Applying Marketing’s New Dominant Logic for
Interpreting Customer Experiences with Brands

Ahmed Rageh Ismail, Brunel Business School, Brunel University, UK

(Email: rageh.ahmed@brunel.ac.uk)

T.C. Melewar (corresponding author), School of Management and Law, Zurich University of Applied Sciences, Switzerland (Email: tc.melewar@zhaw.ch)

Lynn Lim, School of Business and Social Sciences, Roehampton University, UK

Arch G. Woodside, Boston College (arch.Woodside@bc.edu)

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ABSTRACT

The concept of customer experience is evolving to an imperative area of study within the marketing discipline. Despite its importance and the positive attention this concept is receiving in the literature, the explanation of customer experiences remains vague and a thorough theoretical foundation is lacking. This paper addresses the gap in the literature and to facilitate a brand-management understanding of the concept of customer experience and its antecedents and consequences. The paper examines the impact of customer experience on brand loyalty via a comprehensive review of existing literature on the concept of customer experience and service brand literatures. Additionally, twelve propositions describe and explain the antecedents of customer experience and impacts upon brand loyalty within a service-centered marketing logic. This paper contributes a novel customer-brand experience perspective and conceptual tools relevant for further theory development and for effectively managing customer-brand relationships.

Keywords: Customer experience, brand loyalty, emotions, experiential services.
INTRODUCTION

Vargo and Lusch’s (2004) proposals for an emerging service-centered dominant logic of marketing serve as the foundation for the present article’s explication of interpreting customers’ experiences with brands. Vargo and Lusch (2004) propose that a service-versus product-centered view of exchange implies that the marketing goal is to customize offerings, to recognize that the customer is always the co-producer, and to strive to maximize consumer involvement in the customization to better fit his or her needs. The present article also builds from Woodside, Sood, and Miller’s (2008) proposition that consumers talk to brands unconsciously as well as consciously via consumers’ quests to enact (experience) archetypal myths (e.g., siren, hero, powerbroker, fairy godmother, rebel, Cinderella, and others; see Wertime 2002). Customer delight follows from creating scripts and implementing marketing dramas that nurture exciting incidents and outcomes in customer-brand exchanges.

This perspective centers on consumers thinking about and buying-consuming brands as primary subjective states of combined unconscious and consciousness of a variety of symbolic meanings, hedonic responses, and aesthetic criteria (Holbrook and Hirschman, 1982). Subsequently, Havlena and Holbrook (1986) and Westbrook and Oliver (1991) explicate the roles of emotions in the consumption experiences. Mano and Oliver (1993) discuss measures of experiential aspects. Research reports focus on analyzing an increasing tendency towards creating “experiences” for customers in order to gain a competitive advantage, particularly for those in the service sector. Thereafter, the existing economy transforms to the new experience economy (Pine and Gilmore, 1999; Vargo and Lusch 2004).
The focus on consumption experience in the area of marketing has a long history with germination in the 1940s and empirical research take-off in the 1980s. Norris (1940 in Holbrook 2000) refers to value creation by through experiences brands provide to consumers. Subsequently, Toffler (1970) in *Future Shock* stresses the concept of consumption experience. Woods (1981) refers to the same topic. Generally, the notion of customer experience received theoretical recognition in the mid-1980s in Holbrook and Hirschman’s (1982) and Hirschman and Holbrook’s (1982) discussions of consumption experience and hedonic consumption.

Following the emergence of customer experience, contributions from scholars focus on customer experience contributing value for firms (Addis and Holbrook, 2001; Carú and Cova, 2003; Forlizzi and Ford, 2000; LaSalle and Britton, 2003; Milligan and Smith, 2002; Ponsonby-Mccabe and Boyle, 2006; Prahalad and Ramaswamy, 2004; Schmitt, 1999, 2003; Shaw and Ivens, 2002; Smith and Wheeler, 2002). A careful review of the extant marketing literature reveals only a few attempts to define the concept of customer experience and its dimensions. In other words, the concept has poor definition presently (Carù and Cova, 2003).

Therefore, this paper addresses the gap in the literature and to facilitate better understanding of the concept of customer experience and its antecedents and consequences from the consumer perspective. The purpose of this paper is two-fold: first, to examine an under researched construct of customer experience: and second, to investigate the antecedents and consequences of customer experience with a particular attention paid to brand loyalty.

This paper provides service marketers with a deeper understanding of the various elements of experience that shape customer experience with the brand. Thus, the various definitions and dimensionality of the customer experience are summarized
in the first section of this paper. The first section also discusses the experience and its relationship to the service brand, and highlights the importance of consumption emotions as integral part of the customer experience. Section two of this paper depicts the proposed conceptual framework and the antecedents and consequences of customer experience, in addition to the propositions. Finally the final section offers conclusion.

Practitioners and academics alike argue that an essential strategy for success in marketplace is the creation and maintenance of satisfied customers (Parasuraman et al., 1985; Reichheld and Sasser, 1990). However, studies consistently show that overall switching among satisfied customers across many industries approaching 80% (Keaveney, 1995; Reichheld, 1996; Oliver, 1999).

High switching behavior is less a question of satisfaction with the brand than an absence of lived-pleasure during the immersion (Carù and Cova, 2007) into the service production platform (Arvidsson, 2005, 2006). Knowledge about this absence leaves managers and researchers alike with insufficient information to answer the question of what truly drives brand loyalty. In an effort to answer this question, researchers begin with the proposition that customer experience affects loyalty behaviours (Berry et al., 2002; Barsky and Nash, 2002).

Academics and practitioners recognize that merely satisfying customers is not sufficient, and that going beyond customer satisfaction to “customer delight” is necessary (Schlossberg, 1990). Customer delight differs from customer satisfaction in that the concept relates coupling extraordinarily high satisfaction with an emotional response such as joy or with serenity the flows from fulfilling an archetypal experience. Customer delight is a positive emotional state resulting from having one’s expectations exceeded to a surprising degree (Rust and Oliver, 2000). While the value
of customer delight continue to increase, today's informed and much sophisticated customers look beyond the mere satisfaction or delight. They seek fulfilment of their desires (Spreng et al., 1996). They seek unique experiences from their buyer-seller interactions (Vandenbosch and Dawar, 2002). They also look for the unique experiences of co-creating the product with producer-consumer engagement (Prahalad and Ramaswamy, 2003) though frequently their thinking about what they are seeking is implicit rather than explicit. In short, consumers today, seek much more than a product or service, or even a brand or its company to satisfy them, they want an engagement, an experience, and an excitement. Experience suggests the elicitation of higher and deeper levels of emotion than those associated with either satisfaction or delight. Achieving such experiences is more likely to develop into long-term loyal customers. Customer experience and its link to the bottom line remain largely unexplored in academic research.

LITERATURE REVIEW

An increasing tendency is occurring towards creating unique "experiences" for customers in order to gain a competitive advantage, particularly for those in the service sector. A number of authors have claimed that the service economy has been altered to an attention economy (Davenport and Beck, 2002), entertainment economy (Wolf, 1999), a dream society (Jensen, 2001), emotion economy (Gobe and Zyman, 2001) or an experience economy (Pine and Gilmore, 1999; Schmitt, 1999). Thereafter, this article describes existing economy as “the new experience economy” (Pine and Gilmore, 1999). Table 1 presents the different definitions of experience.

Table 1 about here.
The notion of customer experience is hardly a new concept, because market researchers tended to focus on the consumption experience for the past few decades. However, this phenomenon has not been an essential ingredient of the economy in the past decades. Therefore, this paper will address the re-emergence of experience and its importance at the present time. Pine and Gilmore (1999) were among the first to write about the emergence of a new service economy named the experience economy. “A new, emerging economy is coming to the fore, one based on a distinct kind of economic output, goods and services are no longer enough” (Pine and Gilmore, 1999, p.11). Schmitt (1999, p.3) reiterated the opinion of Pine and Gilmore (1999) when he stated that “we are in the middle of the revolution, a revolution that will render the principles and models of traditional marketing obsolete, a revolution that will replace traditional feature-and-benefit marketing with experiential marketing”.

Researchers consider different approaches for defining customer experience. First, the holistic experience approach includes a person as opposed to a customer as a whole in every interaction between the company and the customer (LaSalle and Britton, 2003); Second, the memorability of the staged events (Pine and Gilmore, 1999) which is questionable because this approach does not take into account the constructive, co-creative role, of the consumer; Third, experience co-creation approach (Prahalad and Ramaswamy, 2004) which implies that companies do not sell experience according to Pine and Gilmore’s perspective experiences, but rather they provide platform of experiences that can be employed by consumers to co-create their own, unique, experiences (Caru` and Cova, 2003; 2007).
Prahalad and Ramaswamy (2004) view the customers as co-creators of their own of their experiences. The authors also claim that customers judge a company’s offering, not by its features, but by the extent to which it gives them the experiences they want. This argument suggests that experiences are distinct offerings. As a result, Caru’ and Cova, (2007) identified a “continuum of consuming experiences” ranging from experiences that are mainly constructed by the consumers, to experiences that are largely developed by companies (a kind of approach which is close to Pine and Gilmore’s viewpoint), passing through experiences that are co-created by consumers and companies (as per Prahalad and Ramaswamy) as cited in (Gentile et al., 2007).

In sum, besides goods, products and services, experience is an additional offering that suits particularly the needs of the post-modern consumer and the characteristics of experience as an economic offering, that is, a great experience, are: first, memorable (Pine and Gilmore, 1999). However, enabling the customer to live outstanding moments of the relationships with the company is more valuable for the customer rather than selling a memorable experience; second, inherently unique and ‘extraordinary’ (LaSalle and Britton, 2003); third, engaging all the customer senses on a personal level (Schmitt, 1999, 2003); fourth, deliberately designed by the provider and focusing around the customer and performing the physical and social interaction (Gupta and Vajic, 2000); fifth, experience is subjective in nature, that every individual put into play his/her competencies, knowledge, skills, etc. to construct the subjective experience and to integrate the resources offered by the market. This is explained by the CCT (Consumer Culture Theory) and the concept of consumer agency (Arnould, 2005; 2007).
Emotions as a major component in customer experience

The production of emotions is a common denominator in experiencing (Gentile et al., 2007; Meyer and Schwager, 2007; Shaw and Ivens, 2002) and emotional experience or emotion is the heart of the consumption experience. Addis and Holbrook (2001, p. 50) call for focusing on the roles of emotions in behaviour - the fact that consumers are feelers as well as thinkers and doers, the significance of symbolism in consumption, the consumer’s need for fun and pleasure, and the roles of consumers - beyond the act of purchase - in product usage as well as brand choice., The emotional arousal may be the major motivation for consumption of certain product classes such as novels, plays and sporting events (Hirschman, 1982).

Therefore, emotions are a major component in customer experience based on an extensive review of the literature in two different disciplines namely marketing and psychology. The role of emotion is gaining attention as a central element in understanding the consumption experience (Oliver, 1997). The literature relating to emotions includes few consistencies in defining the term. Emotion is often used interchangeably with the term affect. However, affect is a much broader term that is conceived as an umbrella for a set of more specific mental processes including emotions, moods, feelings (Batra and Ray, 1986). Interestingly, different researchers define emotion in various ways. According to Bagozzi et al., (1999) emotion means a mental state of readiness that arises from cognitive appraisals of events or thoughts; has a phenomenological tone; is accompanied by physiological processes; is often expressed physically (e.g., in gestures, posture, facial features); and may result in specific actions to affirm or cope with the emotion, depending on its nature and meaning for the person having it. Clore et al. (1987) also define an emotion as, “A valenced affective reaction to perceptions of situations” (p. 752). The term “valence”
is used in the sense of positive or negative; thus the definition implies that an emotion involves a positive or negative feeling (Plutchik, 2003).

“The line between an emotion and mood is frequently difficult to draw but often by convention involves conceiving of a mood as being longer lasting (from a few hours up to days) and lower in intensity than an emotion. Yet, exceptions to this construal can be found”. Still another distinction between emotions and moods is that the former typically is intentional (i.e., it has an object or referent)” (Bagozzi et al., 1999, p. 184, 185). For example, a consumer becomes pleased when a new detergent removes grass stains from clothing; he or she is angered by poor service in a restaurant (Baggozi et al., 1999), whereas moods are generally non-intentional and global or diffused (Frijda, 1993) as cited in (Baggozi et al., 1999).

In addition to this, emotions differ from moods in the manner in which they arise and in their representation in memory (Baggozi et al., 1999). “Emotions occur in response to changes in specific plans or goal-relevant events. As Oatley (1992) points out, emotions are manifest as “transitions from one sequence of action and another,” but moods occur “when the cognitive system is maintained in an emotion mode for a period” (p. 64). Indeed, moods are often resistant to changes in events surrounding them. Moods “depend on the dissociability of control emotion signals from semantic information about causation” (Oatley 1992, p. 64). In general, moods flow from “(a) after effects of emotions; (b) organismic conditions such as illness, fatigue, previous exercise, and good health, or pharmacological agents; (c) general environmental conditions and side-effects of activities: heat, noise, environmental variety, stressful conditions” (Frijda, 1986, p. 289)” (Baggozi et al., 1999, p. 188).

Consumption emotions are specific affective states following from product consumption (Westbrook and Oliver, 1991). Consumption emotion may be also
described as the affective response generated based on consuming and the set of emotional responses elicited specifically during product usage or consumption experiences (Havlena and Holbrook, 1986). However, the kinds of emotions that people experience in interpersonal relationships are less likely to occur in a consumption situation (Richins, 1997).

Marketing scholars now study emotions that marketing stimuli, products, and brands evoke (Holbrook and Hirschman, 1982). Many studies involving consumer emotions focus on consumers’ emotional responses to advertising (e.g., Derbaix, 1995), and the mediating role of emotions on the satisfaction of consumers (e.g., Phillips and Baumgartner, 2002). When consumers perceive that the performance of products is good, consumers are likely to experience positive emotions (Westbrook, 1987).

In contrast, when consumers perceive that the performance of products is poor, they are likely to experience negative emotions. Mano and Oliver (1993) report that consumption emotions occur immediately after the consumption and before customers’ satisfaction. Similarly, Richins’ (1997) find consumption emotions occurring during the consumption, and even before the consumer has had a chance to evaluate the experience.

**Dimensionality of Customer Experience**

This section makes an attempt to study various dimensions of customer experience. The following section reviews a number of studies during 1982-2007. Each of these studies represents a different point of view about the experience configurations.
The “multiaspect” conceptualization of experience can be traced back to Holbrook and Hirschman (1982) when they conceptualize the consumption experience under the heading of “fantasies, feelings, and fun”. Afterwards, a study focuses on customer experiences of river rafting (Arnould and Price, 1993) and identified three aspects of customer experience; harmony with nature, communitas and personal growth and renewal. Arnould and Price (1993) apply different research methods ranging from focus groups to observation over a seven-month period and the sample comprised of participants and guides of the river rafting adventure. But the authors claim that the findings may have implications for a broad array of services and consumption activities but could not be generalised beyond the sample.

Otto and Ritchie (1996) offer another attempt to measure the construct of service experience across the tourism industry (airlines, hotels, tours and attractions). The term ‘‘service experience’’ relates to a number of contributory events and a number of transactions or interactions between a customer and a provider in the exchange of the service (Berry, 1983; Czepiel, 1990; Dwyer et al., 1987; Solomon et al., 1985). However, the study of Otto and Ritchie (1996) is incomplete, in the sense that, content validity, dimensionality, internal reliability of the service experience scales, and a factor analysis were completed but tests such as validity and reliability were not addressed. This research by Otto and Ritchie (1996) identifies six dimensions of service experience: the hedonic, novelty, stimulation, safety, comfort and interactive. The first three dimensions are consistent with experiential benefits described by Holbrook and Hirschman (1982), Bello and Etzel (1985) and Havlena and Holbrook (1986 as cited in Otto and Ritchie 1996). The safety dimension follows from Maslow’s hierarchy of needs, while comfort is a fundamental benefit of the service encounter.
Finally, Hui and Bateson (1991) and Arnould and Price (1993) support the existence of interactive benefits in services consumption empirically. Later, the six dimensions of service experience were narrowed down to four dimensions; hedonics, feeling of escape, peace of mind and recognition (Otto and Ritchie, 1996). O’Sullivan and Spangler (1998) claim that experience construct is complex and can be measured along a continuum which incorporates real to virtual, novelty or communality, degree of mass-production or customization, and level of interaction with other people.

In an operational view of experiential marketing, Pine and Gilmore (1999) define four realms of a consumption experience. They describe two main dimensions: first, the level of guest participation, passive or active; second, environmental relationship absorption or immersion between customer and occurrence. Connecting these dimensions defines the four areas of experience: entertainment, education, estheticism and escape. Entertainment is passively absorbed through one’s senses, generally when viewing, reading or listening for pleasure (Pine and Gilmore, 1999). Educational experiences, on the other hand, involve active participation from the customer by mind or body to increase the knowledge and skills of the customer, for example ski lessons (Pine and Gilmore, 1999). Escapist experiences are the opposite of purely entertaining experiences; the participant in an escapist experience is active and completely immersed in it (Pine and Gilmore, 1999) e.g. when visiting a theme park. The last realm is aesthetic experiences that immerse the customers into an environment where the participant becomes immersed in the occurrence and/or the surroundings for example; visiting a museum and the participant goes into the experience while it is left untouched by him or her (Pine and Gilmore, 1999).

The four realms do separate entirely from one another; companies staging experiences combine elements from the four realms to create an experience that suits
them and their customers. Providing a personalized customer experience would be by creating a differentiated brand and conversely, a differentiated brand is a promise that would be translated into value and then delivered in an engaging experience that connect to the hearts of customers.

Although Pine and Gilmore (1999) introduce and develop this framework to understand the nature of customer experience in general, their report lacks a detailed analysis of these dimensions and its measurements and similarly there is a lack of sufficient research to measure these concepts. Exceptionally, one recent attempt by Oh et al. (2007) a study that aimed at developing an initial measurement scale of tourist’s destination lodging experiences. The researchers operationalized and tested the four realms of experience using customers’ lodging experience with rural bed and breakfasts. Additionally, the study introduced some relevant theoretical variables such as arousal, memories, overall quality and customer satisfaction (Oh et al., 2007). However, this study focuses only on minor part in the service sector.

Extending and supporting the work in this nascent area of research, Poulsson and Kale (2004) claimed that there is no clear differentiation between what they called the commercial experience discussed by Pine and Gilmore (1999) and other kind of experiences encountered on a daily basis. Thus, they pose the question of what are the ingredients of a commercial experience that are most likely to provide product differentiation and a competitive advantage. Therefore, they advocate five elements for a successful experience; personal relevance, novelty, surprise, learning, and engagement dimensions to be the constituents of successful experience through structured interviews with ten experience providers across a range of industries; gaming, rock climbing gyms, theme parks, museums, hot air balloon rides (Poulsson and Kale, 2004).
O’Loughlin et al. (2004) conceptualize customer experience within the Irish financial services as brand experience, transactional experience and relationship experience: First, brand experience is the perceived experience at the corporate brand level by both consumer and managers as representing corporate values and brand image; Second, transactional experience which varies from purely functional to personal depending on the nature of the product and the channel used; Third, relational experience which represent the experience of having a relationship with the company over time. More recently, Mascarenhas et al (2006) asserted that total customer experience encompasses both physical and emotional elements. They argued that experiences are customer-dependent and context-specific.

Finally, Gentile et al. (2007) conceptualize customer experience as a multidimensional structure and its components are as follows: (1) a sensorial component, a component of the customer experience whose stimulation affects the senses; i.e. sight, hearing, touch, taste and smell so as to arouse aesthetical pleasure, excitement, satisfaction, sense of beauty; (2) an emotional component, this involves customer’s affective system through the generation of moods, feelings and emotions; (3) a cognitive component, this is connected with thinking processes; or engaging customers through using their creativity in problem solving; (4) a pragmatic component, this includes the practical act of doing something. Thus, the concept of usability does not only refer to the use of the product in the post purchase stage, but it extends to all the product life-cycle stages; (5) a lifestyle component, in this component of experience, the product itself and its consumption or use becomes a means of adhesion to certain values the company and the brand symbolize and the customers contribute to; (6) a relational component, a component of the customer experience that involves the person, consumption or use of a product with other
people. In sum, with the plethora of different definitions and dimensions of customer experience which may be an umbrella construct with distinct dimensions. Although no real consensus yet exists as to what these dimensions might be.

Table 2 about here.

**Experience and service brand**

Customers drive the success of brands, and brands are the necessary touch point that firms have to connect with their customers (Keller, 2008). The consumption experience is defined as a phenomenon that involves the consumer’s subjective evaluation of the cognitive, affective and relational interaction with the item consumed (Cunnell and Prentice, 2000; Holt, 1997; Pine and Gilmore, 1999; Prentice, 1996; Schmitt, 1999), and brand is a name, term or symbol intended to identify the products or services of the seller and to differentiate them from those of the competitors (Kotler, 1988, p. 463; Aaker, 1991). Brand is, therefore, an emotion, or a promise, or an association, or an attitude, or a belief, or a feeling or a relationship with the company; all in all it is an experience.

Evidence continues to grow supporting the view that much of the value of a brand that allows for premium prices to be charged is added during the consumption process (Holbrook, 1994 and 1999; Ponsonby and Boyle, 2004; Zeithaml, 1988). This paper focuses on customer experience within service brands, particularly experiential service brands which are characterized by higher levels of employee contact, customization directed toward people, and have a strong people orientation (Stafford and Day, 1995). Additionally, experiential brands focus on consumer interaction with a company’s product or services (Dea and Hemerling, 1998). Specifically, the service
sector was considered a good place to examine because the close relationship between the customers and the brand exist in the service sector (Franzen, 1999) and usually firms attempt to strengthen this relations with their consumers (Randall, 1997).

This paper examines a particular kind of experience in which customers interact with brands and how such interactions impact brand loyalties. Scholars recognize many types of experience, such as experience economy (Pine and Gilmore, 1998), extraordinary experiences (Arnould and Price, 1993; Celsi et al., 1993), flow experience for artists, athletes and dancers (Csikszentmihalyi, 1977), peak experience which was established as a central phenomenon in humanistic psychology by Maslow (1964, 1968), relationship experience in co-creating brands (Payne et al., 2008), the sport customer experience (Miller and Johnson, 2008), service experience (Otto and Richie, 1996; Winsted, 1997), pre-purchase service experience (Edvardsson et al., 2005), the retail experience (Backstrom and Johansson, 2006; Rowley and Slack, 1999;), experience of heritage tourists (Beoho and Prentice, 1997; Masberg and Silverman, 1996), VIP tent experience (Pullman and Gross, 2003), Transcendent Customer Experience (TCE) (Schouten et al., 2007), leisure experience (Lengkeek, 2001; Lee et al., 2004), recreation experience (Hull, et al., 1992), place experience (Clarke and Schmidt, 1995; Trauer and Ryan, 2005), tourist experience (Uriely, 2005), backpacking experiences (Uriely et al., 2002), tourism experience (Prentice et al., 1998; Quan and Wang, 2004) and the dining experience (Andersson and Mossberg, 2004).

The just presented descriptions of experiences focus on customer experience with service’s company, place, or product but not with a brand. With the plethora of experiences types we discuss the phenomenon of customer experience and draw on those previous studies in an attempt to connect customer experience with a brand
which is known among marketers as branding the experience or experiencing the brand.

Service quality is of utmost importance when considering any kind of services and it is of a particular importance within the context here because the perceived service quality is partly shaped during the experience. Several studies have been conducted to identify models and dimensions of service quality. Many researchers describe service quality in different contexts and have developed different models. Those studies are different with respect to the conceptualization, contexts and the measurement of service quality but they are useful as they provide different factors that present the perceived service quality. However, service quality models are not enough when evaluating the service from a customer’s perspective since its inability to reflect hedonic aspects of customer offerings, feelings and emotions experienced during the service delivery process which are considered necessary to capture the experiential nature of the service encounter (Bateson and Hui, 1987; Donovan and Rossiter, 1982; Hui and Bateson, 1991). Also, the service quality models, including SERVQUAL, focus only on the functional attributes of the service, and neglect the holistic component of service experience. Therefore, these models are not the most appropriate tools to assess the customer experience (Gyimóthy, 2000).

The quality of service is entirely different from quality of experience; with respect to the measurement, the former is objective while the latter is subjective. The quality of service evaluative model is attribute-based, whereas the quality of experience evaluative model is holistic-gestalt. Still a difference exists between quality of service and quality of experience with regard to the focus of evaluation, the former focus on company, provider and environment, but the latter focus on self (internal). In addition to this, the scope of quality of service is specific, while the
The scope of quality of experience is general. The nature of benefits in the quality of service is functional and in quality of experience is hedonic. Finally, the psychological representation of quality of service is cognitive whereas the quality of experience is affective (Otto and Ritchie, 1996). Without doubt, it is obvious that using the quality of experience measures should be complementary to traditional service quality measures.

Because services are intangible, consumers are more likely to use cues to reduce risk of purchasing services and infer service quality (Murray and Schlacter, 1990; Olson, 1977). A cue is “a characteristic event, quality, or object that is external to the consumer that is encoded and used to categorize a stimulus object” (Crane and Clarke, 1988). Two types of cues have been identified; Intrinsic cues: are derived directly from the product and are therefore difficult to change. In contrast, extrinsic cues are aspects that may “surround” the product and can be changed with less difficulty (Olson and Jacoby, 1972). A number of important cues consumers use to judge the quality of a service prior to consumption such as price, brand name, advertising and word-of-mouth:

Word-of-mouth WOM influences expectations and perceptions during the information search phase of the buying process and influences attitude during the pre-choice evaluation of alternative service providers (Stock and Zinsner, 1987; Woodside et al., 1992). WOM can influence decisions either positively (Engel et al., 1969; Richins, 1983) or negatively (Bolfing, 1989; Tybout et al., 1981). Price is the only information available; consumers use it to assess service quality (Zeithaml, 1981). Similarly brand name is an extremely important cue used by customer in evaluating a service (Turley and Moore, 1995). Advertising also has been shown to be a cue for quality (Kirmani and Wright, 1989; Rao and Ruekert, 1994). Research has
demonstrated a positive relationship between brand advertising and brand sales (Batra et al., 1996). An important cue is also the performance of customer-contact employees as they create and deliver service quality (Hartline and Jones, 1996). It is a crucial determinant of customers’ perceived service quality (Bitner, 1990).

The literature serves to germinate insights about the importance of the cues in evaluating and predicting service quality. Similarly, those cues were hypothesized in this paper as important and reliable sources of information on which customers rely to predict and evaluated their experiences as intangibility is not only limited to services, but experiences are also intangible. In addition to those cues, some factors such as: core services, customer past experience with the service provider and his mood prior to consumption, are hypothesized to be inextricably linked to customer experience, the next section discusses the propositions.

**THE CUSTOMER-BRAND EXPERIENCE THEORY**

Experience is something singular that happens to an individual and researchers can not access directly (Carù and Cova, 2008). The methodologies typically in-use to research experiences, such as interviews and focus groups, have a number of drawbacks (Elliott and Jankel-Elliott, 2003). The lack of understanding of the topic “customer experience” make researchers think about pluralistic research where qualitative methods are useful in conjunction with quantitative methods, to investigate a domain that is unknown or has received relatively little attention to date (Deshpande, 1983; Woodside, et al. 2008; Zinkhan and Hirschheim, 1992). A considerable number of studies use qualitative methods to gain insights into the phenomena under investigation (e.g., Arnould and Price, 1993; Celsi et al., 1993; Thompson, 1997).
The present paper differs from these studies in that it builds a conceptual framework from the consumer’s experiential view and attempts to clarify these causal relationships among the different variables and the role of various factors affecting customer experience, and hence to conceptually clarify ambiguities that exist in the studies of experience. The conceptual model serves as an initial step of a mixed-method study to quantify, supplement and complement the other qualitative studies. In depicting the research framework, the researchers are aware that qualitative research is more suitable when there is a need for unfolding what surrounds a phenomenon (Carson et al., 2001).

Using a quantitative approach, Privette (1987) measures experience through lengthy and a highly validated questionnaire (Privette and Bundrick, 1987). Researchers propose to conduct qualitative research first in the future operationalization of the model to explore and gain insights into the studied phenomenon (Zikmund, 2003). This approach is extremely useful in helping researchers to understand the hedonic and subjective dimension of the consumption experience and then future research would be encouraged to empirically test the research model in different contexts. In order to guide the discussion, the following research model identifies the key constructs and relationships (see Figure 1).

**Antecedents to Customer Experience in Services**

Antecedents to customer experience are (as Figure 3 shows) include perceived service quality, brand name, price, advertising, employees, core service, servicescape, pre-consumption mood, word-of-mouth, and past experience.

**P1: Perceived service quality has a significant effect on customer experience.** Perceived quality is a consumer’s judgement about an entity’s overall
excellence or superiority (Zeithmal, 1987). Perceived service quality is also the discrepancy between customer’s expectations and their perceptions of the service performance (Parasuraman et al., 1988). Perceived service quality is the disparity between the consumer’s expectations and their experiences. Customer expectations may be understood as the desires or wants of customers (Parasuraman et al., 1988), that is, what they feel a service provider should offer rather than would offer (Parasuraman, et al., 1988). Service quality has directional relationship to the overall experience as an input to the real-time experience (Knutson and Beck, 2003).

Consequently, consider the following proposition.

**P2: Brand name has a significant effect on customer experience during the service consumption.** Brand name is one of the most powerful ways through which a framework of expectations is set. If the brand name is diffuse and the service standards unaligned, the consumer is unable to settle on an expectation framework. Brand names mean more than just a symbol representing a product, a service or a company. Brands denote a whole bundle of information signifying all of their attributes (Jone, 1986; Biswas and Sherrell, 1993). Within the service marketing context, brand name is considered one of the elements that constitute company's presented brand which is a primary source of brand awareness (Berry (2000). External brand communications on the other hand may enrich customer experience to a certain extent. Brand name is a clue used by the customer to evaluate his/her experience. Therefore, firms must choose their brand names carefully. For companies, brand name is a valuable asset that helps communicate quality and evoke specific knowledge structures associated with the brand (Hoyer and Brown, 1990; Keller, 1993).

The issue of branding is what name to choose for the brand represents a major problem/opportunity. In general, brand name plays an important role in enhancing a
product’s value (Dodds et al., 1991) and the value the brand name adds to the
products is brand equity (Farquhar, 1989). Not only, does the brand name provide
information about product quality, but also it plays a significant role in the decision
making process of choosing the most preferred product or service (Jacoby et. al,
1977). Brand name is one of the service brand dimensions (O’Cass and Grace, 2004)
and its nature is the available attributes that the brand name suggests (Jiang, 2004).
Therefore, the argument here is that brand name is a key factor that influences the
perception of the experience, the feelings, the value perceived and, in turn, the
attitudinal behaviour.

**P₃: Price of services has a significant effect on customer experience during
the service consumption.** The price of the service has shown to have a significant
effect on buyer’s perception of quality (Rao and Monroe, 1989). In fact, the findings
of a considerable number of studies suggest that consumers most often rely on price to
evaluate products or services (Kurtz and Clow, 1991; Dods, et al. 1991; Zeithaml et
al., 1993). Following the line of thinking, price perception is a mean through which a
customer set a bundle of expectations he/she needs to be fulfilled. However, in some
services the customer pays after the service consumption such as restaurants, here the
price is viewable as an antecedent for the next experience with the service firm.

**P₄: Advertising has a significant effect on customer experience during the
service consumption.** Advertising is one of the principal components of image
creation (Meenaghan, 1995) and is a critical component of the marketing mix for any
service provider. Consumers treat advertisements as tentative hypotheses that can be
tested through product experience (Hoch and Won Ha, 1986). Clow et al. (1997) show
that advertising does not have a significant impact on either firm image or consumer
expectations in the service industries examined in the study. For instance, on a visit to
a Disney theme park, consumers may call up media-generated information and associate this information with their personal experiences on-site. In sum, everyday customers are bombarded by efforts to persuade them to buy different products or services. Advertisements raise customers’ expectations by making promises about a product or service. When those promises are unkept, customers perceive implicitly or explicitly an unfulfilling and unsatisfying experience. Therefore, when advertising raises customer expectations the customer-brand experience must go beyond expectations in order to deliver a configuration of unique, rewarding, and fulfilling (URF) customer interpretation of the enactment. URF experience customer interpretation is a brilliantly simple summary of the relationship between advertising and customer-brand interactions.

**P5a:** Employees performance has a significant effect on customer experience during service consumption.  
**P5b:** Employees performance relates positively to perceived service quality.  
**P5c:** Perceived service quality mediates the impact of employees on customer experience. The staff facing the customers is the most important communication channel (de Chernatony and Segal-Horn, 2003). Likewise, customer-contact personnel influence the customer’s mood state through their presence, message content, attractiveness, status, and interpersonal relationships with customers (Kraiger et al., 1989).

Employee behaviour affects customers in terms of customer interactions with the firm (Winsted, 1997, 1999, 2000). Consumers report store personnel to be a contributing factor to entertaining store experiences especially when the staff has the ability to provide extraordinary service experience (Jones, 1999). Provider employees are a major influence on positive versus negative customer’s interpretations of their experience in co-producing services, and employee-customer interactions often
associate with the consistency of the service quality delivered (de Chernatony and McDonald, 1998; Grönroos, 2000).

**P₆a**: Servicescape or setting has a significant effect on customer experience during service consumption. **P₆b**: Servicescape has a significant effect on perceived service quality. **P₆c**: Perceived service quality mediates the impact of servicescape on customer experience. Servicescape may have either a positive or negative influence on the experience outcome. The importance of the setting in a broader sense is extensively discussed in marketing, particularly services marketing (Kotler, 1973; Donovan and Rossiter, 1982; Bitner 1990 and 1992; Wakefield and Blodgett, 1996; McGoldrick and Pieros 1998; Turley and Chebat, 2002; Hoffman and Turley, 2002). The atmospherics of the service would affect customer mood during or after the encounter (Bitner, 1990 and 1992; Baker and Cameron, 1996). It has been shown that a positive atmosphere can lead to approach behaviours, which implies that consumers stay longer in the store, spends more money or that the propensity for impulse buying increases (Donovan and Rossiter, 1982; Sherman et al., 1997; Spies et al., 1997; Foxall and Greenley, 2000). Conversely, a negative atmosphere has been argued to lead to avoidance behaviour, such as a desire to leave the store or a sense of dissatisfaction (Donovan and Rossiter, 1982; Turley and Milliman, 2000).

**P₇a**: Core service has a significant effect on customer experience during service consumption. **P₇b**: Core service has significant effect on perceived service quality. **P₇c**: Perceived service quality mediates the impact of core service on customer experience. Additional factors that may increase or decrease the likelihood of perceiving an outstanding experience include core service, pre consumption mood, and past experience. The core service is the reason for why the service firm exists in the market. Sasser et al. (1978 in Palmer, 1994) refer to core service as substantive
service which means the essential function of a service. Core service quality across different types of services such as dental services, auto services, restaurants and hairstylists were found to directly affect customer satisfaction (McDougall and Levesque, in Grace and O’Cass, 2004).

**P₈:** *Word of mouth influences customer experience during the service consumption positively.* Word-of-mouth communications are the primary means by which consumers gather information about services (Bolton and Drew, 1991; George and Berry, 1981; Grönroos, 1990b; Murray, 1991; Zeithaml et al., 1993). Grönroos (1990a) describes WOM as “the message about an organisation, its credibility and trustworthiness, its way of operating and its services, communicated from one person to another” (Grönroos, 1990b, p 158). WOM is established as an important factor in the information search, evaluation and service buying processes of customers. Content of WOM has also been shown to have an effect on purchase decisions either positively (Richins, 1983) or negatively (Bolfing, 1989). In sum, word-of-mouth is a powerful source of influence assist the customer to predict the consumption experience.

**P₉:** *Customer pre-consumption mood influences customer experience during the service consumption positively.* Pre-consumption mood: affect is not only an important dimension of the customer experience, but also a determinant of customer satisfaction (Westbrook, 1987; Westbrook and Oliver, 1991). Several studies have fundamentally recognized that consumers' mood states have an impact on their immediate product evaluations (Clark and Isen, 1982; Gardner, 1985; Isen et al., 1978). Customers enter the service environment in a positive, negative, or neutral mood, and this will subsequently affect the evaluation of the experience. The
customer is likely to utilize his or her mood state as an antecedent to the evaluation process (Mattila and Wirtz, 2000).

**P10: Customer prior experience with the company influences positively the customer’s interpretations of experience during the service consumption experience.** Past experiences shape the customer’s brand norm (Cadotte, et al, 1987) and predictive expectations (Grönroos, 1990a), both of which can be used as comparison standards and inputs into overall evaluations of service quality and satisfaction. A customer’s satisfaction with his or her last experience with a firm therefore should have a positive effect on his or her expectations for the next service experience (Bitner, 1990). Customers are likely to return to service providers that have delivered satisfactory service in the past, and relationship performance has been found to be good predictors of service repurchase intentions (Strandvik and Liljander, 1995). For example, Houston, et al. (1998) reported a direct positive effect of past experiences on service-encounter quality.

**Consequences of Customer Experience**

In essence, URF customer experiences result in high brand loyalties. The present section illustrates the construct of brand loyalty as a major outcome of URF customer-experience interpretations. In addition to this perspective, the discussion shows that perceived service quality is a necessary (but not sufficient) contributing antecedent to brand loyalty.

**P11: The customer’s positive interpretations of the service experience contribute substantially to building brand loyalty.** Brand loyalty as Chaudhari and Holbrook (2001, p.28) define the term is “a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, thereby causing repetitive same-brand set purchasing, despite situational influences’ and marketing
efforts’ having the potential to cause switching behaviour.” Intuitively, brand loyal consumers may be willing to pay more for brand because they perceive some unique value in the brand that no alternative can provide (Jacoby and Chestnut, 1978; Pessemier, 1959; Reichheld, 1996).

Two key issues affect the likelihood of brand consumers becoming loyal customers. The first is the consumers’ willingness to repeat the consumption experience over and over again; and the second is their belief that the consumption experience is good value for the price paid (Ponsonby-McCabe and Boyle, 2006). Barsky and Nash (2002) and Berry et al. (2002) argue that well-orchestrated experiences by firms are major contributions to creating brand loyalties. Positive experience translates into a brand loyal customer.

**P12: Perceived service quality contributes positively to brand loyalty.** The marketing literature service quality identifies as an antecedent to brand loyalty (Zeithaml et al., 1996). Zeithaml et al. (1996, p. 42) assert that “with few exceptions, the better the company’s service quality scores, the higher are its score on loyalty and willingness to pay more.” Perceived service quality is viewable as a prerequisite for loyalty and frequently loyalty is included in models as an outcome variable (Boulding et al., 1993; Cronin and Taylor, 1992; Gremler and Brown, 1996). Boulding et al. (1993) report a positive relationship between service quality, repurchase intention, and willingness to recommend. Similarly, Zeithaml et al. (1990) reported a positive relationship between service quality and the willingness to pay a higher price and the intention to remain loyal in case of a price increase. Service quality is an attitude based on cognitive perception whereas, satisfaction is considered as part of the actual experience (Oliver, 1993; Taylor and Baker, 1994). Therefore, in accordance with
Zeithaml et al. (1996), the researcher hypothesizes a positive relationship between service quality and brand loyalty.

**SUMMARY AND FUTURE RESEARCH**

The paper clarifies understanding of the critical topic, “interpreting customer experience”. The interest in this topic has increased at a phenomenal rate. In doing so, the paper highlights the different definitions and point of views of the concept. Also, research to capture the true meaning of the concept was presented, in an attempt to address the question of what are the underlying dimensions that constitute the construct of customer experience. Furthermore, the present paper provides a general framework for building an exceptional customer experience in the experiential services from the consumer perspective. The theoretical propositions here focus on the causal paths and configurations among the different constructs that influence customer experience and in turn brand loyalty. Although, the conceptual research model is not empirically tested and validated, the propositions and the integrative framework provide a foundation to direct future research for empirically testing the research model in multiple contexts.

By managing customer experience, firms drive brand awareness, secure customer loyalty, and ultimately increase profits. If the firm (on non-profit organization) fails to deliver a great customer experience, the firm will struggle in the marketplace and that struggle results in high customer churn. Customers who do not return tell others about their bad or hum-drum experiences. Therefore, managers need to be attentive to the importance of customer experience and attempt to create loyal customer advocates in order to experience more profitable business growth.
This theoretical perspective explicates the concept of customer experience and its dimensions. The study identifies the antecedents of customer experience and this involves factors that most likely have a significant influence on customer experience and its impact on brand loyalty within the context of the hospitality industry. The topic is important because in the last decades, providing good service to customers is insufficient for sustaining brand loyalty and creating competitive advantage (Berry et al., 2002; MacMillan and McGrath, 1997; Prahalad and Ramaswamy, 2004; Schembri, 2006). Customer experience was claimed to affect loyalty behaviours (Barsky and Nash, 2002; Berry et al., 2002). As a consequence, the interest in customer experience has increased at an astonishing rate (Addis and Holbrook, 2001; Caru` and Cova, 2003; Forlizzi and Ford, 2000; Milligan and Smith, 2002; LaSalle and Britton, 2003; Ponsonby-Mccabe and Boyle, 2006; Prahalad and Ramaswamy, 2004; Schembri, 2006; Schmitt, 1999; Smith and Wheeler, 2002; Schmitt, 2003; Shaw and Ivens, 2005). However, so far, limited empirical research to capture the true meaning of the concept has been carried out in this area (Arnould and Price, 1993; Barsky and Nash, 2002; Gentile et al., 2007; Jones, 1999). A few firms properly adopted the customer-experience perspective but most firms fail to do so because the literature lacks an integrative theoretical framework address this research problem (Gentile et al., 2007). Accordingly, future research should test and validate the customer-brand experience theory in different contexts and different types of businesses.
REFERENCES


Gyimóthy, S. 2000. The Quality of Visitor Experience. A Case Study in Peripheral Areas of Europe, Unit of Tourism Research Centre of Bornholm.


Table 1: Definitions of Experience

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maslow</td>
<td>1968</td>
<td>Defined peak experience as “…moments of the highest happiness and fulfilment” (p. 73). In the peak experience one can feel his/her true identity as Maslow (1968) stated that “In moments like this we feel more powerful than usual and experience unusual focus, joy, intensity, creativity, in other words being more fully human” (p.72).</td>
</tr>
<tr>
<td>Csikszentmihalyi</td>
<td>1977</td>
<td>Individual is experiencing flow when he has “a unified flowing from one moment to the next, in which he is in a control of his actions and in which there is little distinction between self and environment, between stimulus and response, between past, present and future” (p. 36).</td>
</tr>
<tr>
<td>Holbrook and Hirschman</td>
<td>1982</td>
<td>experience is defined as a personal occurrence, often with important emotional significance, founded on the interaction with stimuli which are the products or services consumed as cited in (Caru and Cova, 2003)</td>
</tr>
<tr>
<td>Csikszentmihalyi</td>
<td>1990</td>
<td>Flow is a state of experience which is characterised by an experience of intense concentration and enjoyment</td>
</tr>
<tr>
<td>Arnould and Price</td>
<td>1993</td>
<td>An extraordinary experience is characterized by a high level of emotional intensity, and is triggered by an unusual event</td>
</tr>
<tr>
<td>Carbone and Haeckel, 1994</td>
<td>1994</td>
<td>“the take-away impression formed by people’s encounters with products, services, and businesses a perception produced when humans consolidate sensory information” (p.8)</td>
</tr>
<tr>
<td>Pine and Gilmore</td>
<td>1999</td>
<td>From business perspective “experiences are events that engage individuals in a personal way” (p.12)</td>
</tr>
<tr>
<td>Schmitt</td>
<td>1999</td>
<td>From customer perspective: “Experiences involve the entire living being. They often result from direct observation and/or participating in the event – whether they are real, dreamlike or virtual” (p.60)</td>
</tr>
<tr>
<td>Robinette et al.</td>
<td>2002</td>
<td>“the collection of points at which companies and consumers exchange sensory stimuli, information, and emotion” (p. 60)</td>
</tr>
<tr>
<td>Shaw and Ivens</td>
<td>2002</td>
<td>“An interaction between an organization and a customer. It is a blend of an organization’s physical performance, the senses stimulated and emotions evoked, each intuitively measured against customer experience across all moments of contact” (p.6)</td>
</tr>
<tr>
<td>Meyer and Schwager</td>
<td>2007</td>
<td>“The internal and subjective response that customers have of any direct or indirect contact with a company. Direct contact generally occurs in the course of purchase, use and service, and is usually initiated by the customer. Whereas, indirect contact most often involves unplanned encounters with representations of a company’s products, services, or brands and takes the form of word-of-mouth recommendations or criticisms, advertising, news reports and reviews” (p.2)</td>
</tr>
<tr>
<td>Gentile et al.,</td>
<td>2007</td>
<td>“The customer experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction. This experience is strictly individual and implies the customer’s involvement at different levels (rational, emotional, sensorial, physical and spiritual). Its evaluation depends on the comparison between a customer’s expectations and the stimuli coming from the interaction with the company and its offering in correspondence of the different moments of contacts or touch-points” (p. 397)</td>
</tr>
<tr>
<td>Authors</td>
<td>2009</td>
<td>Emotions provoked, sensations felt, knowledge gained and skills acquired through active involvement with the firm pre, during and post consumption</td>
</tr>
</tbody>
</table>
### Table 2: Dimensions of Customer Experience

<table>
<thead>
<tr>
<th>Authors</th>
<th>Year</th>
<th>Context</th>
<th>Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holbrook and Hirschman</td>
<td>1982</td>
<td>Conceptual article</td>
<td>3 Fantasies, feelings and fun</td>
</tr>
<tr>
<td>Arnould and Price</td>
<td>1993</td>
<td>River rafting</td>
<td>3 Harmony with nature, communis and personal growth and renewal.</td>
</tr>
<tr>
<td>Otto and Ritchie</td>
<td>1996</td>
<td>Tourism industry (airlines, hotels, tours and attractions)</td>
<td>6 Hedonic, novelty, stimulation, safety, comfort and interactive.</td>
</tr>
<tr>
<td>O’Sullivan and Spangler</td>
<td>1998</td>
<td>Conceptual article</td>
<td>4 Real to virtual, novelty or communality, degree of mass-production or customization, and level of interaction with other people.</td>
</tr>
<tr>
<td>Poulsson and Kale</td>
<td>2004</td>
<td>a range of industries; gaming, rock climbing gyms, theme parks, museums, hot air balloon rides, etc</td>
<td>5 Personal relevance, novelty, surprise, learning, and engagement</td>
</tr>
<tr>
<td>O’Loughlin et al.</td>
<td>2004</td>
<td>Irish financial services</td>
<td>3 Brand experience, transactional experience and relationship experience</td>
</tr>
<tr>
<td>Gentile et al. (2007)</td>
<td>2007</td>
<td>A study on some widely-known brands</td>
<td>5 A sensorial, an emotional, a cognitive, a pragmatic, a lifestyle, and a relational component</td>
</tr>
</tbody>
</table>
Figure 1: The conceptual framework