Creating consumer-based brand equity for customers by brand experience
Evidence from Iran banking industry

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Abstract

Purpose – The purpose of this paper is to investigate the effect of brand experience on brand equity dimensions in the perspective of customers (including brand identification, physical quality, staff behavior quality, brand awareness, ideal self-congruence and life style-congruence) on brand satisfaction and loyalty in Iranian banking industry.

Design/methodology/approach – The author designed the conceptual model of the research based on the existing relationships between the research variables and the proposed hypotheses. By a questionnaire, the opinion of 288 customers and clients of selected branches of Melli and Tejarat banks were collected in two Provinces, including East and West Azerbaijan Provinces. The research hypotheses were tested using structural equation modeling.

Findings – The results of the paper showed that the brand experience directly affected all dimensions of brand equity. Also, the results indicated that except for lifestyle congruence, other dimensions of equity directly affected the customers’ brand satisfaction.

Originality/value – This paper is significant, because it addresses the experience relationships and brand equity with the perspective of the customers of banks in an Islamic country, which affects the development of branding literature.

Keywords Brand equity, Banking

Paper type Research paper

Introduction

Currently, based on the Central Bank of the Islamic Republic of Iran, over 35 banks (including public, private and credit institute) are working in the banking industry. The increase in the number of financial and banking institutions and the emergence of applications to do banking and financial affairs made competition harder for banks, and according to the Central Bank of the Islamic Republic of Iran, many banks and financial institutions are suffering from loss because of the economic crisis (News agency of the Islamic Consultative Assembly, Fars News Agency and Banker site). The above conditions reveal that activists in this industry should seek sustainable competitive advantage. So maintaining reputation, retaining the current customers, attracting competitors’ customers and creating trust in potential customers are possible through experience, because it leads to customers’ satisfaction and trust. Of course, the story does not end here; in the USA, more than 400 of Wells Fargo branches were closed by the end of 2018. According to the Guardian
(2016), during the period 2011-2016, about 1,700 branches of five major British banks were closed in the UK (Treanor, 2016). Hulten (2009) claimed that banks must pay special attention to the brand experience to overcome problems. Using branding strategies and brand communications, banks can overcome the competitive environment, because survival and gaining profit in such environments require strong branding. This is because branding is one of the most important communication tools in marketing communication, and companies and businesses have come to the conclusion that the real value is distinctive from physical and tangible assets, and the true value is in the minds of potential buyers (Feiz, et al., 2015b). Motameni et al. (2012) argued that commercial branding is an effective and efficient method of creating a distinction in the market, which has become a strategy facing marketing managers because of creating and managing marketing commercial branding. Strengthening, upgrading and expanding brands are effective strategies for business growth (Cifci et al., 2016) such that companies can efficiently use existing brands to reduce the cost of introducing new products and increase their probability of acceptance on behalf of potential customers and vendors and distribution channels. The brands help to differentiate from competitor (Li, 2010; Molina et al., 2009), develop loyalty (Reisenwitz and Gupta, 2011), reduce marketing costs, increase word-of-mouth (WOM), promote demand higher prices, reduce switching cost (Hsieh and Li, 2008), increase barriers to market entry and lead to long-term relationships with customers. Consumer-based brand equity (CBBE) is crucial for creating customer equity, distinguishing brands, evaluating brand performance and gaining competitive advantage (Zhang et al., 2010; Sun et al., 2014). According to Keller (1993), the strong brand equity is obtained when customers identify brands, and there is desirable brand identification and loyalty. Intensification of competition, increasing customer demand and expectations are examples of the challenges facing service organizations to survive in the current growing competition where creating and maintaining equity can be used in this regard as a strategy (Feiz et al., 2016).

Bairrada et al. (2018) believed that companies are continually seeking strategies to create strong emotional nodes with their customers. Previous research (Ekinci and Hosany, 2006; Hwang and Wen, 2009; Brakus et al., 2009; Osman et al., 2009; Li et al., 2009; Baek et al., 2010; Ramanathan and Ramanathan, 2011; Prentice, 2013) indicated that brand experience is a vital factor in marketing and brand communication management. Jung and Soo (2012) and Chang and Chieng (2006) stated that brand experience is fundamental in creating a relationship between customers and brands. Brand experience is the latest source of sustainable distinction and a new competitive field. The result of a lasting mutual experience is an increase in customer satisfaction and tendency to purchase-related behaviors (Hwang and Han, 2016a). Because of the existence of lots of available options in the market, the McKinsey (2016) report highlights the importance of customer experience in the business. A recent study found that of 1,000 marketing managers surveyed, almost 59 per cent believed that brand experience is a method of creating continuous relationships with customers. More than one third of them believed that they will reserve between 21 and 50 per cent of their marketing budget to brand experience in the next five years (Andreini et al., 2018). Deloitte (2017) indicated that if customers have a positive experience of service, then they will repeatedly refer to it by 60 per cent (Kim et al., 2018). According to Iglesias et al. (2018), brands should create pleasant experience for customers to distinguish themselves and enjoy a strong competitive position. In the perspective of Markovic et al. (2018), this challenge is critical for brands, especially in the service sector, due to the nature of service distinction (such as intangibility, inseparability from the service provider and being non-storable) is far more important, because there are many contact points for contact and experience between the brand and the customers. According to Gilmore and Pine (2002),
the need for sustainable experience for customers in the service industry emerged when companies failed to differentiate their offerings by high-quality services from competitors. Researchers (Brakus et al., 2009; Iglesias et al., 2011; Lin, 2015) believed that brand experience was effective and vital in improving customer–brand relationships and reinforcing perceptual value.

However, literature and research survey revealed that little research was conducted, especially on brand experience in the banking industry. For instance, Loureiro and Sarmento (2018) in Portugal investigated the effect of experience on brand equity through sentimental variables. Also, the research of Altaf et al. (2017) in Malaysia and Pakistan investigated the effect of brand experience on brand equity dimensions according to Aaker (1991) model. According to Nam et al. (2011), Aaker’s (1991) model solely focuses on the functional aspects of the brand and disregards the symbolic use of brands. In this regard, Nam et al. (2011) introduced three brand-related symbols for service sector (including quality of employee behavior and physical quality, brand identification, self-congruence and lifestyle congruence), which was investigated by Cifci et al. (2016), who added new dimensions to it. According to Nam et al.’s (2011) and Cifci et al.’s (2016) models, we can mention the weakness of the research conducted by Altaf et al. (2017) that their model neglects the symbolic dimensions of the brand that is currently important for customers. Based on the complementary model of Cifci et al. (2016), the present research explores brand experience effect on the formation of CBBE in the banking services industry of Iran. Investigating the above studies indicated that studies used Brakus et al.’s (2009) four-dimensional model to measure the brand experience, while this study will use Nysveen et al.’s (2013) five-dimensional model that they introduced for services industry brand experience. A review of previous research indicates that they have used the model of Aaker (1991), while many studies have used this model for brands active in the product sector. Cifci et al. (2016) indicated that research using Aaker’s (1991) model in the service sector is limited and that research shows that this model has poor validity for service organizations (Boo et al., 2009). Nam et al. (2011) and Cifci et al. (2016) argued that Aaker’s (1991) model was not appropriate for service sector because it neglected services inherent characteristics (inseparability, heterogeneity, perishability and intangibility). Hence, there is uncertainty as to whether the findings of Nam et al. (2011) and Cifci et al. (2016) are valid when the CBBE model is applied to other service sectors and national cultures. The main duty of the marketing manager is to identify the similarities and differences and to utilize them in the marketing planning process to align the strategies, products and marketing programs with the significant cultural differences. Therefore, this study’s aim is investigating the relationship and the effect of the brand experience with the brand equity dimensions from Iran banking customers’ viewpoint to provide managers with a path toward maintaining and increasing the level of customer satisfaction and loyalty in Islamic banking.

Features of Iran banking

In the 1970s, Islamic banks started their operation. In 1975, Development Islamic Bank (DIB) and Islamic Development Bank (IDB) were established (Lone and Bhat, 2018). Islamic banking is categorized as systemically important in 12 jurisdictions where the market shares have reached 15 per cent. Collectively, these 12 jurisdictions account for 92 per cent of the global Islamic banking assets. The largest are Iran (34.4 per cent of global Islamic banking assets), Saudi Arabia (20.4 per cent), United Arab Emirates (UAE) (9.3 per cent), Malaysia (9.1 per cent), Kuwait (6.0 per cent) and Qatar (6.0 per cent) (Islamic financial services industry stability report, 2018). The Islamic money-related framework is network arranged, and one of the fundamental objectives of Islamic budgetary establishments is to
accomplish financial equity (Lone and Alshehri, 2015). Iranian banks use “provisional” interest-based transactions but retain the accounting standards of conventional banking (Reuters, 2018). In 2009, Iranian banks accounted for about 40 per cent of total assets of the world’s top 100 Islamic banks. Three of the leading four Islamic banks are based there; Bank Melli Iran, with assets of $45.5bn came first, followed by Saudi Arabia’s Al-Rajhi Bank and Bank Mellat with $39.7bn (Wikipedia.org). Iran’s banking system was transformed to be run on an Islamic interest-free basis and operating fully Shariah-compliant banking system. All of Iranian banks should follow Islamic banking principles; that is where usury (or Riba) is prohibited (Hadian, 2018). Iran financial institutions include: 1) government and non-government banks; 2) money dealers; 3) the credit organization; and 4) cooperative funds and credit firms (Shahchera, 2013). As Lone and Bhat (2018) stated that Islamic banks can endure and contend well even without utilizing the “Islamic” tag on the off chance that they actualize the prime standards of Islamic banking and work on improving the components featured, Islamic banking does not use in this study.

**Literature review**

**Brand loyalty**

Guaranteeing the business survival is subject to the creation of a recurring business through customer loyalty. Brand loyalty refers to the desire of customers to re-purchasing services or products of a brand (Choi et al., 2017). Narteh (2018) showed brand loyalty have an effect on firm’s performance. Customers’ brand loyalty is the ultimate goal of all businesses, through which all companies and customers can benefit. As seen, only 5 per cent increase in customer returns will increase profits by 25-85 per cent (Nikhashemi and Valaei, 2018). Eakuru and Mat (2008) considered customer loyalty as an index of business success and survival. Dick and Basu (1994) introduced customer loyalty as “the power of the relationship between related attitudes of individuals and repetitive support.” According to Motameni et al. (2012), brand loyalty is a hallmark of brand equity, and the research results of Yoo et al. (2000), Atilgan et al. (2005); Yasin et al. (2007), Tong and Hawley (2009); and Lin and Chang (2003) suggest that loyalty is an important factor in the formation of brand equity. Cai and Hobson (2004) proposed an integrated approach to brand loyalty by taking into account brand experience.

**Brand satisfaction**

The key to survival and long-term profitability is in satisfying customers (Pappu and Quester, 2006) and making the satisfied customer to loyal customer, because the satisfied customer will return to the place where he was satisfied and will repeat his purchase and dissatisfied customer will obviously turn to competitors (Feiz et al., 2015b). Satisfied customers are less sensitive to price and less affected by behavior advertising (Dimitriadis, 2006). According to Del Bosque and San Martin (2008), satisfaction is not merely cognitive but also sensational. Voeloutsou et al. (2005) stated that satisfaction is the total satisfaction of specific interactions with the service provider. The specific interactive satisfaction varies from experience to the other experiences with altering the mean satisfaction, that is, satisfaction is a better predictor of loyalty and business performance (Johnson et al., 2006). Nam et al. (2011) show that customer satisfaction is a mediator variable between loyalty and brand equity. Satisfaction is an effective response and is the result of the customer’s experience and evaluation of brand performance (expectations and actual perceptual result). Previous research (McDougall and Levesque, 1994; Back and Parks, 2003; Faullant et al., 2008; Nam et al., 2011) indicated the relationship and the effect of satisfaction on loyalty.
Brand satisfaction has a direct and positive effect on brand loyalty.

Consumer-based brand equity
Branding and brand management have existed since a long time, though brand equity is still a key concept for many organizations established in the past 20 years. The emergence of brand equity increases the importance of marketing strategies and provides a focal point for researchers and marketers (Moradi and Zarei, 2012). There is a significant consensus among brand equity definitions that equity is the value of product enhancement with respect to the brand (Feiz et al., 2015a). The concept of brand equity covers a wide level because the experience, feelings and what the customer learns about a brand in the long term pertains to the concept of equity (Moradi and Zarei, 2012).

Researchers (Myers, 2003; Keller, 2003) argue that brand equity is directly related to the organization’s success, because the formation of brand equity provided high profit and quite low cost for companies. Equity can increase cash flow, distinguish products to achieve sustainable competitive advantage, create opportunities for brand extensions, gain more support from shareholders, protect companies, have high profit margin, have high effective marketing communications and have the ability to better attract the staff (Motameni et al., 2012). Thus, according to Thanh (2012), it can be considered as one of the most valuable intangible assets of businesses. Brand equity can be investigated from two different aspects, that is, the financial perspective and the perspective of customers. Clare et al. (2011) investigated the importance of investigating the customers’ perspective.

The brand equity models introduced by Aaker (1991) and Keller (1993) were extensively investigated and validated (Buil et al., 2013). Based on the four-dimensional models (Aaker, 1991), Yoo et al. (2000) presented a scale for measuring brand equity in the customer’s perspective, which was rapidly and widely used in the products used by the researchers, but this scale was less used in the service sector and the results of using these measures indicated their weakness (Cifci et al., 2016). In this regard, Nam et al. (2011) claimed that because of the inherent characteristics of the service (intangibility, inseparability, heterogeneity and being non-storable), the scales in the service sector were not very efficient; therefore, they introduced new dimensions (e.g. the quality of service and employee behavior, brand identification) for the CBBE in the service sector. In this regard, Cifci et al. (2016) investigated the Aaker (1991) and Nam et al. (2011) models and, based on their integration, presented a new model which was used by the present study and, unlike model Aaker (1991), does not solely focus on the functional aspects but includes symbolic aspects as well. It should be said that according to the definition of Brady et al. (2008), brand loyalty is distinct from CBBE. Because equity is a widespread concept that encompasses the image and familiarity with the brand, while loyalty is a behavioral structure related to the repurchase tendencies and behavioral tendencies are the result of the CBBE, not its components and dimensions (Nam et al., 2011). The research conducted by Kim et al. (2001) and Johnson et al. (2006) also suggested that ideal self-congruence, brand identification and lifestyle congruence are the symbolic consumption of the brand in the service industry.

The above figure presents models and dimensions of CBBE in the perspective of customers in the service sector, which will be addressed in the following.

Brand awareness
According to Keller (2003), creating a strong and ideal brand in the consumers’ minds enhances brand equity, which means that a positive brand image increases the chances of a brand choice and its protection against the threats of competitors. Brand awareness is a
remarkably effective factor on customers’ decision-making (Lin and Chang, 2003; Jiang, 2004). Brand awareness is defined as the degree of customers’ familiarity with brand (Lin and Chang, 2003), which is common in models of Aaker (1991), Keller (1993) and Cifci et al. (2016) and refers to the probability and convenience of brand recall on behalf of the customers in a particular product or service category. Brand awareness is the first step in creating equity; as stated by Johnson et al. (2006), a brand without awareness resembles a label on a product or service lacking meaning and sound. Desai et al. (2008) indicated that awareness in the customer selection process plays a crucial role. The result of research conducted by Rios and Riquelme (2008) indicated that awareness through loyalty affects the formation of brand equity. Bashir’s (2014) survey in Brunei and Badara et al.’s (2013) survey in Nigerian Islamic banking showed that brand awareness has direct effect on customer satisfaction.

**H2a.** Brand awareness has a direct and positive effect on brand satisfaction.

**Brand identification**

Based on the theory of organizational identity, people join groups for supporting their identity and sense of belonging. Brand identification refers to the situation where customers express their social identity through brand purchase or brand association (Cifci et al., 2016). According to Del Rio et al. (2001), customers also define their social identities by purchasing or communicating with brands, and on this basis, Long and Shiffman (2000) believe that customers are loyal to brands with a better reputation among other groups to which the customers are a member or are going to be a member. Purchasing and using a brand helps customers distinguish their social identities from other social identities (Kim et al., 2001). Considering that brand identification aids customers to integrate or not integrate with social groups, customers have more positive attitudes and approaches to brands that are more effective in expressing their identities and their uniqueness (Pahu et al., 2015). The research results of Nam et al. (2011) and Cifci et al. (2016) in the tourism and hospitality industry suggest the effect of brand identification on satisfaction.

**H2b.** Brand identification has a direct and positive effect on brand satisfaction.

**Service quality**

When the brand image is forming in the minds of customers, quality is highlighted because the customer’s assessment of the brand is based on his perspective toward the quality received from the product or service. When the customer has a positive and strong brand image, he likes to generalize it to other brand products and services. Boo et al. (2009) stated that quality is one of the prerequisites for satisfaction and affects the perceptual value of customers. Chao (2008) said that the quality of service is a multidimensional concept such that discussions over its dimensions still continues. As an instance, the American School of Thought has accepted the SERVQUAL model as the quality of service dimensions including five dimensions, while the North Europe School of Thought accepts the technical and functional qualities as dimensions of service quality. The research results of Ekinci (2001), Brady and Cronin (2001) and Madanoglu (2004) indicated that the North Europe model has more acceptance and operational capability in service industries. From the perspective of its impact on customers, service quality is aimed at satisfying the customers by delivering proper products to them that align their requirements [24]. Besides, a service of good quality can retain customers that may in turn enhance the financial performance of a business.
In the service industry, the physical quality and employee behavior are considered the dimensions of the quality of service, where the physical quality refers to the image created by design, equipment and tools in the service delivery location, and the customer’s behavior refers to the image created by responsible, friendly and intimate behavior, helpfulness, and the diligence of the service provider staff (Nam et al., 2011). The research results of Ekinci et al. (2008) and Nam et al. (2011) suggested that there is a significant relationship between the quality of service (physical quality and employee behavior) and customer satisfaction in hospitality industries. Lone and Bhat’s (2018) and Lone et al.’s (2018) research on Saudi Arabia banking industry shows that physical aspects of banks, dealing and attendance by bank staff drive customers satisfaction toward Islamic banking.

H2c. Physical quality has a direct and positive effect on brand satisfaction.

H2d. The quality of staff behavior has a direct and positive effect on brand satisfaction.

Ideal self-congruence
Research indicated that products/services and brands are not only for utility purposes but also for symbolic values and meanings (Bumann et al., 2015), that is, customers are interested in using brands that show them in their state or develop their ideal congruence, and these brands create more value and, thus, are more ideal to customers (Elliott and Wattanasuwan, 1998).

Ekinci et al. (2008) indicated that customer satisfaction in the relationship between quality of service, self-congruence and tendency to repurchase is a mediator. Their research indicated that service quality and self-congruence are antecedent to customer satisfaction. Research by Chon (1992), Bigne et al. (2001), Ekinci et al. (2008) and Nam et al. (2011) in the tourism industry show that between ideal self-congruence and customer satisfaction, there is a significant relationship.

H2e. Ideal self-congruence has direct and positive effect on brand satisfaction.

Lifestyle congruence
As Brassington and Pettitt (2003) stated, lifestyle is limited not merely limited to demographic characteristics but also to the attitude to life, aspirations and beliefs. Unfortunately, there is no definition universally accepted, but it can be considered as unique lifestyles of people could be identified by activities, interests, and opinions and all the things that distinguish one from another. Nam et al. (2011) mentioned that when customers are satisfied with a brand that meets their unique lifestyle and reflects customers’ lifestyle, they develop their repetitive purchasing patterns and form their personal attachment. As they use the concept of self and social groups as comparative standards, it can be said that lifestyle congruence is different from self-congruence and brand identification. According to Solomon (2002), lifestyle includes common values and consumption patterns, and brands express lifestyle. In his perspective, the goal of the marketers is to create customer satisfaction with the brands that adapt to their specific lifestyle.

H2f. Lifestyle congruence has direct and positive effect on brand satisfaction.
Brand experience

The present study uses the definition provided by Brakus et al. (2009) that defines brand experience as “a set of emotions, effects, cognitions and behavioral responses from stimulants related to brand identification elements.” Brand experience was distinct from other brand-related concepts, namely, personality, conflict and attitude, which were indicated in the research conducted by Brakus et al. (2009). Through marketing, advertising, customer service and personal interactions activity, the image of the brand is shaped and the brand experience is the result of customers’ emotions from the image of the brand (e.g. the logo, name, website, etc.) (Şahin et al., 2017). Andreini et al. (2018) found that the three main theories pertaining to brand experience are, namely, 1) value theory, 2) the theory of consumption culture and 3) the logic dominate services.

Previous research (Black and Veloutsou, 2017; Ramaswamy and Ozcan, 2016; Carù and Cova, 2015; Buil et al., 2013) indicated that customers are assisted and involved through the experience in developing and expanding the creation of brand meaning. Experience allow customers to express personality (Swaminathan et al., 2007), emotion (Thomson et al., 2005) and, ultimately, create self-social Escalas and Bettman (2005). Through experience, companies expand sustainable loyalty, which in turn leads to a competitive advantage for the companies (Bapat, 2017). Good brand experience can enhance brand effectiveness more than traditional advertising concepts such as association, personality, brand equity, attitude and brand value (Roswinanto and Stratton, 2014). Using central values, experience and perceptions are made which make the experience unique, real and distinct from what rivals offer and difficult to imitate (Alloza, 2008).

The brand experience is internal, subjective and is related to the real use of service/product and brand (Bumman et al., 2015) and encompasses all types of customer experiences, namely, emotional, symbolic, content and non-utilitarian experiences (Hulten, 2009; Zarantonello and Schmitt, 2010). The concept of the experience was first introduced by Holbrook and Hirschman (1982) into the marketing literature in 1982. They raised experience from consumer perceptions. Brand experience first appeared in Gilmour and Payne’s (1999) research and later in Schmidt (1999) (Huang, 2017). The results indicated that customers persistent on hedonic consumption and pleasure (Bapat and Thanigan, 2016; Holt, 1995) separated the experience of consumption into emotional and cognitive experience. Then, Aaker (1997) indicated the relationship of brand experience with behavioral, cognitive and real-world responses. As Carù and Cova (2003) stated, consumers are affected by experience in emotional, mental, spiritual, social and physical terms. Customer experience falls into two categories: objective (including behavioral and cognitive) and subjective (including emotional and social experience) (Mascarenhas et al., 2006). Brauks et al. (2009) measured the brand experience using emotional, intellectual, sensory and behavioral dimensions. Emotional dimension involves emotions and intentions; the intellectual dimension refers to the brand’s ability to make customers think, the sensory dimension also refers to the strong and intuitive sense of consumers, and finally, behavioral dimension pertains to interaction with brand and lifestyle (Zarantonello and Schmitt, 2010; Jung and Soo, 2012).

Brand experience takes place during various related events, such as searching, purchasing and using products or services (Brakus et al., 2009; Aronold et al., 2002; Holbrook, 2000). Of course, Beig and Khan (2018) claimed that experience forms through marketing communications and in exposure to advertisement. When customers face specific stimuli, such as brand design, elements and colors related to brand personality, these stimuli become part of the package, communication, brand identification and brand location. They consider these stimuli which are the source of intrinsic and objective responses of customers.
as brand experience. Brand experience provides vital information for customers to make a decision considering a brand, and previous experiences also affect future brand-related behaviors (Becerra and Badrinarayanan, 2013). It is confirmed that in marketing, the intellectual, emotional, sensory and behavioral experiences can help to identify a brand (Hwang and Hyun, 2012). The result of the research conducted by Chen (2012), Shamim and Muhammad (2013), Lin (2015), Nejad et al. (2015) and Iglesias et al. (2018) indicated that experience affects the formation of brand equity.

The research results of Feiz et al. (2015b) and Naggar and Bendary (2017) indicated that brand experience affects customer loyalty and there is a significant relationship between brand experience and brand awareness. According to Nam et al. (2011), the closer the brand image to a person’s lifestyle, the more satisfied will be satisfied with the experience of a product or service. Cliff et al. (2014) indicated that brand experience affects customer awareness. The result of the previous research conducted by Brakus et al. (2009), Morgan-Thomas and Veloutsou (2013), Şahin et al. (2013), Khan and Rahman (2015a, 2015b) and Kim et al. (2015) suggested the effect of brand experience on brand satisfaction.

H3. Brand experience directly affects CBBE dimensions in the customer’s perspective (brand awareness, physical quality, quality of staff behavior, ideal self-congruence, brand identification and lifestyle congruence).

Based on the theoretical and empirical findings, the present study raised three main and six secondary hypotheses, and based on the relationship of these hypotheses, the structural model of the research is presented as shown in Figure 1.

Research methodology
Sampling and data collection
In September 2018, using a questionnaire, the present study investigated the perspectives of the people. With regard to the purpose of the research, the statistical population of this research comprised all users of customer service and clients of branches of Mellli and Tejarat banks in the East and West Azerbaijan provinces. Data were collected from real customers of banks in Iran. In this research, convenience sampling method was used for data collection. First, from among all existing branches, ten branches were selected from each bank in each province, and by visiting the branches of selected banks, a questionnaire was distributed among the customers and clients in the branches and the necessary explanations were provided to the respondents. To this aim, 400 questionnaires (each branch ten questionnaires) were distributed among sample members, and 288 useful questionnaires were collected and returned (return rate 72 per cent). Table I presented demographic characteristics of the statistical sample of the research.

Development of instruments and scales (measures)
The design and draft of the questionnaire was designed based on the previous research literature and the necessary changes were made based on the research purpose. The research questionnaire was divided into two sections; the first section included the respondents’ demographic information and the second section, with 41 questions, included measurement scales of the research variables (brand experience, brand awareness, brand identification, service quality (physical and employee behavior), ideal self-congruence, lifestyle congruence, satisfaction and loyalty); the questions in the second section were measured using the five-point Likert scale (from 1 strongly disagree to 5 strongly agree).
Table I.
Demographic characteristics of sample

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<th>Frequency</th>
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<tbody>
<tr>
<td>Gender</td>
<td></td>
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<tr>
<td>Female</td>
<td>91</td>
<td>31.6</td>
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<tr>
<td>Male</td>
<td>197</td>
<td>69.4</td>
</tr>
<tr>
<td>Age</td>
<td></td>
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<tr>
<td>&gt; 20 year</td>
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<tr>
<td>20-35</td>
<td>84</td>
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<tr>
<td>35-50</td>
<td>81</td>
<td>28.1</td>
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<tr>
<td>&lt; 50 year</td>
<td>97</td>
<td>33.7</td>
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<tr>
<td>Education</td>
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<td>&gt; Diploma</td>
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<tr>
<td>Associate degree</td>
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<tr>
<td>Master and PhD</td>
<td>63</td>
<td>21.9</td>
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*Table I. How long have co-operation with banks branch sample*

<table>
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<td>&gt; 2 year</td>
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<td>2-5 year</td>
<td>93</td>
<td>32.3</td>
</tr>
<tr>
<td>&lt; 6 year</td>
<td>106</td>
<td>36.8</td>
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The measurement scales of the brand experience included 15 scales, derived from Nysveen et al. (2013) and Das et al. (2018), including five dimensions, namely, sense, feeling, behavior, thought and communication. Brand awareness was adapted from the research conducted by Moradi and Zarei (2012) with three scales. Brand identification was adapted from the research conducted by Nam et al. (2011) with three scales. The quality of brand services was adapted with four scales for physical quality and three scales for employee behavior from the works of Ekinci (2001) and Madaniglu (2004). Ideal self-congruence was adapted with three scales from the research of Back and Parks (2003) and Nam et al. (2011). Lifestyle congruence was adapted with three scales from the research of Johnson et al. (2006) and Nam et al. (2011). Satisfaction was adopted with three scales from the research of Nam et al. (2011). Finally, customer loyalty was adapted with three scales from the research of Nam et al. (2011) and Cifci et al. (2016).

Data analysis

Validity and reliability of the scales

To refine and validate the scales, the author used confirmatory factor analysis, the results of which were presented in the table below. Convergent validity measures the level of the joint variance that exists between the scales and the latent structures (Bouli et al., 2018). According to Hier et al. (2010), for establishing convergent validity, factor coefficients of variables should be significant and higher than 0.5.

Indexes Chi-square ($\chi^2$) = 1,295.65, df = 713, $\chi^2$/df = 1.81, RMSEA = 0.046, CFI = 0.98, GFI = 0.96, NFI = 0.96 for measuring the model fitness uses; by considering the results obtained, the model fit was satisfactory and all factor loads were significant. This means that the scales are one-dimensional. Quantities of composite reliability (CR) indicate being over the acceptable level of 0.6 (Fornell and Larker, 1981). According to Andersson and Gerbing (1988) to test the convergent validity, the average variance extracted (AVE) for all constructs was calculated for which the obtained values were more than 0.5, that were acceptable. In addition, the Cronbach’s alpha calculated for each of the structures was more than 0.7, indicating the proper reliability of the comparison (Table II).

Table III presented the correlation coefficients, AVE and CR of all model constructs. According to Fornell and Larker (1981), if the AVE values were higher than the square of correlation coefficients, then the divergent validity would be confirmed, and the results confirm this issue.

Structural model and testing the hypotheses

Using SPSS and LISREL software, statistical analysis of data was performed. According to Anderson and Gerbing (1988), considering that structural equation modeling is the proper analysis method for relations between variables in multivariate structures; thus, the hypotheses and the research model were tested using the structural equation modeling (SEM) and Table IV presents the results along with model fit indices.

The results indicated that all hypotheses were approved except for one hypothesis. The results indicated that satisfaction directly affect loyalty ($\beta = 0.63, p < 0.001$); thus, $H1$ were supported. In the following, the results indicated that the brand awareness, brand identification, service quality dimensions and ideal self-congruence affect satisfaction and the results indicated that $H2a$, $H2b$, $H2c$, $H2d$ and $H2e$ were confirmed (brand awareness/ $\beta = 0.45, p < 0.001$; brand identification/ $\beta = 0.44, p < 0.001$; SQ1: Physical/ $\beta = 0.33, p < 0.01$; SQ2: staff behavior/ $\beta = 0.89, p < 0.001$; and ideal self-congruence/ $\beta = 0.26, p < 0.05$).

Also, the effect of lifestyle congruence on satisfaction was not confirmed (lifestyle congruence/ $\beta = 0.09, p < 0.001$); then, $H2f$ rejected. Eventually, the results indicated that all
<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items</th>
<th>Factor loading</th>
<th>Cronbachs' $\alpha$</th>
<th>AVE</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand experience</td>
<td>X makes a strong impression on my senses</td>
<td>0.74</td>
<td>0.748</td>
<td>0.5</td>
<td>0.74</td>
</tr>
<tr>
<td></td>
<td>Being a customer of X gives me an interesting sensory experience</td>
<td>0.66</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X appeals to my senses</td>
<td>0.71</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I have strong emotions for X</td>
<td>0.69</td>
<td>0.713</td>
<td>0.51</td>
<td>0.75</td>
</tr>
<tr>
<td></td>
<td>X often engage me emotionally</td>
<td>0.7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X induces my feelings</td>
<td>0.75</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I often engage in action and behavior when I use X services</td>
<td>0.66</td>
<td>0.701</td>
<td>0.5</td>
<td>0.74</td>
</tr>
<tr>
<td></td>
<td>As a customer of X I’m rarely passive</td>
<td>0.75</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X engage me physically</td>
<td>0.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I engage in a lot of thinking as customer of X</td>
<td>0.78</td>
<td>0.783</td>
<td>0.56</td>
<td>0.79</td>
</tr>
<tr>
<td></td>
<td>Being a customer of X stimulates y thinking and problem solving</td>
<td>0.73</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>X often challenge my way of thinking</td>
<td>0.74</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>As customer of X I feel like I am part of a community</td>
<td>0.78</td>
<td>0.732</td>
<td>0.5</td>
<td>0.75</td>
</tr>
<tr>
<td></td>
<td>I feel like I am part of the X family</td>
<td>0.73</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>When I use X I don’t feel left alone</td>
<td>0.74</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand awareness</td>
<td>I am familiar with X brand</td>
<td>0.76</td>
<td>0.744</td>
<td>0.5</td>
<td>0.74</td>
</tr>
<tr>
<td></td>
<td>I can quickly recall the logo or symbol of X</td>
<td>0.68</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I can recognize this brand among other banking services brands</td>
<td>0.67</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand identification</td>
<td>If I talk about this brand, I usually say we rather than they</td>
<td>0.74</td>
<td>0.808</td>
<td>0.58</td>
<td>0.8</td>
</tr>
<tr>
<td></td>
<td>If a story in media criticizes this brand, I would feel embarrassed</td>
<td>0.74</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>When someone criticizes this brand, it feels like a personal insult</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service quality</td>
<td>The outside of the bank was visually attractive</td>
<td>0.79</td>
<td>0.824</td>
<td>0.59</td>
<td>0.85</td>
</tr>
<tr>
<td></td>
<td>This brand has modern looking equipment</td>
<td>0.76</td>
<td>0.707</td>
<td>0.5</td>
<td>0.74</td>
</tr>
<tr>
<td></td>
<td>The service layout of this brand is tidy</td>
<td>0.8</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>This brand has a visually appealing service atmosphere</td>
<td>0.72</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bank employees listened to me</td>
<td>0.75</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bank employees were helpful</td>
<td>0.71</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bank employees were competent in their job</td>
<td>0.69</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ideal self-congruence</td>
<td>The image of this brand is consistent with how I like to see myself</td>
<td>0.72</td>
<td>0.738</td>
<td>0.52</td>
<td>0.76</td>
</tr>
<tr>
<td></td>
<td>The image of this brand is consistent with how I would like others to see me</td>
<td>0.68</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>If typical guest of this brand has an image similar to how I like to see myself</td>
<td>0.68</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table II. Confirmatory factor analysis for measurement items (continued)
dimensions of brand equity were affected by brand experience (brand awareness/β = 0.62, p < 0.001; brand identification/β = 0.86, p < 0.001; SQ1: Physical/β = 0.78, p < 0.001; SQ2: staff behavior/β = 0.80, p < 0.001; ideal self-congruence/β = 0.84, p < 0.01; lifestyle congruence/β = 0.62, p < 0.001); thus, H3a, H3b, H3c, H3d, H3e and H3f were confirmed.

Discussion and conclusion
The significance of understanding the brand experience as a marketing tool is determined through understanding the role and its strategic importance in brand management in the contemporary age. As Shahzad et al. (2018) also mentioned, brand experience is important for researchers and marketers because when a brand experience is created, it influences the customer’s long-term memory and, thus, can affect his perceptions and attitudes toward a brand. Robinson (2007) believed that because of international and regional competition, banks are pursuing branding strategies. Based on these strategies, in the perspective of banks and financial institutions (Delvin and Azar, 2004), banks and financial institutions must change their structure to achieve strong brands so as to create a distinction and focus on their internal and external relations. By focusing on the positive and suitable customers'
experience such as customer behavior and the physical quality of the bank, banks can influence customers’ internal feelings about the bank’s brand. It is important to note that selecting bank by customers is a utilitarian choice and WOM is very effective in attracting customers, so it is necessary for banks to focus and invest on potential customers to motivate current customers to do WOM. It should be especially done on the younger customers who comment about the brands and their experiences in electronic media and virtual worlds.

Consistent with previous research, the present research indicated that the brand experience was effective in creating and extending loyalty through satisfaction, and most of the studies focused on personality, trust and commitment (Bapat and Thanigan, 2016). Brakus et al. (2009) introduced the four dimensions of brand experience used for measuring the brand experience of products and then Nysveen et al. (2013) introduced five dimensions of brand experience for service brands, and the present study used these approach and dimensions.

The results indicated that the experience which is obtained from feeling and performance plays a crucial role in creating brand equity. The results are consistent with previous research (Shamim and Muhammad, 2013; Lin and Chang, 2003; Altaf et al., 2017; Shahzad et al., 2018). This means that customers with a positive experience in respect with the banks will positively talk with others about brand. Also, the results indicated the effect of experience on brand identification and the effect of identity on customer satisfaction, meaning that the customer uses brand identification to express his or her social identity, and when a customer has a good brand experience, this feeling is reinforced in him and will feel higher social value, and this will aid him to achieve his personal purposes. Consequently, it is essential to consider the interaction points of customer and brand so that they are provided with a sense of value and uniqueness, and as stated by Park and Kim (2015), the brand can be realized through social relationships.

The results indicated that the quality of service (employee behavior and physical quality) is a significant antecedent to brand satisfaction and, consequently, loyalty in the banking sector. The research results of Nam et al. (2011) and Cifci et al. (2016) in the hospitality and restaurant industry in England indicated the effect of service quality on customer

<table>
<thead>
<tr>
<th>Hypothesized path</th>
<th>Standardized coefficient</th>
<th>t-value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1. Satisfaction – Loyalty</td>
<td>0.63</td>
<td>11.80</td>
<td>Supported</td>
</tr>
<tr>
<td>H2a. Brand awareness – Satisfaction</td>
<td>0.45</td>
<td>3.65</td>
<td>Supported</td>
</tr>
<tr>
<td>H2b. Brand identification – Satisfaction</td>
<td>0.44</td>
<td>2.82</td>
<td>Supported</td>
</tr>
<tr>
<td>H2c. SQ1 Physical – Satisfaction</td>
<td>0.33</td>
<td>3.31</td>
<td>Supported</td>
</tr>
<tr>
<td>H2d. SQ2 Staff behavior – Satisfaction</td>
<td>0.89</td>
<td>4.39</td>
<td>Supported</td>
</tr>
<tr>
<td>H2e. Ideal self-congruence – Satisfaction</td>
<td>0.26</td>
<td>2.02</td>
<td>Supported</td>
</tr>
<tr>
<td>H2f. Lifestyle congruence – Satisfaction</td>
<td>0.09</td>
<td>0.20</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H3a. Brand experience – Brand awareness</td>
<td>0.62</td>
<td>14.89</td>
<td>Supported</td>
</tr>
<tr>
<td>H3b. Brand experience – Brand identification</td>
<td>0.86</td>
<td>13.81</td>
<td>Supported</td>
</tr>
<tr>
<td>H3c. Brand experience – SQ1 Physical</td>
<td>0.78</td>
<td>13.36</td>
<td>Supported</td>
</tr>
<tr>
<td>H3d. Brand experience – SQ2 Staff behavior</td>
<td>0.80</td>
<td>12.43</td>
<td>Supported</td>
</tr>
<tr>
<td>H3e. Brand experience – Ideal self-congruence</td>
<td>0.84</td>
<td>14.60</td>
<td>Supported</td>
</tr>
<tr>
<td>H3f. Brand experience – Lifestyle congruence</td>
<td>0.62</td>
<td>6.65</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Notes: Chi-square ($X^2$) = 1,291.98, df = 482, $X^2$/d.f. = 2.67, RMSEA = 0.066, GFI = 0.95, CFI = 0.97 and NFI = 0.95. Chi-Square ($X^2$); df (Degrees of Freedom); Goodness of Fit Index (GFI); Comparative Fit Index (CFI); Normed Fit Index (NFI); and Root Mean Square Error, Approximation (RMSEA). n.s. = not significant.
satisfaction and loyalty, which is consistent with the findings of the present study. The results also indicated that among the dimensions of CBBE, only the lifestyle congruence had no positive effect on customer satisfaction. This result may occur because banking services are not hedonic oriented and are utility oriented; also, financial services were publicly consumed as indicated by Cifci et al. (2016), Molinillo et al. (2015) and Nam et al. (2011). CBBE’s other dimensions had a positive and significant effect on customer satisfaction and the most effect belonged to the perceived quality (employee behavior), and awareness and identification were in the next ranks. The result obtained was consistent with the research conducted by Ekinci et al. (2008), Nam et al. (2011) and Cifci et al. (2016). The results of the research indicated that brand awareness was effective on brand satisfaction, indicating that awareness plays a crucial role for brands recently introduced to the market, and for reputed brands, brand knowledge and beliefs can be determining to attend competition scene and attracting the opinion of the potential customers and those of other banks. We can say that brand identification, service quality and ideal self-congruence reduce and conceal the effect of lifestyle congruence on brand satisfaction and loyalty in the banking industry. Lone (2015) has suggested that banks and financial institutions should concentrate on customer’s satisfaction because satisfaction will help in long time retention of customers.

Those who have just started to open an account in a bank usually pay more attention to marketing mixes, and banks need to focus on promotions to turn these customers to loyal customers, as marketing mixes and brand communication can affect the perceptions of bank customers and increase long-term purchase behavior. Awareness of customers’ expectations and interests can be a quite significant guide to choose the brand mixes and brand communication.

Managers and activists in the banking industry should first focus on front-line staffs who daily deal with customers and clients, because they implement the designed branding strategy and critically affect customer satisfaction. To achieve this, in the first place, banks should regulate their employment policies based on branding strategic objectives and use proper forces. In the next step, with proper training, while increasing the quality of service delivery, their work objectives are aligned with organizational goals. In the next step, they should make sure of the attractiveness of the tangible brand aspects and the environment for providing services and interacting with customers, such as layout, coloring and the clothes of employees, that is, visual aspects, to attract customers’ satisfaction and turning them into loyal customers. Bank managers and staffs must create convenience for their consumers, being attractive to them and honest in their dealings with them, thus engendering strong emotional attachments that are based on attractiveness, credibility and expertise.

**Research limitations**

Similar to any research, this research faced a number of limitations which will be mentioned in the following. It was restricted to the customers of the two Iranian banks in two East and West Azerbaijan provinces, and the results obtained in other countries and cultures may vary from the present research, which needs more consideration. Research was limited to investigating the effect of brand experience on brand equity dimensions in the service sector, and variables such as brand personality can be considered. Also, only questionnaire was used for data collection; this drawback can be overcome by using a triangulate method (e.g. using qualitative methods such as focus group, in-depth interviews, the Delphi method, etc.) to gain a more accurate perception. The brand experience was investigated based on the scales introduced by Nysveen et al. (2013) for the service sector, which can be investigated from the five-dimensional scale proposed by Bapar (2017). Finally, present study did not
account the effect of moderator variables (e.g. demographic variables, empathy levels of service providers, banks’ brand likeability, brand engagement of individuals, etc.). Considering the effect of these variables can provide deeper insights and raise awareness of managers and researchers.

References


Reuters (2018), “Iran’s banks may have difficult return to global system”, available at: voanews.com (accessed 17 April 2018)


Further reading


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