The Mediating Effect of Customer Experience Quality on the Relationships between Brand Image and Brand Equity

Chanakarn Teekathananont[1]; Krisada Arbsuwan[1]; Cholthida Saewanee[2]

[1] Faculty of Business Administration, Sripatum University Khon Kaen Campus, Thailand

[2] Ph.D. Candidate, Faculty of Business Administration and Accountancy, Khon Kaen University, Thailand

Corresponding Author: krisada.ar@spu.ac.th

Abstract

This research is empirical research with the objective of determining the concept and examining the relationship between brand image and brand equity. The customer experience quality plays a central role in the relationship. This study used an online questionnaire to collect data from 500 samples of consumers who used a food delivery application in Bangkok and its vicinity. Afterward, the confirmatory factor analysis (CFA) was applied along with the structural equation model (SEM). The study result showed that brand image positively influences customer experience quality and brand equity, and customer experience quality influences brand equity. Significant evidence showed that brand image could have a strong positive influence on brand equity through an essential mediator, customer experience quality. This study complements the academic knowledge in brand management theory from consumers' perspectives and can act as good guidance in applying the results to gain a competitive edge.

Keywords: Brand Image; Customer Experience Quality; Brand Equity

1. Introduction

Customer experience quality is a structure emphasizing customers' thoughts, emotions, behaviors, senses, and social responses (Lemon & Verhoef, 2016). It is also a drive for behavioral intentions, the perception of values, and satisfaction (Dean & Suhartanto, 2019). Customers' experience quality is crucial since it influences all customer journeys and every touch point, creating quality in customers' experiences (Klaus et al., 2013). Currently, consumers need more than capable services but are searching for interesting and memorable experiences they can be a part of (Gilmore & Pine, 2002).

Past research showed that customer experience quality is generally a causal factor that leads to other factors (Mainardes et al., 2019; JIN, Lee, & Lee, 2013; Chen & Chen, 2010). However, only a tiny amount of research focuses on customer experience quality as an explicit mediator, especially in the

relationship between brand image and brand equity. Brand image is considered an emotional structure related to the impression of the brand, kept in the consumers' memory (Syed Alwi et al., 2016). A study from past research showed that a strong brand image also helps build strong brand equity (Davis, Golicic, & Marquardt, 2008; Sasmita & Mohd Suki, 2015; Ishaq et al., 2014). This research studied the context of the online food delivery business since, nowadays, many people have chaotic lifestyles and rarely have opportunities to eat outside or prepare their own food. People have become accustomed to the new digital lifestyle (Kotler et al., 2021). This reality caused online food delivery services to become more popular, with a trend of becoming a service sector that will be accepted and can attract a massive amount of customers (Chai & Yat, 2019).

Therefore, this study aims to fill the academic gap, evaluating the influence of customer experience quality that seems to be working well as the mediator in the relationship between brand image and brand equity. The research objective is to provide in-depth information to the brand manager, especially in online food delivery and other related services.

2. Literature Review

2.1 Brand Image

Brand image is based on psychology, with the source within consumers' minds (Gardner & Levy, 1955). Brand images are consumers' attitudes towards the products (Bird, Channon & Ehrenberg, 1970). Aaker (1991) stated that brand images are a set of relationships with meanings that can be in any form while connecting to the memories related to the brands. At the same time, Kotler et al. (2016) stated that brand images are consumers' beliefs about the products and are crucial factors in consumers' decisions, reflecting the relationships within consumers' memory and having an emotional connection resulting from a co-experience with the companies at a given time (Da Silva & Syed Alwi, 2008). Therefore, brand images are essential strategies in differentiating oneself from competitors (Chakraborty & Bhat, 2018).

2.2 Customer Experience Quality

Consumers are generally influenced by emotions rather than logical thinking. Therefore, experiential marketing emphasizes creating satisfactory and memorable experiences (Brakus, Schmitt & Zhang, 2008) rather than emphasizing only usage and service characteristics (Pina & Dias, 2021). Businesses commonly provide customers with a more positive experience and propose different kinds of proposals to consumers (Deshwal, 2016). For businesses to succeed, they need more than to provide consumers with good experiences; but also care about the customers' experience quality. The customer experience quality process can happen when companies provide one or several characteristics to customers for them to feel and perceive those qualities through evaluations of knowledge, motivation, emotions, and expectations (Golder, Mitra, & Moorman, 2012). Consequently, customer experience quality evaluation is crucial and is a guideline that responds to the challenge of future consumer marketing (Homburg, Jozić & Kuehnl, 2015).

2.3 Brand Equity

Brand equity is a value-added aspect given to the products in customers' thoughts, words, and actions (Keller & Brexendorf, 2019). Brand equity plays a key role as companies' intangible assets (Farjam & Hongyi, 2015), influencing customers' behaviors, selling and purchasing, and providing security for a sustainable income for the brand owners (Kapferer, 2012). Marketers and researchers used various angles to study brand equity. This research focused on studying customer-based brand equity.

2.4 Hypothesis and Model Development

Brand image is a multidimensional structure that focuses on the benefits and helps consumers understand how the brand can respond to their needs in the forms of symbols, economy, emotions, or utilities (Hsieh, 2002). Brand image also consists of emotional connection resulting from co-experiences with the company at a given time, which is in line with customer experience equality reflected from customers' evaluation that involves their emotions and feelings (Deshwal, 2016). From past literature reviews, empirical evidence was found that images are influential factors in customer experience quality. The perception of images is an essential factor that helps create customer experience quality (Jin, Lee, & Lee, 2015), which led to hypothesis 1.

H1 Brand image positively influences customer experience quality.

Customer experience quality is structure focusing on customers' thoughts, emotions, behaviors, senses, and society (Lemon & Verhoef, 2016). Marketers need to evaluate customers' experience (Maklan & Klaus, 2011) by focusing on the emotional aspect rather than only on the logistical consumption decisions (Jenings et al., 2009). Past literature reviews found empirical evidence that customer experience quality has a strong positive influence on brand equity (Biedenbach & Marell, 2010), which led to hypothesis 2.

H2 Customer experience quality positively influences brand equity.

Additionally, Sasmita & Suki's (2015) and Ishaq et al.'s (2014) study found that brand image has a strong positive influence on brand equity, which led to the following hypothesis.

H3 Brand image positively influences brand equity.

Moreover, past studies also found that customer experience quality generally acts as a good mediator between other crucial factors (Khan & Fatma, 2017; Kim & Chao, 2019), which led to the following hypothesis:

H4 Customer experience quality mediates the relationship between brand image and brand equity.
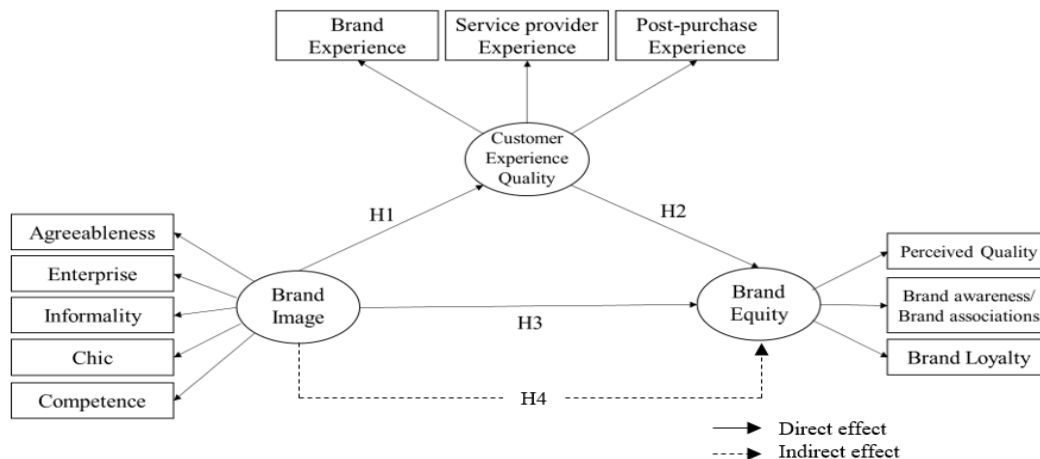
Figure 1 shows the conceptual framework for this research.

Figure 1: the conceptual model

3. Research Methodology

3.1 Scale development

The tool used was an online the questionnaire of brand image (Da Silva & Syed Alwi, 2008) consists of twenty questions, customer experience quality (Kuppelwieser & Klaus, 2020) consists of twenty-six questions and brand equity (Yoo & Donthu, 2001) consists of eleven questions. A 7-point Likert Scale by 1 = "strongly disagree" to 7 = "strongly agree".

3.2 Sample and Data Collection

The study selected the sampling method through purposive Sampling were 500 people who had used food ordering online in the Bangkok Metropolitan Region. All respondents have experience using food ordering apps. Report the General data and demographic profile of respondents. Most of the sample group as shown in the Table 1.

Table 1: General data and demographic profile of respondents.

Variable		n =500	(%)
Gender	Female	365	73.00
Age	23-30	159	31.70
Educational status	Bachelors	339	67.80
average monthly income	< 15,000 baht	195	39.00
Currently living	Bangkok	250	50.00
The average frequency for using the service	1-2 times/week	267	53.40
The most used food delivery service	GrabFood	150	30.00

The data distribution analysis through analyzing the skewness and kurtosis were between -1.144 (<-2) and 1.261(2), indicating that the data has normality (Tabachnick & Fidell, 2007). The VIF ranged from 2.405 to 6.833 (<10), and the tolerance value was between 0.146 and 0.416 (<5), indicating that the data obtained showed no issues with the multicollinearity (Stevens, 2009).

3.3. Data Analysis

This research was analyzed the data through Confirmatory Factor Analysis (CFA) and structural model analysis (SEM).

4. Results and Discussion

4.1 Testing of Model Suitability

Confirmatory Factor Analysis considers the component weights to determine the co-variance of the indicator. All of five values were accepted. Confirmatory Factor Analysis as shown results in the Table 2.

Table 2: The result of Confirmatory Factor Analysis

The Goodness of Fit Index	Criteria (Byrne, 2016)	Result
χ^2/df	<5	1.505
GFI	<0.900	0.901
CFI	<0.900	0.981
RMSEA	<0.06	0.030
SRMR	<0.05	0.0276

In addition, the factor loading of the observable variables has a value between 0.651 and 0.909 (> .50), all of which met the specified criteria (Byrne, 2016). Moreover, the researchers examined the Factor Loading, the Cronbach's Alpha, the composite reliability (CR) and average variance extracted (AVE) is shown in Table 3.

The researcher measured the discriminant validity by comparing the $\sqrt{AVE}$ of the latent variables with the correlation matrix. The latent variables in this research have good discriminant validity because the $\sqrt{AVE}$ of all latent variables was found to be higher than the correlation coefficient between the latent variables, as shown in Table 4.

Table 3: Measurement items of the construct's analysis outcomes

Constructs and measurement items	Factor Loading	α	CR	AVE
Brand Image (BIM)				
Agreeableness (AGR) ($\bar{X}$=5.307, S.D.= 0.930)		0.843	0.885	0.659
BIM1	0.744			
BIM2	0.860			
BIM3	0.880			
BIM4	0.754			
Enterprise (ENT) ($\bar{X}$=5.177, S.D.= 0.932)		0.912	0.897	0.634
BIM5	0.785			
BIM6	0.808			
BIM9	0.776			
BIM10	0.784			
BIM11	0.828			
Informality (INF) ($\bar{X}$=5.503, S.D.= 0.912)		0.872	0.898	0.687
BIM12	0.841			
BIM13	0.844			
BIM14	0.812			
BIM15	0.817			
Chic (CHI) ($\bar{X}$=5.101, S.D.= 1.007)		0.801	0.773	0.631
BIM16	0.835			
BIM17	0.751			
Competence (COM) ($\bar{X}$=5.534, S.D.= 0.957)		0.810	0.931	0.890
BIM19	0.868			
BIM20	0.857			
Customer Experience Quality (CEQ)				
Brand Experience (BEX) ($\bar{X}$=5.385, S.D.= 0.873)		0.884	0.887	0.613
	0.809			
CEQ3				
CEQ4	0.651			
CEQ5	0.839			
CEQ6	0.832			
CEQ7	0.767			
Service provider Experience (SEX) ($\bar{X}$=5.466, S.D.= 0.807)		0.943	0.958	0.655
CEQ8	0.831			

Constructs and measurement items	Factor Loading	α	CR	AVE
CEQ9	0.766			
CEQ10	0.786			
CEQ11	0.800			
CEQ12	0.817			
CEQ13	0.793			
CEQ14	0.822			
CEQ15	0.846			
CEQ16	0.805			
CEQ17	0.832			
CEQ18	0.822			
CEQ19	0.786			
Post-purchase Experience (PPE) ($\bar{X}$=5.426, S.D.= 0.839)		*0.901*	*0.927*	*0.645*
CEQ20	0.805			
CEQ21	0.808			
CEQ22	0.804			
CEQ23	0.827			
CEQ24	0.809			
CEQ25	0.858			
CEQ26	0.704			
Brand Equity (BEQ)				
Perceive Quality (PCQ) ($\bar{X}$=5.476, S.D.= 0.957)		*0.914*	*0.922*	*0.797*
BEQ2	0.867			
BEQ3	0.902			
BEQ4	0.909			
Brand Association (BAS) ($\bar{X}$=5.523, S.D.= 0.973)		*0.870*	*0.885*	*0.658*
BEQ5	0.818			
BEQ6	0.795			
BEQ7	0.789			
BEQ8	0.841			
Brand Loyalty (BLY) ($\bar{X}$=5.073, S.D.= 1.151)		*0.844*	*0.833*	*0.625*
BEQ9	0.760			
BEQ10	0.867			
BEQ11	0.739			

Table 4: Discriminant validity result

	AGR	ENT	INF	CHI	COM	BEX	SEX	PPE	PCQ	BAS	BLY
AGR	**0.812**										
ENT	0.672	**0.796**									
INF	0.710	0.674	**0.829**								
CHI	0.648	0.718	0.670	**0.794**							
COM	0.632	0.586	0.757	0.638	**0.943**						
BEX	0.651	0.628	0.680	0.635	0.647	**0.783**					
SEX	0.646	0.586	0.736	0.646	0.690	0.779	**0.809**				

PPE	0.651	0.586	0.696	0.634	0.652	0.747	0.801	**0.803**			
PCQ	0.589	0.586	0.631	0.570	0.628	0.664	0.706	0.704	**0.893**		
BAS	0.531	0.586	0.565	0.395	0.538	0.537	0.604	0.573	0.694	**0.811**	
BLY	0.523	0.586	0.473	0.567	0.420	0.552	0.574	0.601	0.639	0.551	**0.791**

**. All of Correlation is significant at the 0.01 level (2-tailed).

4.2 Hypothesis Testing

Evaluation of the model fit

The results of the hypothesis testing showed that 3 hypotheses were accepted with statistical significance, as shown in Table 5. The empirical data all of five values were accepted; $\chi2/df = 1.505$, GFI = 0.901, CFI = 0.981, RMSEA = 0.030, and SRMR = .0276 (Byrne, 2016), as shown in Figure 2.
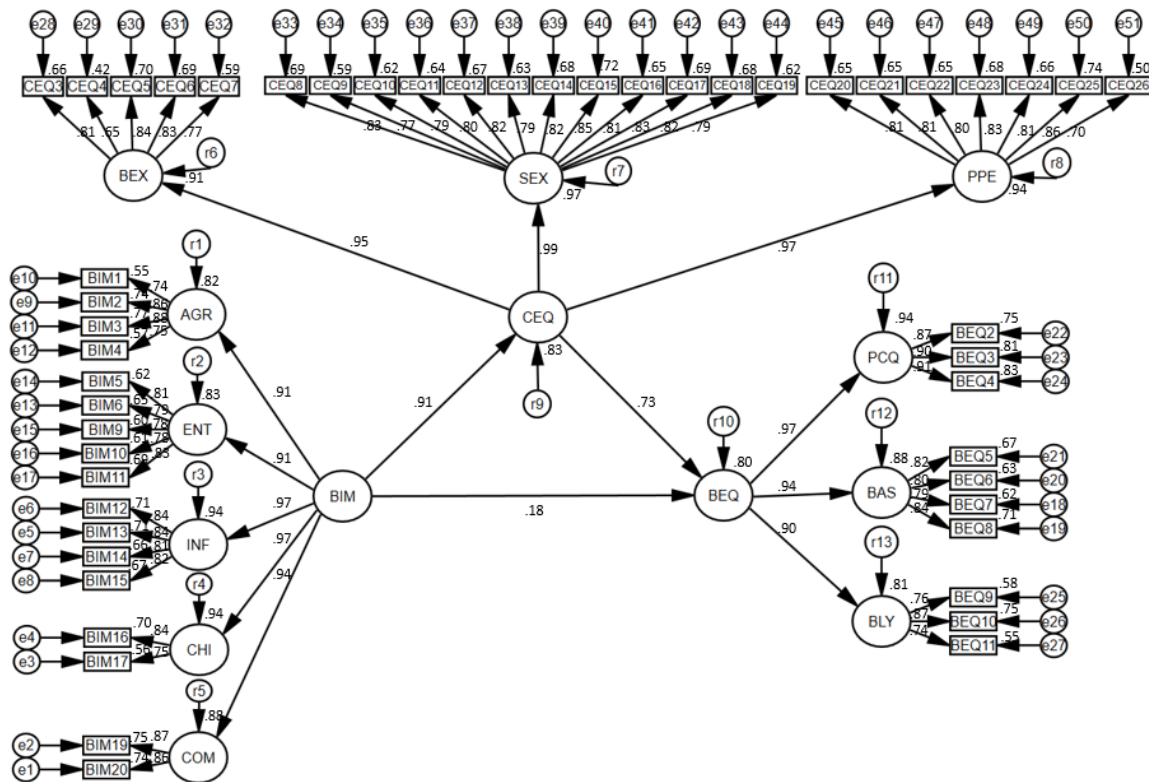
Chi Square = 1583.734, df = 1052, Chi Square/df = 1.505,
GFI = .901, CFI = .981, RMSEA = .030, SRMR = .0276

Figure 2: SEM analysis result path diagram

Table 5: The outcomes of hypothesis testing

Hypotheses	Path	β	t-value	p-value	Results
H1	BIM → CEQ	0.921	19.289	***	supported
H2	CEQ → BEQ	0.807	9.381	***	supported
H3	BIM → BEQ	0.196	2.413	*	supported

หมายเหตุ: $R^2_{CEQ} = 0.83$, $R^2_{BEQ} = .80$

*P < .05, **P < .01, ***P < .001

The mediating role of customer experience quality

The mediating role of customer experience quality on the relationships between brand image and brand equity. Bootstrapping analysis was conducted to measure the significance of the indirect effect of brand image on brand equity (Hayes & Preacher (2014)). The results of the bootstrapping show that the indirect effect of brand image ($\beta = 0.665$, $p < 0.01$) on brand equity are statistically significant. On this basis, H4 are supported, as shown in Table 6.

Table 6: Test for the mediation effect of customer experience quality on the relationship between brand image and brand equity

Hypotheses	Path	Direct effect	Indirect effect	Total effect	Results
H4	BIM > CEQ > BEQ	0.175	0.665**	0.840**	Supported

$*P < .05$, $**P < .01$, $***P < .001$

4.3 Discussion

Previous studies generally emphasize customer experience quality as a causal factor influencing other factors (Mainardes et al., 2019; JIN, Lee, & Lee, 2013; Chen & Chen, 2010). However, only a few studies focus on the customer experience quality as the role of a mediator connecting brand image and brand equity, that are rapidly growing in this era of digital marketing, specifically on consumers' perspectives.

The result from the study showed that brand images positively influence customer experience quality, which aligns with Jin et al.'s (2015) study, and influences brand equity. Similar to the study by Sasmita and Mohd Suki (2015) and Ishaq et al. (2014), especially in the element of being "chic," which has the highest weight. The result showed that consumers in the online food delivery businesses emphasize brands with express styles, beauty, elegance, and the honor of being able to use the brand. An empirical study by Davies et al. (2004) also found that being "chic" is essential in explaining customer satisfaction in the context of fashion retail stores. The study also found that customer experience quality positively influences brand image, similar to Biedenbach and Marell's (2010) study.

This research found crucial evidence that for a brand image to positively influence brand equity, there needs to go through an essential mediator: customer experience quality. This finding is in line with Khan and Fatma (2017) and Kim and Chao (2019), who stated that customer experience quality has a role as a mediator between other essential factors.

Therefore, related online food delivery services should drive their organizations forwards through brand images, especially in emphasizing the "chic" element to help create a good image in customers' eyes, for instance, presenting a sense of chic and style, beauty and creativity in their online food delivery riders and applications. This method can provide customers with a quality experience from the brand experience, service experience, and post-purchase experiences, such as good and consistent news and updates, good customer interaction, and continuously creating happiness through the applications and riders. These methods will help create brand equity in the eyes of customers.

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