF values of the model are below the threshold of 5 and over the lowest threshold of 1 (which means no correlation), this shows that collinearity among the predictor constructs is not a critical issue in the structural model (Akinwande, Dikko & Samson, 2015). The Inner VIF Values, in regards to multicollinearity can be seen in Appendix 4, Figure 4.

As mentioned above, outer loadings which are lower than 0.5 should be removed from the model, if after their removal, the composite reliability of the construct is improved. However, outer loadings with values lower than 0.4 should always be removed from the model. The only outer loading with a value below 0.4 is the Emotional/Rational indicator of the brand warmth construct, which will be removed, and the PLSc will be calculated again, in order to check if the composite reliability will improve.

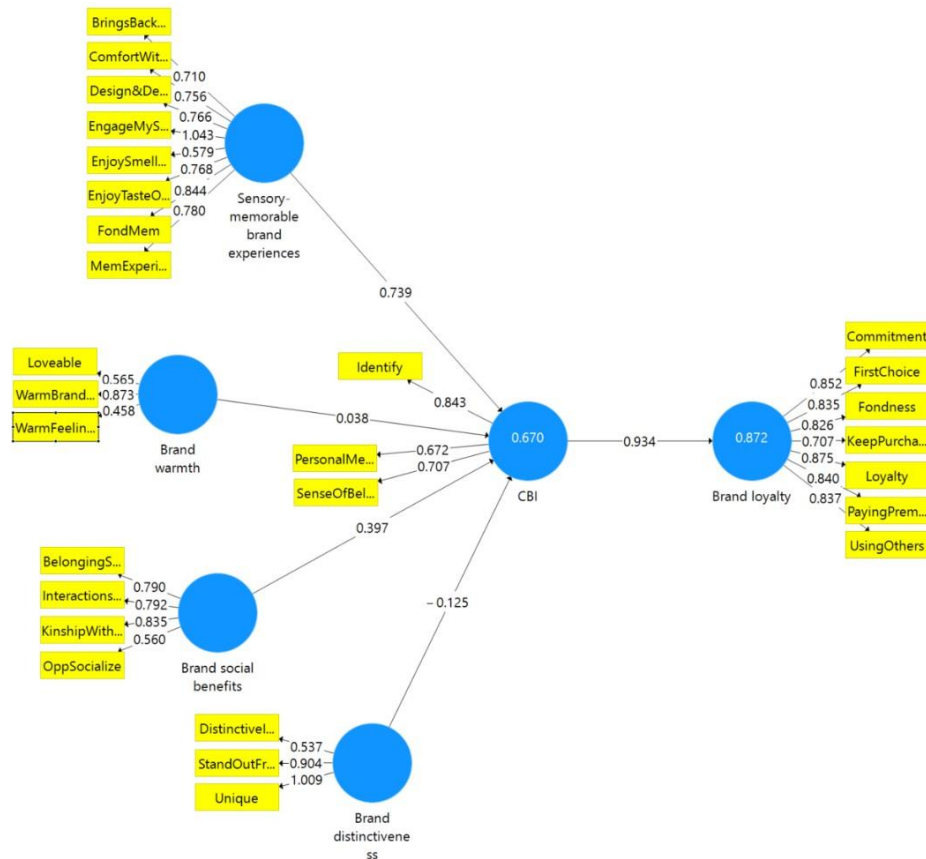
Table 5: Confirmatory Factor Analysis of the Conceptual Model

	Brand distinctiveness	Brand loyalty	Brand social benefits	Brand warmth	CBI	SensoryM Brand experiences
BelongingSpecialGroup			0.87			
BringsBackGoodMem						0.72
ComfortWithFurn						0.8
Commitment		0.73				
DesignandDecoration						0.77
DistinctiveIdentity	0.66					
Emotional/Rational				0.38		
EngageMySenses						0.96
EnjoySmellOfCoffee						0.69
EnjoyTasteOfCoffee						0.8
FirstChoice		0.9				
FondMem						0.82
Fondness		0.68				
Identify					0.87	
InteractionsWithOthers			0.76			
KeepPurchasing		0.81				
KinshipWithOthers			0.8			
Loveable				0.65		
Loyalty		0.88				
OppSocialize			0.52			
PayingPremium		0.92				
PersonalMeaning					0.66	
SenseOfBelonging					0.69	
StandOutFromComp	0.9					
Unique	0.93					
UsingOthers		0.88				
WarmBrandStatement				0.86		
WarmFeelings				0.62		
MemExperiences						0.73

Source: Own work.

Confirmatory factor analysis (CFA), examining factor loadings, instead of path loadings, was also performed in order to examine the factor loadings. Table 5 below shows the results of the CFA. With removing the Emotional/Rational indicator which had a low outer loading value below the minimum threshold of 0.4, the corrected model is presented below as Figure 6.

Figure 6: Conclusive Model



Source: Own work.

Table 6: Conclusive Model for PLS Algorithm and Bootstrapping

	Composite Reliability	AVE	R <sup>2</sup>	Adj. R <sup>2</sup>	Inner VIF Values	Q <sup>2</sup>	F <sup>2</sup>
SensoryM brand experience	0.942	0.672			2.276		0.726
Brand warmth	0.824	0.61			2.224		0.002
Brand social benefits	0.89	0.671			1.156		0.412
Brand distinctiveness	0.918	0.79			1.825		0.026
CBI	0.876	0.703	0.67	0.662	1.23	0.302	6.824
Brand loyalty	0.95	0.733	0.872	0.871		0.441	

Source: Own work.

Table 6 above sums up the results of the PLSc Algorithm and Bootstrapping results of the conclusive model. The removal of the lowest outer loading under the brand warmth construct, triggered a lowering of the outer loading value in the WarmFeeling indicator, which changed from being 0.505 to 0.458. The reason behind this might be the closeness of meaning of both indicators. Since its value is not below the 0.4 threshold and its removal does not improve composite reliability nor AVE significantly, it will be kept in the conclusive model. Also, its removal will negatively affect the content validity of the construct. If we analyze the improvement of the model, with the removal of the undesired outer loading, we can notice higher AVE for the construct brand warmth going from 0.56 to 0.61, and minor changes of improvement in the  $R^2$  of CBI and brand loyalty constructs. There are also some minor improvements in the values of  $Q^2$  and  $f^2$ .

*Table 7: Heterotrait-monotrait ratio of correlations*

	Original Sample (O)	STDEV	T Statistics ( O/STDEV )	P Values
Brand loyalty -> Brand distinctiveness	0.537	0.083	6.503	0
Brand social ben. -> Brand distinctiveness	0.32	0.078	4.16	0
Brand social ben. -> Brand loyalty	0.28	0.069	4.033	0
Brand warmth -> Brand distinctiveness	0.688	0.121	5.698	0
Brand warmth -> Brand loyalty	0.835	0.128	6.506	0
Brand warmth -> Brand social benefits	0.28	0.097	2.881	0.004
CBI -> Brand distinctiveness	0.437	0.087	5.018	0
CBI -> Brand loyalty	0.927	0.039	23.813	0
CBI -> Brand social ben.	0.429	0.075	5.746	0
CBI -> Brand warmth	0.74	0.139	5.321	0
SensoryM brand exp. -> Brand distinctiveness	0.595	0.076	7.868	0
SensoryM brand exp. -> Brand loyalty	0.837	0.03	27.816	0
SensoryM brand exp. -> Brand social benefits	0.117	0.038	3.093	0.002
SensoryM brand exp. -> Brand warmth	0.899	0.14	6.438	0
SensoryM brand exp. -> CBI	0.704	0.058	12.138	0

*Source: Own work.*

When it comes to assessing discriminant validity, Heterotrait-monotrait ratio of correlations (HTMT) was examined from the SmartPLS results. There has been an ongoing debate of what should be the predefined threshold value as a criterion to compare the results to. According to Henseler, Ringle and Sarstedt (2015), the threshold value is debatable because researchers have used and still continue to use different threshold values, as a criterion to compare to. For this study, the ratios of HTMT that are lower than the maximum threshold of 1, were taken as desirable. Meaning, if the values are lower than 1, the conclusive model has discriminant validity (Henseler, Ringle & Sarstedt, 2015). The HTMT values, with their corresponding t-statistics and p-values are presented in Table 7.

Furthermore, the model was tested for goodness of fit, using the SRMR testing parameter in SmartPLS. Standardized root mean square residual (SRMR) is a parameter for model fit testing, explained as the disparity between the observed correlation and the implied correlation matrix of the model, where values lower than 0.08 are considered a solid and appropriate fit (Hu & Bentler, 1999). As an absolute measure of fit, a value of zero indicates a perfect model fit (Hair, Hult, Ringle & Sarstedt, 2013). The SRMR of the conclusive model is presented in Table 8 below.

*Table 8: SRMR – Model fit*

	Sample Mean (M)	STDEV	T Statistics ( O/STDEV )	P Values
Saturated Model	0.05	0	18.79	0
Estimated Model	0.06	0.01	18.2	0

*Source: Own work.*

Based on the conclusive inner model presented above (Figure 6. Conclusive Model), the sensory-memorable brand experiences construct has the strongest effect with a path loading of 0.739, followed by the brand social benefits construct with a path loading of 0.397, then the brand distinctiveness construct with a path loading of -0.125 and finally brand warmth having the weakest effect, with a loading of 0.038. Consequently, the CBI construct (having a dual relationship, both dependent and independent), which is predicted by the latent variables (independent constructs), has a significantly strong effect on the brand loyalty construct with a path loading value of 0.934, as its main predictor. As noticeable above, the brand distinctiveness constructs' path coefficient has a negative value towards CBI. A negative path loading can be seen as an equivalent of a negative regression coefficient, which means that as brand distinctiveness increases, CBI is predicted to decrease. To determine whether or not, the low path loading value of brand warmth and the low and negative path loading of brand distinctiveness are statistically significant, we will examine the final bootstrapping results for path analyses significance in Table 9 below



*Table 9: Bootstrapping Results Path Analyses Significance*

	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Brand distinctiveness -> CBI	-0.05	0.07	0.8	0.43
Brand social benefits -> CBI	0.31	0.05	6.17	0
Brand warmth -> CBI	0.06	0.07	0.82	0.41
CBI -> Brand loyalty	0.81	0.04	22.33	0
SensoryM brand experiences -> CBI	0.59	0.07	8.5	0

*Source: Own work.*

## 4 RESULTS AND FINDINGS

The measured convergent validity and internal consistency in the conclusive model showed high composite reliability and valid results for AVE for all the constructs. The coefficients of determination for both the CBI and brand loyalty constructs were moderately and substantially significant, respectively. Together with the Q squared and f squared values, the findings justify predictiveness for the conceptual model of the study.

The examined Inner VIF Values showed that collinearity is not a problem in the model. While examining discriminant validity, according to the results of the HTMT, the model has discriminant validity, with each ratio of correlation having a significant t-statistic at 5% and a significant p-value. The goodness of fit of the model was tested using the SRMR testing parameter. The results of a sample mean at 0.05 for the saturated model and at 0.06 of the estimated model, demonstrate a good model fit.

However, the bootstrapping and the path significance analyses results show a quite different perspective of the relationships in the conceptual model in Table 10. The independent constructs (or latent variables), sensory-memorable brand experience and brand social benefits have a path coefficient with significant t-statistics and p-values, while, brand warmth and brand distinctiveness showed path coefficients with insignificant t-statistics and p-values. According to the bootstrapping results, within the conclusive conceptual model, hypotheses H2 and H4 are not supported.

*Table 10: Outline of Hypotheses, Path coefficient significance*

		Path	T-statistics	P-values
H1:	Positive sensory-memorable Starbucks brand experiences are positively related to consumer-brand identification.	0.59	8.50	0.00
H2:	Positive consumer perception of Starbucks' brand warmth is positively related to consumer-brand identification.	0.06	0.82	0.41
H3:	Positive consumer perception of Starbucks's brand social benefits is positively related to consumer-brand identification.	0.31	6.17	0.00
H4:	Positive consumer perception of Starbucks brand distinctiveness is positively related to consumer-brand identification.	-0.05	0.80	0.43
H5:	Higher consumer-brand identification with Starbucks is positively related to consumer loyalty to the brand.	0.81	22.33	0.00

*Source: Own work.*

#### **4.1 Sensory-memorable brand experiences**

Hypothesis 1 investigates whether sensory-memorable Starbucks brand experiences have a positive impact on CBI. Based on previous research findings by Cleff, Lin and Walter (2014), the sensory dimension, out of brand experience dimensions overall, had by far the highest impact on all measured brand equity dimensions for the Starbucks brand.

This study attempted to investigate if these findings will also be true in this case, taking brand loyalty as a final dependent construct. As seen in the Conclusive Model (Figure 6), the high outer loading values of the indicators of the sensory-memorable brand experience construct, signify that the indicators are connected and very much alike, in relation to the construct (Hair, Hult, Ringle & Sarstedt, 2013). This means that the indicators have high reliability. The highest reliability, as shown by the outer loadings of the indicators, has the 'The stores of Starbucks in Aarhus engage my senses' indicator, followed by 'I have fond memories of the Starbucks brand', and as third highest is 'I have had a lot of memorable experiences with the Starbucks brand.

When looking at the path significance analyses results (Table 10), the sensory-memorable brand experience construct has the highest t-statistics value out of all the independent constructs in the model, and a significant p-value of 0. This means that there is great evidence against the null hypothesis.

These results implicate that this study also supports previous research findings by Cleff, Lin and Walter (2014), and indicates the importance of this construct when put as an antecedent of CBI. Taking into account that the CBI construct is a strong predictor of brand loyalty in the model, the sensorial experiences of Starbucks are the strongest influencing factor over CBI, predicting customer brand loyalty. These results confirm the assumptions that the sensorial strategies that Starbucks imposes on its brand, have a great impact on customer retention and consumer identification, creating brand equity for the brand. The model showed high outer loading values for both ‘memorable experience’ indicators in the construct, which also indicated that the memorable concept in sensory experiences also plays a major role.

## **4.2 Brand warmth**

Hypothesis 2 investigates whether brand warmth has a positive impact on CBI for the Starbucks brand. According to previous research by Stokburger-Sauer, Ratneshwar and Sen (2012), brands which are warm in personality rather than cold, are more likely to be suitable for consumer identification. To have a warm brand personality means having visually satisfying esthetics and product designs, or atmospherically satisfying ambient (Rathnayake, 2008). As put by Stokburger-Sauer, Ratneshwar and Sen (2012), in order to have warmth, the brand has to be perceived as emotional, rather than as rational.

The aim of this study was to examine this construct as an antecedent of CBI and see if the study results will support previous research findings. Considering the outer loadings of the indicators of this construct (Figure 5. Initial Model), the ‘Starbucks brand is emotional rather than rational’ indicator had a undesired loading, with a value below the desired threshold, and was removed from the construct. Because in the reflective measurement model (as in this study), indicators are highly interchangeable, this removal caused improvement in composite reliability and the AVE, but it lowered another indicator, which was not removed because its removal would have not increased composite reliability, and it would have made a negative impact on the content validity of the construct.

Taking into account the low outer loadings of the indicators, as well as the low t-statistics (See Table 10) and insignificant p-value, in this case, we cannot reject the null hypothesis. Hence, this research does not provide empirical evidence of positive influence of brand warmth on CBI and brand loyalty. According to the aforementioned, the alternative hypothesis cannot be supported.

### **4.3 Brand social benefits**

Hypothesis 3 examines whether brand social benefits have a positive impact on CBI for the Starbucks brand. Previous research indicates that customers often consume brands which are also consumed by their social or reference groups, as a way to strengthen their relationships with the group (Escalas & Bettman, 2003). Also, admirers of a certain brand often see themselves as a separate society or movement, creating a sub-culture for certain brands (Muniz & O'Guinn, 2001).

With digitalization the community grew even stronger with the help of social media platforms. Starbucks today has over 78 million followers altogether on all social media platforms (Facebook, Instagram, Twitter and LinkedIn), taking into account only the official Starbucks profiles. The fan page of the Starbucks Frappuccino coffee has 11 million followers alone. In addition to all this, Starbucks also introduced the concept 'My Starbucks Idea' on their website, to enhance even further their brand community. On this platform Starbucks customers can register and write opinions and critics about anything at Starbucks and suggest improvements. This strategy of creating a brand community that feels valuable to the brand, and making the consumer feel that he/she belongs to a certain sub-culture is considered as social benefits that the brand provides to the customers, and by that it helps them build identification with the brand.

The brand social benefits construct was incorporated in the conceptual model as an antecedent of CBI. All of the outer loading values of the construct indicators were high and reliable. The construct also showed high composite reliability and adequate value of AVE. The path significance analyses (See Table 10), showed a path coefficient with a t-statistics of 6.17 and a significant p-value of 0. These results position the brand social benefits construct as the second most influential variable on CBI, after the sensory-memorable brand experience construct. Hence, we can reject the null hypothesis and accept the alternative one.

### **4.4 Brand distinctiveness**

According to social theories, in certain social contexts, consumers tend to strive for uniqueness in order to be exceptional and differentiate from the others (Tajfel & Turner, 1979). The branding literature connected this concept with a distinctiveness/uniqueness of a brand, presenting the brand as the core creator to the consumer's need to differentiate and identify with a certain brand (Stokburger-Sauer, Ratneshwar & Sen, 2012). Simply put, brands that have distinctive identities that separate them from their competitors, in a positive way, are more likely to be identified with. Consumers can identify with a brand which feels close to them in personal and social contexts, by acquiring and utilizing the brand's goods or services (Tian, Bearden & Hunter 2001). In the case of Starbucks, and the unique coffee drinking model they have developed, people tend to find themselves more connected to the Western cultures, while being there or using the products.

Starbucks' high exposure in popular tv-shows, movies, and endorsements from celebrities, has created a brand community in which the middle-class consumer usually wants to be a part of.

The brand distinctiveness construct in this case, as a driver of CBI, is defined as the perceived uniqueness of the identity of a brand, in comparison with the identity of its competitors (Stokburger-Sauer, Ratneshwar & Sen, 2012). The outer loading values of the indicators, as shown in the conclusive model, were high and reliable. The construct showed high composite reliability and a highly adequate value of AVE. On the other hand, the path significance analyses (See Table 10) showed a low t-statistics of 0.8 and an insignificant p-value at 0.43. The path significance analysis also showed a negative sample mean for the construct. As mentioned before, this construct also had a negative path coefficient value towards CBI, which means that the two constructs have an inverse relationship, meaning, as one increases, the other is predicted to decrease. In this context, it may be that in certain cases, the bigger the distinction, the higher the identification might be, for a minor group of consumers. However, for the majority of consumers, the more distinct and commonly unreachable for identification the brand becomes, the harder it gets for those consumers to be able to identify with it.

Based on these results, we can conclude that in this case we cannot reject the null hypothesis, and the alternative hypothesis cannot be supported. This research did not deliver empirical evidence of neither positive, nor significant influence of brand distinctiveness on CBI and brand loyalty.

#### **4.5 CBI as a predictor of Brand loyalty**

Hypothesis 5 investigates whether CBI has a positive impact on consumer loyalty of the Starbucks brand. In the developed model, CBI is influenced and predicted by four independent constructs and the construct itself is a predictor of brand loyalty, which comes as the main consequence construct of the model. According to Stokburger-Sauer, Ratneshwar and Sen (2012), consumer loyalty towards a brand increases, if the consumer successfully identifies with that brand.

The results of the study showed significant results for the effect CBI has on brand loyalty as a consequence. With a  $R^2$  of 0.872, meaning CBI substantially explains 87.2% of the variance in brand loyalty, the results indicate a strong and influential relationship between the two, which is to be expected, as CBI is the only predictor of brand loyalty. All the outer loading values of the CBI constructs' indicators were high and reliable. The CBI construct also showed high composite reliability and a highly desired AVE value. The path significance analyses (See Table 10) showed a path coefficient value of 0.81, with a t-statistics value of 22.33, thus a significant p-value at 0. This study delivered empirical results that CBI is a strong predictor of brand loyalty, with drivers as sensory-memorable brand experiences, brand warmth, brand social benefits and brand distinctiveness.

According to the aforementioned, we can conclude that the alternative hypothesis can be supported.

## CONCLUSION

This study examines the impact of sensory branding experiences, combined with other drivers, on CBI and brand loyalty. The research includes one generational cohort, millennials or generation Y, on the European market. The aim of this study was to make an insightful contribution to the poorly researched sensorial brand experience component, and its symbiosis with other brand constructs, affecting brand loyalty through CBI.

The digitalization on every front in today's economy, especially within the fields of marketing and branding, have somehow left the human factor behind. The digital platforms have nearly erased the need to see and examine the product or service in a physical context. Nevertheless, a few of the world's most influential and successful brands still rely heavily on their sensorial branding practices. In their sensorial strategies they aim to influence the human senses, and positively affect brand loyalty and customer acquisition and retention. Starbucks was the brand of choice for this study, as it has one of the most prominent sensory brand experience strategies worldwide. The generation cohort (generation Y) was chosen because of the cohort's high familiarity with the brand and its products and services.

The theory around which the conceptual model behind the study was built, was based on previous research on brand experience and loyalty concepts by Bernd Schmitt (1999) and Brakus, Schmitt and Zarantonello (2009), with an accent on the sensorial dimension as a component of brand experience, and the CBI concept, derived from social identity theory by Tajfel and Turner (1979). The research framework was adapted from Stokburger-Sauer, Ratneshwar and Sen's (2012) paper, "Drivers of consumer-brand identification", and modified for the requirements of the study. The developed model examines the link between sensory-memorable brand experiences, brand warmth, brand social benefits and brand distinctiveness, as drivers of CBI, predicting brand loyalty as a final consequence. The theoretical model was tested with five hypotheses, through an online questionnaire and the data gathered was computed in SmartPLS.

The results from the study show that sensory-memorable brand experience has by far the highest impact on CBI, as a predictor of brand loyalty. The findings also support previous research findings by Cleff, Lin and Walter (2014), on the importance of the sensory brand experience construct as a strong predictor of brand equity components. The main advantage of the sensorial branding strategy is its subconscious triggers that consumers are usually not even aware of. The smell, sight, taste, sound, touch, are all part of a brand experience symbiosis, which engrave the brand's signature traits in consumer's minds, and make them stay there with the help of memory.

The second strongest predictor of CBI and brand loyalty for Starbucks is brand social benefits. These results confirm the importance of the enormously vibrant brand community Starbucks has built during all these years. With the digitalization era, it expanded further into a separate sub-culture of millions of followers enjoying tremendously high rates of engagement on an hourly basis. Starbucks's sub-culture provides consumers with a sense of belongingness and togetherness, as admirers and supporters of a unique pleasurable experience. With being a part of the brand's sub-culture and a member of a brand community, consumers can enhance their identities and experience a sense of oneness. When consumers perceive that they can benefit socially from a brand, on any level, it enables them to closely identify with what the brand represents, and to create effective consumer-brand relationships. On the other hand, this study did not deliver empirical evidence that brand warmth and brand distinctiveness have a positive and significant influence on CBI and brand loyalty.

To summarize, based on these findings, Starbucks enjoys continuous brand loyalty because it has a sensorial power over its customers, regardless of their prices being much higher than the average prices of their competitors. With this study, we can also provide confirmative results that the Millennial generation is highly influenced by experiential marketing practices, as previously stated in Qader and Omar's (2013) research study. The conceptual model tested, showed that brand loyalty as a consequence can indeed be explained as a result of CBI and CBI's drivers, backing up scientific facts from theory and previous research.

### **Managerial Implications**

Sensory marketing, through sensory brand experiences has been proven as useful and successful by many of the world's most valuable brands as Starbucks, Nike, Mercedes-Benz, Singapore Airlines, Dunkin Donuts, Coca-Cola, etc. These brands have established long lasting connections with their audience, strategically managing their sensory messages. Every sight, taste, smell, touch and sound that can remind a customer of the brand, creates an opportunity for the company to further expand brand value and build brand loyalty. As the sensory effect spreads, enhancing further the identity of the brand, the easier it becomes to establish strong consumer identification connections. Brands that have successfully incorporated sensorial strategies, have created easily identifiable and more persuasive identities, which are much easier to connect with.

The concept of adding senses to branding strategies can help companies to stand out of overly digitalized marketing campaigns. Which sensorial strategies should be used and which senses should be especially targeted, of course, depends on the nature of the business and what the brand represents. The more senses the companies are able to engage in their strategy, the easier it becomes to encourage consumer loyalty, by using as many channels as possible. Also, technology being at the verge of the most sophisticated

breakthroughs can enable companies to utilize those benefits and determine their sensorial strategies, with the help of neuroscience and research on the human brain in consumerism.

This study has identified and confirmed the importance of sensory brand experiences and their connection to CBI and brand loyalty. Based on its results, and the aforementioned brief summarization of why sensory branding experience is valuable for brand loyalty, businesses which still haven't incorporated any sensorial strategies in their branding should definitely consider doing so. Furthermore, there are clear examples of how the companies which are considered as sensorial giants in the industry are coping with the whole concept, so other businesses can just follow their examples and try to adopt some of their sensorial tactics.

## **Limitations**

This study has a couple of delimitations, due to different reasons. First, the age span of the respondents is a delimitation, since the study takes into account only generation Y consumers, due to different perceptions towards values and preferences between different generations. So, the study does not examine different generational cohorts on the matter. As second, it has geographical delimitations. Because of time and resource constraints, this study focuses on researching visitors from only two Starbucks coffee shops, which are located in Aarhus, Denmark, out of more than 26,000 Starbucks coffee shops worldwide. Third, this study focuses only on European consumers. The reason behind this delimitation is the author's ease of accessing respondents from European descent and the proximity and availability of the European market.

The sample size is considered to be small, as time and financial constraints ruled out a larger sample size. The consumers of Starbucks that were included in the sample had to have visited one of the two Starbucks coffee shops in Aarhus, Denmark, in order to be qualified for answering the questions. The influence of other Starbucks coffee shops, that they might have visited elsewhere, prior to answering the questionnaire, was not taken into account. Furthermore, gender distribution was far from equal in the study, as well as commonness of country nationals, as Danes became overrepresented in the sample because of the study's location.

The survey questions/statements that were adopted from previous scientific research on the matter had a larger number of statements for certain constructs, while smaller for others. This may have resulted in data being gathered unevenly for measured constructs, and a stronger influence in some causal relationships, while weaker in others. This research also does not include an investigation on which senses have the strongest and weakest impact for the sensory-memorable brand experience construct. Also, this study does not include other component of brand experience and investigates only the sensorial component and its impact on CBI and brand loyalty.



## **Future Research**

Researching sensory branding experiences and their impact on brand loyalty thoroughly, can be a financially demanding and time-consuming process, requiring a much wider geographical and demographical scope, in order to get better insights. In order to be able to measure and research sensory branding experiences, branding and marketing scientists could collaborate with neuroscientists, because a larger part of this phenomenon belongs to neuroscience. If investigated only within the boundaries of marketing and branding, without including research on brain activity, the abstractness of the concept might prevent the researcher from obtaining truthful results.

A larger sample size is definitely required, to allow better generalization to the population. Furthermore, the conceptual framework of the study has been adopted according to the needs of this research, and what it aims to investigate and prove, which is based solely on theoretical and empirical research done in marketing and branding. A more detailed questionnaire with more constructs and more detailed statements might be useful to gather more valuable information on the matter. An experiment and an observation of a larger scale can be also very beneficial in investigating sensory brand experiences, considering the nature of the concept. Of course, the requirements for undertaking that type of research demands many resources and a very large time span, which might be discouraging for many brands.

As this study, investigates only the Starbucks brand, further research can investigate some of the world's most successful sensorial brands, compare them, and study their sensorial strategies more specifically and in detail. Valuable insights from this type of research could be very beneficial for brands, as well as enable us to understand how our brains work and what decisions in consumerism we make, based on our sensorial perceptions and our previous experiences.

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## **APPENDICES**



## **Appendix 1: Summary in Slovenian language**

### **Trženje blagovne znamke na osnovi čutov ter njihov vpliv na porabnikovo prepoznavanje blagovne znamke in zvestobo blagovni znamki – primer Starbucks**

Trženje na osnovi čutov se je pojavilo kot posledica razvoja trženja skozi leta, na podlagi izkušenj blagovnih znamk in izkustvenega trženja (Hultén, 2011). Trženje na osnovi čutov je tržna dejavnost, ki se osredotoča na strategijo na osnovi čutov in katere cilj je vplivanje na človeške čute in oblikovanje prijetne in nepozabne izkušnje v glavi potrošnika. (Krishna, 2012). S pomočjo petih čutov – voh, sluh, vid, dotik in okus – potrošniki zbirajo informacije glede blagovne znamke in oblikujejo mnenja, sprejemajo odločitve o nakupih, se poistovetijo z znamko, postopoma začutijo zvestobo in na koncu znamki prinesejo vrednost in dobičkonosne rezultate (Yoon and Park, 2012).

Dosedanje študije so pokazale, da je trženje na osnovi čutov in njegov vpliv na prijetno in nepozabno izkušnjo za znamke in podjetja zelo koristno (Cleff, Lin in Walter, 2014). Dandanes, najmočnejše svetovne znamke velik del proračuna, ki je namenjen za marketing in trženje blagovne znamke, usmerjajo v oblikovanje in izvrševanje strategij na osnovi čutov. Nekatere izmed njih, kot so Nike, Disney, Singapore Airlines, Coca-Cola, Mercedes-Benz itd., to počnejo že desetletja (Lindstrom, 2005). Čeprav je bil učinek trženja na osnovi čutov v praksi že dokazan pri prej omenjenih (in številnih drugih) znamkah, podjetja še vedno težko razumejo in prepoznajo pomembnost in korist tovrstne strategije (Hultén, 2011). S to pomanjkljivostjo pride tudi pomankanje raziskav in uspešnih strategij na osnovi čutov, ki so se uveljavile do sedaj, predvsem zaradi težav pri merjenju in zapisovanju učinka, ki ga ima. Z namenom, da bi obogatila to slabo raziskano področje, ta študija poskuša prispevati k našemu znanju o trženju na osnovi čutov in njegovih koristnih lastnostih.

Za to študijo je bil uporabljen prilagojen konceptualni okvir študije »Gonilna sila porabnikovega prepoznavanja blagovne znamke« (*“Drivers of consumer-brand identification”*), ki so jo izvedli Stokburger-Sauer, Ratneshwar in Sen (2012). Avtorjev prilagojen model povezuje razsežnost čutov, glede na Schmittov konceptualni okvir doživetja blagovne znamke (1999), in nepozabno doživetje blagovne znamke kot gonilo prepoznavanja znamke. Ta konceptualni okvir vključuje štiri gonilne sile porabnikovega prepoznavanja znamke: čutno nepozabno doživetje, toplina, socialne koristi in značilnosti blagovne znamke. Kot posledica prepoznavanja blagovne znamke in predhodnjih analiz, je v nadaljevanju analizirana tudi zvestoba blagovni znamki.

Za omejitev področja raziskave, ta študija analizira generacijo Y kot generacijsko skupino. Generacijska skupina (generacija Y) je bila izbrana na podlagi dobrega poznavanja znamke, njenih izdelkov in storitev. Zaradi lažjega dostopa in geografske bližine so v študijo vključene samo stranke iz Evrope. Za to raziskavo je bila izbrana znamka Starbucks, predvsem zaradi njene splošno znane čutno naravnane strategije (Cleff, Lin in

Walter, 2014). Poleg tega sta bili kot predmet vprašalnika v raziskovalne namene zaradi geografske bližine izbrani dve Starbucks kavarni, ki se nahajata v Aarhusu na Danskem.

Namen te raziskave je preučiti vpliv trženja blagovne znamke na osnovi čutov na porabnikovo prepoznavanje in zvestobo blagovni znamki Starbucks. Torej, glavni namen raziskave je razumeti:

*V kolikšni meri trženje blagovne znamke na osnovi čutov vpliva na porabnikovo prepoznavanje in njegovo zvestobo znamki Starbucks pri generaciji Y?*

Porabnikovo prepoznavanje blagovne znamke je definirano kot poistovetenje porabnika z znamko. Znanstveniki in raziskovalci na tem področju so porabnikovo prepoznavanje znamke označili kot proces, ki ima velik učinek na obnašanje porabnika - predvsem na njegove nakupovalne odločitve (Ahearne, Bhattacharya and Gruen, 2005), izbiro znamke (Tildesley in Coote, 2009) in zvestobo znamki (Bhattacharya, Rao and Glynn, 1995). Glede na konceptualni model Stokburger-Sauerja (2012), je zvestoba znamki posledica porabnikovega prepoznavanja znamke. V študiji omenjajo, da večja kot je raven porabnikovega prepoznavanja blagovne znamke, večja je njegova zvestoba tej znamki. Poleg tega, če bo porabnik bolje prepoznal znamko, bolj jo bo tudi zagovarjal. Glede na ta konceptualni model Stokburger-Sauerja (2012) obstaja šest predhodnih dejavnikov, ki vplivajo na porabnikovo prepoznavanje znamke.

Prilagojeni konceptualni model za to študijo vključuje štiri predhodnike porabnikovega prepoznavanja znamke in, kot posledico, zvestobe znamki. Model prav tako vključuje čutno razsežnost pri oblikovanju nepozabnega doživetja znamke. Torej, štiri gonilne sile porabnikovega prepoznavanja znamke, ki so vključene v to študijo so: čutno nepozabno doživetje, toplina znamke, socialne koristi in značilnosti blagovne znamke. Razviti model preučuje povezavo med čutno nepozabnim doživetjem, toplino, socialnimi koristmi in značilnosti znamke kot gonilnimi silami porabnikovega prepoznavanja znamke in kot končno posledico predvideva zvestobo znamki. Konceptualni model je bil preizkušen na podlagi petih hipotez preko spletnega vprašalnika. Vsi pridobljeni podatki so bili izračunani s pomočjo analize PLS-SEM v programu SmartPLS.

Po pregledu pridobljenih podatkov, so rezultati pokazali, da ima čutno nepozabno doživetje kot predhodnik zvestobe znamki, daleč navišji učinek na porabnikovo prepoznavanje znamke. Rezultati prav tako podpirajo ugotovitev Cleffa, Lina in Walterja (2014), da je čutno doživetje blagovne znamke pomemben kazalec kapitalskih sestavin znamke. Glavna prednost strategije trženja na osnovi čutov so podzavestni impulzi, ki se jih porabniki navadno sploh ne zavedajo. Voh, vid, okus, sluh in dotik so del simbioze pri doživljanju znamke, ki pustijo značilne lastnosti znamke v zavesti ljudi ter jim s pomočjo spomina pomagajo, da tam tudi ostanejo.

Drugi najmočnejši kazalec porabnikovega prepoznavanja znamke in zvestobe znamki za Starbucks je njena socialna korist. Ti rezultati potrjujejo, kako pomembna je ta cvetoča skupnost blagovne znamke, ki jo je Starbucks razvil skozi leta. V dobi digitalizacije se je

razširila še naprej v subkulturo milijonov sledilcev, med katerimi beležijo visoko stopnjo spremljanja vsako uro. Člani Starkucksove subkulture, kot občudovalci in podporniki edinstvene prijetne izkušnje, porabniku ponudijo občutek pripadnosti in skupnosti. Kot del subkulture znamke oz. kot član njene skupnosti, lahko porabnik krepi identifikacijo in pripadnost znamki (Escalas in Bettman, 2003). Če porabnik zazna, da ima lahko na kakeršenkoli način socialno korist od znamke, mu to omogoči, da se še dodatno identificira s tem, kar znamka predstavlja, in s tem ustvari učinkovit odnos med porabnikom in znamko (Muniz in O'Guinn, 2001). Po drugi strani, ta študija ni pokazala empiričnih dokazov, da bi toplota in značilnosti znamke imela pozitiven in omembe vreden vpliv na porabnikovo prepoznavanje in zvestobo znamki.

Rezultati so pokazali, da Starbucks uživa veliko pripadnost znamki, saj ima vpliv nad čuti svojih strank, ne glede na to, da so njihove cene znatno višje od povprečnih cen njihove konkurence. S to študijo prav tako lahko potrdimo, da je generacija milenijcev močno pod vplivom izkustvenih tržnih dejavnosti, kar sta v svoji raziskavi pojasnila že Qader in Omar (2013). Preizkušeni konceptualni model je pokazal, da je zvestoba znamki lahko potrjena kot posledica porabnikovega prepoznavanja znamke in gonilnih sil, ki vodijo do tega, kar podpira znanstvena dejstva prejšnjih teorij in raziskav.

Izvedena raziskava ima nekaj pomanjkljivosti. Študija se osredotoča na eno samo generacijsko skupino, generacijo Y, ter posledično ne vključuje drugih generacijskih pogledov in mnenj. Zaradi omejitev s časom in sredstvi, izmed več kot 26.000 Starbucks kavarn študija vključuje obiskovalce le dveh kavarn, ki se nahajata v Aarhusu na Danskem. Poleg tega se študija nanaša le na evropske porabnike. Do omenjenih omejitev je prišlo, ker je avtor lažje dostopal do anketirancev evropskega porekla in pa zaradi bližine in dostopnosti evropskega trga. Raziskava je bila narejena na Danskem, zaradi česar Danci kot narodnost predstavljajo večinski del študije. Prav tako v študiji ni vključena raziskava o tem, kateri izmed čutov ima najmočnejši in najšibkejši vpliv na nepozabno doživetje blagovne znamke. Študija tudi ne vključuje drugih komponent doživetja blagovne znamke in raziskuje samo čutne komponente in njihov učinek na porabnikovo prepoznavanje znamke in zvestobo le tej.

Koncept dodajanja uporabe čutov tržnim strategijam torej lahko pomaga podjetjem, da izstopajo med preveč digitaliziranimi marketinškimi kampanjami. Katere strategije so uporabljene in na katere čute se osredotoča, je seveda odvisno od narave dela podjetja in tega, kar znamka predstavlja. Če podjetje lahko vključi več čutov v svojo strategijo, lahko uporabi različne kanale in tako lažje vzpodbudi zvestobo potrošnika. Tehnologija, kot eden izmed najbolj naprednih dosežkov, lahko podjetjem omogoči uporabo teh prednosti. S pomočjo nevroznanosti in raziskav glede človeških možganov v potrošništvu lahko nato določijo strategije za uporabo čutov.

Ta študija je prepoznala in potrdila vlogo trženja blagovnih znamk na osnovi čutov ter povezavo tega trženja z porabnikovim prepoznavanjem znamke in zvestobo znamki. Na podlagi rezultatov in prej omenjenih povzetkov o tem, zakaj je doživetje znamke na osnovi



čutov pomembno za zvestobo znamki, lahko trdimo, da morajo podjetja, ki se še niso poslužila tovrstnih strategij, razmisliti o njeni uporabi. Še več, številna podjetja, ki veljajo za velika imena v tovrstni industriji, kažejo jasen zgled, kako se soočati s tem konceptom. Ostala podjetja tako lahko le sledijo njihovem zgledu in poskušajo prevzeti kakšno izmed njihovih taktik.

## Appendix 2: Survey development and questionnaire

Table 1: Constructs, Measurement Items and Sources

Constructs	Measurement Items	Sources
Sensory-memorable brand experiences	I have had a lot of memorable experiences with the Starbucks brand.	(Gladden & Funk, 2001) (Stokburger-Sauer, Ratneshwar, & Sen, 2012)
	Thinking of Starbucks brings back good memories.	
	I have fond memories of the Starbucks brand.	
	The stores of Starbucks in Aarhus engage my senses.	(Schmitt, 1999) (Walter & Cleff, 2013)
	I like the design and the decoration of Starbucks' premises in Aarhus.	
	I feel comfortable when using the furniture (tables, chairs, couches) in the Starbucks coffee shops in Aarhus.	
	I enjoy the taste of coffee provided by Starbucks in Aarhus.	
	I enjoy the smell of coffee provided by Starbucks in Aarhus.	
Brand warmth	The Starbucks brand creates warm feelings among its users.	(Moore, Ratneshwar, & Moore, 2012)
	The Starbucks brand is very loveable.	
	The Starbucks brand is emotional rather than rational.	
	I find that the Starbucks brand is: <ul style="list-style-type: none"> <li>• Warm</li> <li>• Generous</li> <li>• Friendly</li> </ul>	(Aaker, Vohs, & Mogilner, 2010)
	How well does the following statement describe the Starbucks brand: The Starbucks brand is a warm brand.	
Brand social benefits	The Starbucks brand offers me the opportunity to socialize.	(McAlexander, Schouten, & Koenig, 2002) (Stokburger-Sauer, Ratneshwar, & Sen, 2012)
	I feel a sense of kinship (association, closeness) with other people who use the Starbucks brand.	
	I gain a lot from interactions with other customers/users of the Starbucks brand.	
	Being a customer of Starbucks makes me feel like I belong to a special group.	
Brand distinctiveness	The Starbucks brand has a distinctive identity.	(Bhattacharya & Sen, 2003)
	The Starbucks brand is unique.	
	The Starbucks brand stands out from its competitors.	
Consumer brand identification	I feel a strong sense of belonging to the Starbucks brand.	(Stokburger-Sauer, Ratneshwar, & Sen, 2012)
	I identify strongly with the Starbucks brand.	
	The Starbucks brand has a great deal of personal meaning for me.	
Brand loyalty	I am very fond of the Starbucks brand.	(Stokburger-Sauer, Ratneshwar, & Sen, 2012)
	I am very committed to the Starbucks brand.	
	I consider myself to be very loyal to the Starbucks brand.	
	I intend to keep purchasing the Starbucks brand.	
	Compared to other similar brands, I am willing to pay a premium (higher) price for Starbucks products.	(Ekinici, Sirakaya-Turk, & Preciado, 2013).
	I would not use other coffee brands if Starbucks is available nearby.	
	Starbucks would be my first choice among coffee brands.	

Source: Own work.

## Questionnaire

This is a survey conducted to measure the effect of sensory branding on consumer loyalty for Starbucks coffee shops in Aarhus. We are taking into account measures of consumer identification, brand warmth, brand distinctiveness etc. If you are/have been a consumer in any of the Starbucks coffee shops in Aarhus, your participation in this study would be highly appreciated and very helpful.

Thank you in advance for your participation.

### Gender

- (1) ☐ Female
- (2) ☐ Male

### How old are you?

\_\_\_\_\_

### What is your nationality?

\_\_\_\_\_

### Do you live in the Greater Aarhus area?

- (1) ☐ Yes
- (2) ☐ No

### Have you ever visited any of the Starbucks coffee shops in Aarhus?

- (1) ☐ Yes
- (2) ☐ No

### How often do you visit an Aarhus based Starbucks coffee shop?

- (1) ☐ Every day
- (2) ☐ 2-4 times per week
- (3) ☐ Once per week
- (4) ☐ Once a month
- (5) ☐ Less than once a month

	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
I have had a lot of memorable experiences with the Starbucks brand.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
Thinking of Starbucks brings back good memories.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
I have fond memories of the Starbucks brand.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
The stores of Starbucks in Aarhus engage my senses.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
I like the design and the decoration of Starbucks' premises in Aarhus.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
I feel comfortable when using the furniture (tables, chairs, couches) in the Starbucks coffee shops in Aarhus.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
I enjoy the taste of coffee provided by Starbucks in Aarhus.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
I enjoy the smell of coffee provided by Starbucks in Aarhus.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
The Starbucks brand creates warm feelings among its users.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
The Starbucks brand is very loveable.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
The Starbucks brand is emotional rather than rational.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
The Starbucks brand offers me the opportunity to socialize.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
I feel a sense of kinship (association, closeness) with other people who use the	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>

	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
Starbucks brand.					
I gain a lot from interactions with other customers/users of the Starbucks brand.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
Being a customer of Starbucks makes me feel like I belong to a special group.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
The Starbucks brand has a distinctive identity.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
The Starbucks brand is unique.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
The Starbucks brand stands out from its competitors.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
I feel a strong sense of belonging to the Starbucks brand.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
I identify strongly with the Starbucks brand.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
The Starbucks brand has a great deal of personal meaning for me.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
I am very fond of the Starbucks brand.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
I am very committed to the Starbucks brand.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
I consider myself to be very loyal to the Starbucks brand.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
I intend to keep purchasing the Starbucks brand.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
Compared to other similar brands, I am willing to pay a premium (higher) price for Starbucks products.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
I would not use other coffee	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>

	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
brands if Starbucks is available nearby.					
Starbucks would be my first choice among coffee brands.	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>

**I find that the Starbucks brand is:**

	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
Warm	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
Generous	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>
Friendly	(1) <input type="checkbox"/>	(2) <input type="checkbox"/>	(3) <input type="checkbox"/>	(4) <input type="checkbox"/>	(5) <input type="checkbox"/>

**How well does the following statement describe the Starbucks brand:**

The Starbucks brand is a warm brand.

- (1) ☐ Does not describe at all
- (2) ☐ Describes a little
- (4) ☐ Neutral
- (3) ☐ Sufficiently describes
- (5) ☐ Fully describes

Thank you for your time and participation!

### Appendix 3: Descriptive Analyses

*Table 2: Frequency of Nationals*

Nationality	Frequency
Denmark	89
Poland	20
Germany	12
Bulgaria	7
Slovakia	7
Romania	6
France	5
Lithuania	5
Sweden	5
Netherlands	4
Latvia	4
Croatia	3
Czech Republic	3
Finland	3
Hungary	3
Italy	3
Slovenia	3
Turkey	3
Estonia	2
Macedonia	2
Portuguese	2
Russia	2
Spain	2
UK	1
Belarus	1
Belgium	1
Greece	1
Iceland	1
Ireland	1
Montenegro	1
Serbia	1
Switzerland	1
Ukraine	1
USA	3
Brazil	3

<b>Nationality</b>	<b>Frequency</b>
Australia	2
Canada	2
Armenia	1
China	1
Philippines	1
Korea	1
Thailand	1
Syria	1
Total:	221

*Source: Own work.*

*Table 3: Age Frequency*

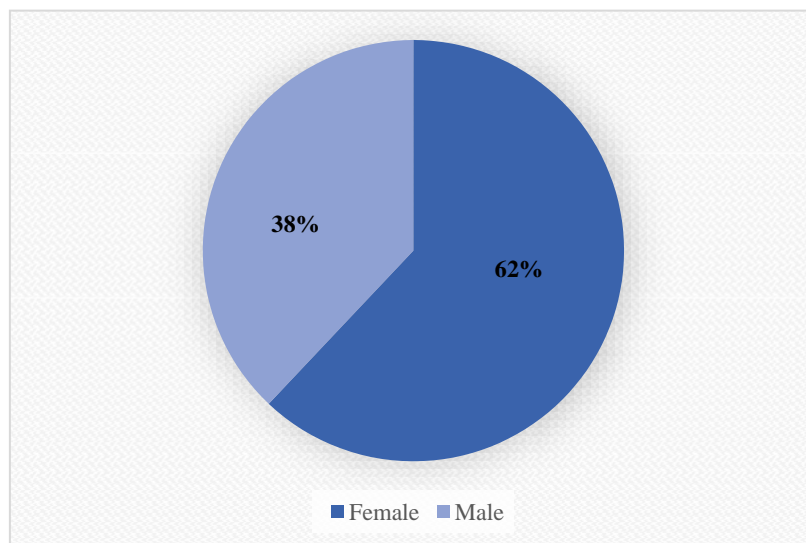
Age	Frequency
16	1
18	4
19	5
20	8
21	7
22	15
23	15
24	14
25	27
26	19
27	16
28	14
29	10
30	12
31	8
32	10
33	4
34	3
36	3
37	3
38	2
40	1
41	1
42	2
44	1



Age	Frequency
Total:	205
Total within age scope:	195
Mean	26.58536585
Median	26

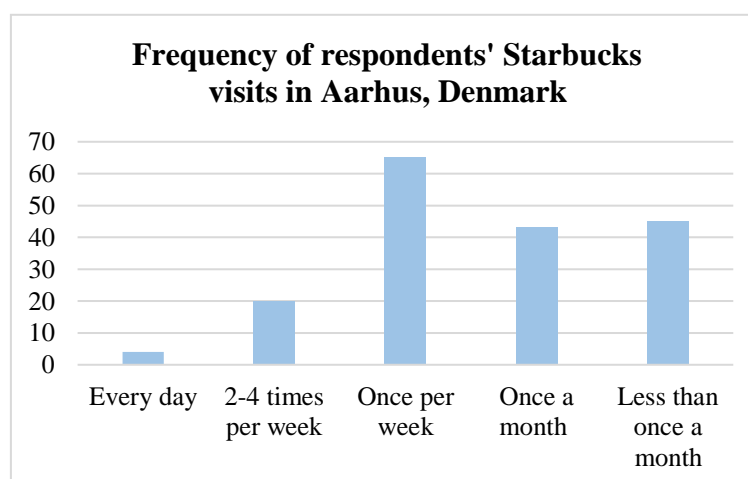
*Source: Own work.*

*Figure 1: Gender Ratio*



*Source: Own work.*

*Figure 2: Frequency of visits*



*Source: Own work.*

## Appendix 4: Data distribution and Multicollinearity

Figure 3: Skewness and kurtosis in SPSS

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
MemExperiences	177	4.16	.999	-1.119	.183	.495	.363
BringsBackGoodMem	177	4.27	.895	-1.188	.183	.903	.363
FondMem	177	4.24	.923	-1.235	.183	1.166	.363
EngageMySenses	177	4.41	.888	-1.784	.183	3.259	.363
Design&Decorat	177	4.50	.732	-1.530	.183	2.173	.363
ComfortWithFurn	177	4.49	.826	-1.909	.183	3.580	.363
EnjoyTasteOfCoffee	177	4.54	.738	-1.947	.183	4.450	.363
EnjoySmellOfCoffee	177	4.53	.691	-1.553	.183	2.500	.363
WarmFeelings	177	3.82	.675	-1.334	.183	2.903	.363
Loveable	177	3.56	.767	-.909	.183	.773	.363
Emotional/Rational	177	3.45	.878	-.751	.183	.306	.363
OppSocialize	177	2.85	.948	.218	.183	-1.186	.363
KinshipWithOthers	177	2.81	1.002	.246	.183	-1.037	.363
InteractionsWithOthers	177	2.52	1.001	.702	.183	-.124	.363
BelongingSpecialGroup	177	2.99	1.092	.102	.183	-1.140	.363
DistinctiveIdentity	177	4.25	.721	-1.068	.183	2.285	.363
Unique	177	4.12	.870	-1.343	.183	2.323	.363
StandOutFromComp	177	4.20	.807	-1.240	.183	2.010	.363
SenseOfBelonging	177	3.54	1.187	-.521	.183	-.739	.363
Identify	177	3.97	1.123	-1.103	.183	.471	.363
PersonalMeaning	177	3.31	1.102	-.359	.183	-.833	.363
Fondness	177	3.51	.942	-.618	.183	-.306	.363
Commitment	177	3.37	1.090	-.480	.183	-.489	.363
Loyalty	177	3.86	1.160	-1.102	.183	.469	.363
KeepPurchasing	177	4.24	.892	-1.507	.183	2.768	.363
PayingPremium	177	4.13	1.087	-1.362	.183	1.191	.363
UsingOthers	177	4.04	1.212	-1.237	.183	.488	.363
FirstChoice	177	4.11	1.117	-1.264	.183	.779	.363
Warm	177	4.18	.655	-1.055	.183	3.680	.363
Generous	177	2.73	.949	.233	.183	-.995	.363
Friendly	177	3.37	.945	-.592	.183	-.586	.363
WarmBrandStatement	177	4.16	1.117	-1.307	.183	1.146	.363
Valid N (listwise)	177						

Source: Own work.

*Figure 4: Inner VIF Values assessing Multicollinearity in Smart PLS3*

**Collinearity Statistics (VIF)**

Outer VIF Values		Inner VIF Values		Copy to Clipboard:			Excel Format	R Format
		Brand distinctiveness	Brand loyalty	Brand social benefits	Brand warmth	CBI_	Sensory-memorable brand experiences_	
Brand distinctiveness						1.92		
Brand loyalty								
Brand social benefits						1.17		
Brand warmth						2.35		
CBI_			1.00					
Sensory-memorable brand experiences_						2.35		

*Source: Own work.*