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The Influence of Experiential Marketing on customer satisfaction and loyalty

Abstract

Today, experiences are considered a key differentiating factor for companies as products and services have become similar in terms of their functional attributes. Moreover, individuals' choices are increasingly influenced not only by rational factors, but mainly by emotional factors. This study aims to understand whether the dimensions of experience influence consumer satisfaction and loyalty. The hypotheses were tested using PLS-SEM based on survey data. The results show that satisfaction is influenced positively and directly by affective and sensorial experience and loyalty is influenced positively and directly by affective and behavioural experience. The results also indicate the existence of an indirect relationship between the sensory experience and the affective experience with the loyalty having the mediating effect of satisfaction.

Keywords: Marketing; Brand Experience; Experiential Marketing, Consumer; Loyalty; Satisfaction.

1. Introduction

Nowadays, consumers are exposed to numerous brands that offer products or services that aim to satisfy the same need with similar prices and quality (Brakus, Schmitt and Zhang 2008). As a consequence, marketing professionals feel the need to seek new opportunities that would attract customers, and therefore give rise to the notion of experiential marketing.

Experience is the stimulus generated by events that, depending on the experience and involvement in a situation, provide an emotional response from the individual (Tafesse, 2016). In this way, experience manages to create a bond between the consumer and the brand. Previous research on the influence of brand experiences on purchase behaviour was focused on the direct relationship between brand experiences and customer satisfaction (Ha & Perks, 2005; Sands, Oppewal & Beverland, 2008; Ong, Lee & Ramayah, 2018), purchase intention (Zarantonello & Schmitt, 2010), loyalty (Brakus, Schmitt & Zarantonello, 2009; Şahin, Zehir & Kitapçı, 2011), and e-loyalty (Quan et al., 2020). Although Zarantonello and Schmitt (2010) analysed the moderating effect of brand experiences on the between brand attitude and purchase

intention, no previous research explored the mediating effects of customer satisfaction on the relationship between brand experiences and customer loyalty. Moreover, studying these mediating links is essential for building long term customer relationships. The influence of brand experience on customer loyalty is essential to study as consumers no longer buy products and services but mainly their brands (Schmitt et al., 2015), experiential marketing play a fundamental role as for consumers influences future purchase decisions (Gentile et al., 2007; Schmitt, 2009), and enhances the differentiating factor between brands (Pina & Dias, 2020). Consequently, the aim of this study is to understand what experiential marketing is and how it affects the consumer loyalty. More specifically, this study the direct and indirect effects of brand experiences on customer loyalty by exploring the mediating effect of satisfaction. This link is essential to explore to reinforce the role of long term brand experiences strategy in building customer loyalty.

In this sense, in order to reach this objective, it is necessary to carry out an extensive review of the literature to be able to obtain an overview of the existing studies and to understand the different perspectives on this subject. Subsequently, a quantitative analysis will be carried out through questionnaires in order to understand the real impacts of experiential marketing in Nespresso shops in Portugal. Being faced with the fact that we live in a globalised world, characterised by strong competition between brands and increasing consumer demands, the question is: how can a brand differentiate itself in a way that would make the consumer opt for one and not the other? It is believed that through this connection a brand can differentiate itself from the rest, thus ensuring its presence in the market.

This study, besides being an academic contribution, aims to help to develop marketing strategies in companies. It is expected to add value to the analysis of real cases, making experiential marketing more than a topic of academic interest. Furthermore, this study also aims to find out whether experiential marketing influences consumer satisfaction and loyalty to the brand. Afterwards, it will examine whether consumer satisfaction influences brand loyalty. Thus, the objectives can be defined as following: To understand the relationship between the experiences provided by a brand and customer satisfaction; to analyse the capacity of experiential marketing as a loyalty tool; to evaluate the relationship between consumer satisfaction and brand loyalty.

2. Theoretical framework

2.1 Experiential Marketing

Due to the growing number of competitors in various industries and the increased supply of products and services, the role of the consumer has changed and he is not only looking for a good or a service, but also for an experience, whether buying or consuming (Pine & Gilmore, 1998). Therefore, it is important to invest in experiential marketing and in case of companies, it is fundamental to continuously provide their consumers with memorable experiences.

Holbrook and Hirschman (1982) were the first to introduce the notion of experience in marketing. This concept has gained recognition and is now considered essential to develop marketing strategies in companies (Grundey, 2008). Schmitt (1999) claims that traditional marketing focuses on the purchasing decision and emphasises the rational and logical elements of the decision, without considering the emotional and irrational aspects involved in the purchase. In this sense, experiential marketing emerges as a tool capable of analysing emotional connections with consumers. It is believed that through this connection a brand can differentiate itself from the rest, thus ensuring its presence in the market. According to Schmitt (1999), experiential marketing has five elements: sensorial, emotional, cognitive, behavioural, and relational value that replaces the functional value of the product or service. The second characteristic stresses that consumption is a holistic experience. The third point states that the methods and instruments of experiential marketing are diverse, that is, they are eclectic. Finally, the author believes that consumers are beings endowed with reason, but also with emotion, i.e. although they also make rational choices, consumers are often motivated by emotion. Thus, we understand that experiential marketing emphasises the emotional dimension of consumer behaviour as well as the importance of providing experiences, and therefore highlighting the non-functional characteristics of products or services (Brakus et al., 2008; Cleff et al., 2014). Jobber and Fahy (2006) define experiential marketing as the concept used to describe marketing activities involving the creation of experiences for consumers.

Experiential marketing focuses on extracting the essence of products or services and afterwards applying that essence to experiences. As a consequence, consumers perceive experiences differently and react to them in different manners (Yuan and Wu, 2008). Currently, it is essential to create a link between products or services, and consumers themselves, which would stimulate their senses and emotions. In this regard, experiential marketing not only covers the needs and desires of consumers, but it also allows the consumer to be given customised attention, stimulation, emotion, and challenges, building a closer relationship between the brand and the consumer. Hence, the experiences and contacts that consumers have

with the brand can result in increased loyalty, sales and, consequently, profit (Smith and Wheeler, 2002).

Consequently, since the introduction of the idea that the consumption or purchase of a product or service involves a set of activities valued by consumers, the concept of experience has begun to play an important role within companies. As such, for marketing professionals it has become essential to understand which products suit specific consumer behaviour and how the product, service, packaging, and advertising can improve the shopping and consumer experience.

Petrick, Morais and Norman (2001) believe that by creating a better customer experience, companies will be able to achieve greater customer satisfaction. In other words, the authors are of the opinion that consumer satisfaction will be affected by the experience offered by companies. Additionally, experiential marketing influences positively brand loyalty (You-Ming, 2010) and is also able to create value for both, the brand and the consumer (Witthaus, 2004). As a result, it is necessary to incorporate experiential marketing techniques in companies in order to increase their interactions and emotional connections with the consumer (Esch *et al.*, 2006). In this way, experiential marketing creates a unique perception of value for the consumer that will guarantee not only their interest, but also their satisfaction and loyalty.

Today, experiential marketing is an integral part of brand communication, while in the past it was not even considered. It is adaptable to different business models, whether it is an interaction between a consumer and a product, between a consumer and a brand, consumer spaces or even events. For this reason, experiential marketing is used in numerous companies and markets as a way to communicate with customers, increase their sales, and select business partners (Schmitt, 2002).

According to Andrés, Caetano and Rasquilha (2006), experiential marketing has certain advantages and disadvantages. The authors listed several advantages of applying this type of marketing: (i) It enhances the relationship between the consumer and the brand, product or service; (ii) promotes brand notoriety; (iii) increases the proximity between the brand and the clients; (iv) creates an identity and brand image; differentiation factor; (v) fosters experimentation and purchase encouragement. The authors also specified some disadvantages of experiential marketing: (i) The consumer will always remember a bad experience; (ii) Number of individuals with the opportunity to feel, see, touch, hear, and think about the product or service; (iii) Possibility of not pleasing all individuals since it is not a selective form of communication; (iv) May require high costs and not be profitable; (v) May tire the consumer himself; (vi) Potential customers after experimentation may not like the product or service.

For Smilansky (2009), when experiences are lived, there is an ideal presentation of the characteristics of the product or service, which can be advantageous for brands that apply experiential marketing. However, the application of this type of marketing could also pose a risk as there are many factors which are difficult to understand and which do not depend solely on the company, but on the consumer's perception.

2.2 Brand Experiences

According to Gentile *et al.* (2007) the consumer experience is about interactions between the consumer and a product, a service, a company or a representative, at different times of contact (pre-purchase, purchase, and post-purchase). However, today individuals do not only purchase products or services, but also the brands they represent (Schmitt *et al.*, 2015). Thus, a new approach to the brand is emerging: the brand is no longer seen only as a symbol of identification, but also as a provider of experience (Schmitt *et al.*, 2014). The experiences that brands provide are important for the customer to create a preference for the brand and influence possible purchasing decisions (Gentile *et al.*, 2007).

When consumers buy and consume products and services, they can infer psychological value from the product based on its functional and experiential characteristics (Schmitt, 2015). However, as the functional characteristics of products and services are often similar, consumers tend to value more the experiences offered by brands (Zarantonello and Schmitt, 2010). Brakus *et al.* (2009) believe that brands can achieve preference by offering a superior experience, differentiating themselves from other brands and thereby, retaining customers. Thus, a positive brand experience can provide an emotional connection between the brand and the consumer, leading to loyalty to the brand (Morrison & Crane, 2007).

Many consumers choose certain brands based on the experiences they provide, which shows that the brand experiences influence the value it has for the customer (Ding and Tseng, 2015). As a consequence, providing unforgettable experiences and creating a positive relationship between the brand and its customers has become one of the main objectives of companies (Wiedmann *et al.*, 2018). Therefore, it is essential to understand how consumers experience brands and what kind of experiences they value most. In this sense, the brand will be able to improve its marketing strategies and the experiences provided to consumers.

McDonald's is one of many brands that has surrendered to experiential marketing. In Amsterdam, customers who asked for a Maestro Burger were given a different experience: they could consume their meal to the sound of an orchestra. The customers could watch the orchestra on television, while the musicians played live and interacted with the customers themselves. This is an example of how creative, surprising, and innovative experiential marketing can be.

2.3 What are Experiences?

Experience consists of the individual and subjective response that each individual has in direct and indirect contact with a particular brand. Direct contact occurs during the purchase and indirect contact includes unscheduled encounters with the brand, i.e. criticism and recommendations from third parties or in the form of advertisements (Meyer and Schwager, 2007). Thus, experiences occur when consumers research, buy, and consume products or services (Brakus, Schmitt and Zhang 2008). Roswinanto and Strutton (2014) argue that the consumer experience is the attitudes, thoughts, and feelings that occur during the consumption or purchase of a certain product or service. According to Berry (2000), the consumer experience influences the value of the brand because beliefs based on the customer's experiences are quite powerful.

Consumers are exposed to various specific brand-related stimuli such as the name, logo, packaging, advertisements, *websites*, and the environments in which the brand is marketed (e.g. shops, events). These stimuli are the main source of internal consumer subjective responses, which is called "brand experience". That is, sensations, feelings, and attitudes provoked by stimuli related to the brand.

Therefore, the brand experience refers to consumer knowledge and familiarity with a brand (Alba and Hutchinson, 1987). Over time, brand experiences, remembered by the customer, can influence individual satisfaction and loyalty (Oliver 1997; Reicheld 1996). Thus, companies relate to customers through experiences in a personal and memorable way (Pine and Gilmore, 1999). For this reason, there is an increasing need to provide experiences as they can generate added value for the individuals themselves (Knutson *et al.*, 2009).

Brand experiences can vary in their strength and intensity (some are stronger and more intense than others), evaluation (certain experiences are more positive than others), origin (spontaneous or intentional), and in their duration (Brakus *et al.*, 2009; Zarantonello and Schmitt, 2010). As a result, two individuals exposed to the same stimuli will have different experiences as each one interprets the dimensions of the experiences independently (Walls *et al.*, 2011).

2.3.1 Experiential Dimensions

Pine and Gilmore (1999) listed the experiential dimensions within the services and Schmitt (1999) defined experiential dimensions within the product use. According to Schmitt (1999), experiments replace functional attributes and promote sensory, emotional, cognitive, behavioural, and relational dimensions. Thus, according to the author, the experiments in the use of the product are based on five dimensions: (i) sensory marketing appeals to the five senses of the consumer and aims at creating sensory experiences through sight, hearing, touch, taste, and smell (for example, the consumer reacts to a stimulus provoked by their senses when they are exposed to the smell of fresh coffee). However, according to Lindstrom (2005) each sense has a different level of influence and companies direct 83% of their communications to vision and only 17% to the other four senses, underappreciating their value. (ii) Emotional marketing appeals to consumer feelings and emotions in order to create affective experiences about a brand. Yet, it is difficult to create successful campaigns on a global scale since stimuli that trigger certain emotions differ across cultures. United Colors of Benetton is known for advertisements that address different races and genders, thus attracting its loyal consumers. (iii) Cognitive marketing seeks to create cognitive experiences in order to engage consumers creatively. This type of campaigns is quite common while promoting products that involve new technologies. (iv) Behavioural marketing aims to motivate physical experiences, stimulate lifestyles changes, and encourage interactions with others. Nike's slogan "Just do it" has become a quintessential example of this type of marketing. (v) Relationship marketing includes not only all the above-mentioned types of marketing, but it also seeks a synergy among them. It has the ability to relate the customer to something outside their particular state, i.e. beyond their individual and particular feelings. These types of campaigns encourage consumer selfimprovement.

Pine and Gilmore (1999) suggest the experience economy as a model that will enable the company to succeed. The authors presented four dimensions of experiments within services, and each dimension is represented in two axes. The horizontal axis corresponds to the level of participation of individuals. At one extreme is passive participation, where individuals do not intervene in the performance of the experiment. At the opposite extreme is active participation, in which individuals influence the experience (Pine and Gilmore, 1999). For example, in the circus, the performer may only be watching the show or may be invited to participate, at the same time creating part of the experience.

The vertical axis represents the type of connection or environmental relationship that links individuals to experience. At one end is absorption, which is the ability to capture the individual's attention and bring the experience to their mind. At the opposite extreme is immersion, when the individual becomes physically or virtually part of the emotion itself (Pine and Gilmore, 1999). According to Carú and Cova (2006), immersion means "to dive" into the experience, thus excluding the distance between the individual and the situation.

In this way, Pine and Gilmore (1999) recognise four dimensions of experience that result from the combination of the two axes mentioned above, i.e. the role that the individual plays throughout the experience and their connection to it. The four experiential dimensions within services are: education, aesthetics, escapism, and entertainment (Pine and Gilmore, 1999; Jurowski, 2009). An aesthetic type of experience occurs when individuals "dive" into an environment but do not interfere with the performance of the experience. That is, this type of experience involves being present and observing, but does not require the participation of the individual. Thus, this dimension of the experience seeks to stimulate the sensory pleasures of individuals through the place of the experience, such as museums and parks.

When the consumer passively absorbs an experience, it is an entertainment experience. It pleasantly occupies the attention of an individual, providing fun, as is the case of the cinema. In the experiential dimension, the consumer participates actively in the experience and engages completely in an environment, thus affecting the experience. Water parks and casinos are concrete examples of this type of experience. The experiential dimension of education involves the creation of activities that explore the intellectual or physical part of the individual. Therefore, in this dimension the individual actively absorbs an experience. In other words, educational experiences require the active participation of the individual since this is a necessary condition for increasing knowledge or skills. Hence, experiences are defined as entertainment when the client wants to feel, the escapists wants to act, the educational wants to learn, and the aesthetics intends to be simply present (Pine and Gilmore, 1999).

Petrick, Morais, and Norman (2001) believe that by creating a better consumer experience, companies will be able to achieve greater consumer satisfaction. In other words, the authors hold an opinion that consumer satisfaction will be affected by the experience offered by companies.

According to Oliver (1997), satisfaction is a feeling of fulfilment of individuals when their consumption fulfils an objective, need, or desire. It is a pleasant feeling of fulfilment that consumers feel when consuming a good or service. The following hypothesis and subhypotheses are considered:

Hypothesis 1: The Nespresso brand experience positively influences satisfaction.

H1a: The Sensory Dimension of the brand influences brand satisfaction.

H1b: The Affective Dimension of the brand influences brand satisfaction.

H1c: The Behavioural Dimension of the brand influences brand satisfaction.

H1d: The Intellectual Dimension of the brand influences brand satisfaction.

2.4 The direct and indirect effect of brand experience on loyalty

Understanding what factors create value for the customer is an important marketing concern. The perceived value consists of the difference between the benefits that the customer obtains and the sacrifices to which he is subject in order to obtain a certain offer (Agustin and Singh, 2005). According to Woodruff, there is a *trade-off* between what the customer receives (quality, benefits, value, utility) and what the customer gives up in order to purchase the product (price, sacrifices). As stated by Schmitt (2010), the value lies not only in the good or service being consumed, but also in the consumption experience itself.

In the opinion of Yuan and Wu (2008), the difference between perceived and experiential value is that the latter is based on the value that the consumer retains from the experience lived. The experiential value is divided into two concepts: (i) functional value: is defined as the basic value delivered to the client (Berry *et al.*, 2002); (ii) emotional value: refers to the emotional reaction that clients have during and after the experience in sport events (Mathew & Thomas, 2018). Experiential value is crucial to induce customer satisfaction (Girish & Lee, 2019). In addition, attracting and retaining satisfied consumers is essential to achieving competitive advantage.

The brand experience has a positive effect on the relationship between the consumer and the brand, i.e. on consumer satisfaction and brand loyalty (Sözer and Civelek, 2018). Ong *et al.* (2015, 2018), believe that brand experiences influence consumer loyalty, emphasising the importance of investing in experiential marketing. The following hypotheses and subhypotheses are considered:

Hypothesis 2: The Nespresso Brand Experience positively influences Loyalty.

H2a: The Sensory Dimension of the brand positively influences Brand Loyalty.

H2b: The Affective Brand Dimension positively influences Brand Loyalty.

H2c: The Behavioural Dimension of the brand positively influences Brand Loyalty.

H2d: The Intellectual Dimension of the brand positively influences Brand Loyalty.

Aaker (2009) states that satisfaction establishes a relationship of affinity and loyalty between the consumer and the brand, which in turn, influences future consumer choices. The

author also claims that satisfied consumers' loyalty rate is 95%, stressing that these two concepts are related to each other. Furthemore, as argued by Brakus et al. (2009), customer satisfaction is related with the repeatedly tendency to buy the brand (; Aaker, 1999). As such, we hypothesize:

Hypothesis 3: Satisfaction positively affects Loyalty.

Furthermore, previous research identified the indirect effect in the brand experience effects. For example, van der Westhuizen (2018) explore the mediating effect of brand experience on the relationship between self-brand connection and brand loyalty. Mathew and Thomas (2018) recognize the existence of the indirect effect of product involvement on customer loyalty through the mediator of brand experience. Brand commitment mediating effect was also studied by Jamshidi and Rousta (2021) considering the relationship between brand loyalty and brand satisfaction. Furthermore, Shieh and Lai (2017) present a model where the relationship between brand experiences and customer loyalty has brand resonance as a mediating variable. According to this background he following hypothesis and sub hypotheses can be considered:

Hypothesis 4: Satisfaction mediates the relationship between brand experiences dimensions and brand loyalty.

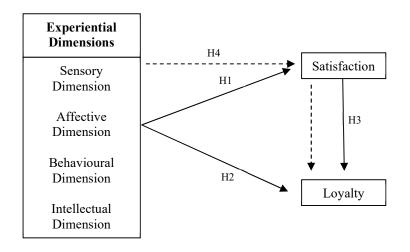
H4a: Satisfaction mediates the relationship between the sensorial brand experience and brand loyalty.

H4b: Satisfaction mediates the relationship between the affective brand experience and brand loyalty.

H4c: Satisfaction mediates the relationship between the behavioural brand experience and brand loyalty.

H4d: Satisfaction mediates the relationship between the intellectual brand experience and brand loyalty.

Considering the above assumptions, it was possible to develop the proposed conceptual model, as we can see in Figure 1.



Note: Dashed lines represent the indirect hypotheses

3. Methodology

3.1 Research design

In order to reach the objectives of this study, it will be necessary to collect and analyse data so that it can be understood how experiential marketing impacts consumers in Nespresso shops in Portugal. In the choice of the brand, its positioning in the coffee capsules market and its marketing strategy, focused on the experiences it provides to its consumers, were taken into consideration. This coffee brand is an appropriate example since it has redefined the concept of value for the customer (Matzler, et al., 2013) by converting coffee into a product that represents a lifestyle, at the same time transforming the process of drinking coffee into an experience (Brem, Maier and Wimschneider, 2016). In addition to the academic contribution, this study aims to aid development of marketing strategies in organisations. Thus, it is expected to contribute to the analysis of real cases, turning experiential marketing into more than a topic of academic interest. In this sense, brands will be able to understand what consumers' value is, and in turn be able to respond to consumers' needs by creating experiences.

This study consists of a quantitative survey that will be conducted through a questionnaire. The questionnaire is one of the most widely used tools for collecting data and presents the same questions to all respondents. It also contains questions that fulfill the purpose of the study, guarantees anonymity and has a wide scope. The questions can be applied to different research situations and contexts. The way in which the experiences provided by brands affect the consumer can contribute to the creation of emotional bonds with the brand and, consequently, lead to individual satisfaction and loyalty to the brand. Therefore, it is in the interest of brands to invest in this type of marketing.

After the study of the subject through the literature review, the research will respond to its central objective which is to evaluate the relationship between experiential marketing and consumer satisfaction and loyalty. In this sense, this research focuses on the study of the Nespresso coffee brand. Accordingly, based on these objectives, the following questions are asked: (i) Do Brand Experiences have an influence on the consumer? (ii) Can Experiential

Marketing induce Customer Satisfaction? (iii) Can Experiential Marketing influence Loyalty? (iv) Can Customer Satisfaction influence Brand Loyalty?

Thus, the research focused on the impact that the Brand Experience Dimensions of Brakus *et al.* (2009) (Sensory, Emotional, Intellectual, and Behavioural) have on Brand Consumer Satisfaction and Loyalty.

3.2 Measures

The scales used were taken from previous studies to ensure their validity. In this sense, the items on brand experience were taken from the study by Brakus *et al.* (2009); the satisfaction questions were adapted from Russell-Bennett, McCollKennedy, and Coote (2007); and the items on loyalty were taken from the study by Aaker (1996), Carroll, and Ahuvia (2006). Brakus *et al.* (2009: 53) defines brand experience as "subjective, internal consumer responses (sensations, thoughts, and emotions), as well as behavioural responses provoked by brand related stimuli that are part of a brand's identity, packaging, design, environments, and communications". Brakus *et al.* (2009) states that dimensions are based on the five types of experiments established by Schmitt (1999) and, through the studies carried out, identified fundamental experiential dimensions to build a scale of brand experience: the sensory dimension, the effective dimension, the intellectual dimension and, finally, the behavioural dimension. In this context, Brakus *et al.* (2009) proposes the use of a scale with the four dimensions that he unfolds in twelve questions.

Consumer satisfaction and loyalty are key objectives in any marketing strategy. Over the last few years, numerous studies have been conducted in this area, which proves that experiential marketing has a positive effect on both, consumer satisfaction and loyalty. The brand satisfaction scale presented by Russell-Bennett, McCollKennedy, and Coote (2007) has been used to assess consumer satisfaction. The brand experience not only affects consumer satisfaction, but it can also affect consumer loyalty. Loyal consumers are more likely to opt a specific brand again and recommend it, and less likely to buy an alternative brand (Mittal and Kamakura 2001). To analyse this variable, the Aaker (1996), Carroll and Ahuvia (2006) scale was used, where four items were applied to assess the level of consumer loyalty to brands.

3.3 Instrument and sample

The data collection tool chosen was the questionnaire. The questionnaire is one of the most widely used tools to collect data and it presents the same questions to all respondents, contains

questions that fulfill the purpose of the study, has a wide scope and guarantees anonymity. Being anonymous allows greater freedom of response to the individual, and the risk of distortion is lower when there is no interference from the interviewer. According to Coutinho (2011), the questionnaires are similar to interviews, but they do not require the presence of the interviewer. They can be applied to different situations and research contexts.

Brakus, et al. (2009) carried out six studies in 2009 with the aim of defining a reliable, valid, and distinctive brand experience scale. While drawing up these studies, he understood that the best instrument for collecting data would be the questionnaire, since the aim was to study the variables and the relationship between them. Thus, he used the method of the questionnaire to succeed in defining a scale that included the four dimensions of experience and the level of experience evoked by a given brand in each dimension.

In order to ensure that the questionnaire was fully completed, all questions had to be answered and the multiple-choice format was chosen because of its speed and ease at the time of answering. Therefore, the final questionnaire is composed of 28 questions. At an early stage, characterisation questions are asked, which include key topics for profiling the sample. The topics consist of gender, age, educational attainment, employment status, and district of residence. Subsequently, there are three questions on the knowledge and consumption of the Nespresso brand. The first two act as filter questions to ensure that the respondent meets the requirements of the sample, i.e. whether the respondents know and consume the Nespresso brand. If not, the respondent will not be allowed to continue completing the questionnaire. Finally, there are questions with a seven-point Likert scale, the answers to which vary from "I totally disagree" to "I totally agree", where 1 stands for "I totally disagree" and 7 means "I totally agree". Thus, through this scale, the respondent should reveal their degree of agreement with each statement.

The target population for this paper encompassed Portuguese adults, 18 years or older. Since the total of these Portuguese population is not possible to analyse, a non-probabilistic sampling method combined with snowball technique was used, as the sample was primarily selected based on the researcher's accessibility (Malhotra et al., 2017). Data were collected online throughout September 2020. Respondents were invited to participate in the study by disseminating the survey link on social media pages (Facebook and Instagram). A total of 212 valid responses were obtained. The respondents were mostly female (110), which corresponds to 52% of the total, with 102 male participants (48%). In addition, the majority were between the ages of 18 and 24 (50%) and 22.6% of the sample between 25 and 34. Regarding the level

of schooling of the sample, it can be seen that most of the respondents were college graduates (44.8%) and about 21.2% completed secondary education.

4. Results and discussion

In order to test the hypotheses and the proposed research model, PLS (Partial Least Squares) was applied, which is a technique for modelling structural equations with partial least squares. For this purpose, SmartPLS3 software (Ringle, Wendle, and Becker, 2015) was used. The statistical analysis was divided into two phases: first, the reliability and validity of the measurement model was analysed; and second, the structural model was evaluated.

Table 2 presents the results obtained from the analysis of the individual indicators of reliability, internal consistency reliability, convergent validity, and discriminant validity (Hair, Hult, Ringle, and Sarstedt, 2017).

When analysing the results, it was found that the standardised factor loads presented values greater than 0.6 (with a minimum value of 0.763 and significant when p<0.001), which shows the reliability of individual indicators. It was possible to confirm the reliability of internal consistency since, for all variables, the values of Alpha de Cronbach (α) and Composite Reliability (CR) were higher than 0.7 (Hair *et al.*, 2017). According to Marôco and Garcia-Marques (2006), if a scale has the capacity to be consistent, it means that it is reliable.

Convergent validity involves measuring a construct and demonstrating a high correlation between the measures. Discriminatory validity is the exact opposite; it involves demonstrating a lack or very low correlation between different constructs (Kinnear and Taylor, 1996). Thus, it has been possible to prove the convergent validity through three fundamental points. Firstly, it was found that all items positively influence their own constructions. Secondly, all constructs had Composite Reliability (CR) values above 0.7. Finally, the values of Average variance extracted (AVE) are higher than 0.5 (Fornell and Larcker, 1981; Bagozzi and Yi, 1988), as we can see in Table 2.

The discriminatory validity was proven in two stages. The first stage was based on the Fornell & Larcker criterion (1981) which indicates that the square roots of the AVEs (shown diagonally in bold in Table 2) of each construct must be larger than the correlations between the constructs. Through Table 2 it can be stated that all constructs fulfilled this assumption. The second step was to apply the heterotrait-monotrait ratio (HTMT) criterion, i.e. to check if all HTMT values were below 0.85 (Hair et al., 2017; Henseler et al., 2015). Thus, through table 1 it is possible to verify evidence of discriminant validity.

Table 1: Composite reliability, average variance extracted, correlations, and discriminant validity checks.

Latent Variables	α	COR	AVE	1	2	3	4	5	6
(1) Affective experience	0,882	0,944	0,895	0,946	0,729	0,785	0,742	0,757	0,716
(2) Behavioral experience	0,898	0,951	0,907	0,649	0,952	0,884	0,514	0,718	0,589
(3) Intellectual experience	0,847	0,929	0,867	0,678	0,771	0,931	0,568	0,712	0,610
(4) Sensory experience	0,893	0,949	0,903	0,662	0,460	0,495	0,950	0,587	0,720
(5) Loyalty	0,859	0,905	0,706	0,664	0,631	0,605	0,518	0,840	0,814
(6) Satisfaction	0,954	0,967	0,879	0,658	0,546	0,549	0,664	0,743	0,938

Note: α -Cronbach Alpha; CR -Composite reliability; AVE -Average variance extracted. Bolded numbers are the square roots of AVE. Below the diagonal elements are the correlations between the constructs. Above the diagonal elements are the HTMT ratios.

To test the structural model, first it was necessary to evaluate its collinearity (Hair *et al.*, 2017). Thus, the VIF (Variance Inflactor Factor) values varied from 1.65 to 8.31. Since the VIF was below 10 (Chatterjee and Hadi, 2006; Petrini *et al.*, 2012), the absence of multicollinearity can be assumed, i.e., there is no high correlation between the items in the questionnaire.

In this regard, it was possible to proceed with the evaluation of the structural model. Then the coefficient of determination was tested R^2 for each endogenous variable: for Satisfaction and for Loyalty. A good adjustment of the model can be verified if the values are higher than 10% (Falk & Miller, 1992). Satisfaction checked a R^2 of 0.547, which indicates that around 54.7% of the variation in Satisfaction can be explained by the four Dimensions of Brand Experience. In other words, it indicates that the Experiential Dimensions of the brand have a positive influence on Satisfaction.

As for Loyalty, it presented a R^2 of 0.645, which indicates that about 64.5% of the variation in Loyalty can be explained by the four Dimensions of Experience and Satisfaction.

Finally, if the values of Q^2 of the two endogenous variables are above zero, it indicates a predictive relevance of the structural model. Therefore, the values of Q^2 for the Satisfaction variable were 0.464 and for the Loyalty variable it was 0.432.

Table 2 shows the results obtained through the bootstrapping tool (with 5,000 sub-samples) to assess the significance of the parameter estimates (Hair et al., 2017). Table 3 shows that affective experience has a positive and significant effect on Satisfaction (β = 0.258, t = 2.573, p < 0.05), as well as sensory experience has a positive effect on Satisfaction (β = 0.393, t = 5.040, p < 0.001). However, the same was not true for the relationship between intellectual experience and Satisfaction (β = 0.067, t = 0.668, n.s.) and between behavioural experience and Satisfaction (β = 0.146, t = 1.519, n.s.). In this sense, we can state that there are no statistically significant relationships between the variables, which mean that these two variables do not significantly influence Satisfaction. Consequently, these results partially support Hypothesis 1: "The Nespresso Brand Experience positively influences Satisfaction", since no significant

relationship was identified between the intellectual and behavioural experience and the Satisfaction variable.

As for Hypothesis 2: "The Nespresso Brand Experience positively influences Loyalty", it was possible to verify a positive influence of the affective experience on Brand Loyalty (β = 0.200, t = 2.973, p < 0.01) and the behavioural experience on Loyalty (β = 0.204, t = 2.614, p < 0.01). However, the same was not true of the relationship between intellectual experience and Loyalty (β = 0.070, t = 0.844, n.s.). As for the relationship between sensory experience and Loyalty, the relationship was not significant (β = -0.089, t = 1.277, n.s.).

Regarding Hypothesis 3: "Satisfaction positively affects Loyalty", there was a significant positive effect of the Satisfaction variable on the Loyalty variable (β = 0.522, t = 7.599, p < 0.001).

Table 2: Structural model assessment.

Path	Path coefficient	Standard errors	t statistics	p values
Affective experience -> Loyalty	0,200	0,067	2,973	0,003
Affective experience -> Satisfaction	0,258	0,100	2,573	0,010
Behavioural experience -> Loyalty	0,204	0,078	2,614	0,009
Behavioural experience -> Satisfaction	0,146	0,096	1,519	0,129
Intellectual experience -> Loyalty	0,070	0,083	0,844	0,399
Intellectual experience -> Satisfaction	0,067	0,100	0,668	0,504
Sensorial experience -> Loyalty	-0,089	0,070	1,277	0,202
Sensorial experience -> Satisfaction	0,393	0,078	5,040	0,000
Satisfaction -> Loyalty	0,522	0,069	7,599	0,000

In order to test the indirect relationships between the variables, we followed the recommendations of Hair *et al.* (2017; p. 232). For this purpose, the bootstrapping tool was used to test the significance of indirect effects via a mediator (Preacher & Hayes, 2008). Table 3 presents the results of the indirect effects.

The indirect effects of Affective Experience on brand loyalty through the mediator Satisfaction are significant with (b = 0.135, t = 2.366, p < 0.05). In other words, the Affective Experience influences Loyalty if the Nespresso consumer is satisfied. These results provide support for the H4b mediation hypotheses. In the same vein, the indirect effects of the Sensory Experience on Brand Loyalty through the Satisfaction mediator are significant with (b = 0.205, t = 4,386, p < 0.001). That is, the sensory experience influences Loyalty if the Nespresso consumer is satisfied. These results provide support for the H4a mediation hypotheses. The remaining hypotheses (H4c and H4d) are not supported by this study.

Table 3. Bootstrap results for indirect effects

Indirect effect	Estimate	Standard errors	t statistics	p values
Sensorial experience -> Satisfaction -> Loyalty	0,205	0,047	4,386	0,000
Affective experience -> Satisfaction -> Loyalty	0,135	0,057	2,366	0,018
Behavioural experience -> Satisfaction -> Loyalty	0,076	0,052	1,479	0,140
Intellectual experience -> Satisfaction -> Loyalty	0,035	0,053	0,652	0,514

By applying PLS (Partial Least Squares) through SmartPLS3 software, it was verified that there is a positive association between the various Dimensions of Brand Experience and Satisfaction; between the Dimensions of Experience and Loyalty; and between the variables Satisfaction and Loyalty.

satisf1 satisf4 satisf2 satisf3 0.965 0.897 0.952 0.934 Sens_exp1 0.953 0.948 0.393 0.547 Sens_exp2 Exp_sens 0.258 Satisf Affect_exp1 0.950 0.146 Affect_exp3 0.089 0.522 Exp Afect 0.067 Behav_exp1 0.200 0.956 Behav_exp2 0.204 Exp_behav 0.645 0.070 Intl_exp1 0.932 0.931 Loyalty Intl_exp3 0.923 0.763 0.789 0.876 Exp_intel loyalty1 loyalty2 loyalty3 loyalty4

Figure 2: Structural model.

For Barsky and Nash (2002), when the brand experience meets consumers' expectations, there is a high probability of generating consumer satisfaction. We can verify that in this study the same was not supported in all Dimensions of Brand Experience, namely in relation to Intellectual and Behavioural Dimensions. That is, the Dimensions of Brand Experience and Satisfaction, both the Behavioural and Intellectual Dimensions do not present p < 0.001. Thus, it was confirmed that Sensory and Affective Dimensions have a positive effect on Consumer Satisfaction. In turn, it has been proven that Nespresso's customers feel that their expectations regarding the Sensory and Affective experiences coincide with those that the brand provides. On the contrary, Behavioural and Intellectual Dimensions do not have a positive effect on the Satisfaction variable. Consequently, in this case the experiences offered by the brand did not meet the expectations of the respondents.

It has been confirmed that the Intellectual and Behavioural Dimension does not influence consumer satisfaction positively, while the Affective and Intellectual Dimensions do not influence Brand Loyalty at all. Therefore, instead of seeking to stimulate all brand dimensions, companies should focus on the dimensions that are most valued by the customers. Depending on the category of product or service that the brand offers, there are dimensions that prove to have a greater influence on the consumer than others.

Regarding the Intellectual Dimension, it was found that, although there is a correlation between the variables, it influences neither Satisfaction nor Brand Loyalty. However, these results can be explained by the brand under analysis, since coffee consumption does not have the capacity to stimulate consumer curiosity (Wood, 2000).

As for the Behavioural Dimension, it was found that, although there is a correlation between the variables, it does not influence consumer satisfaction. As a rule, coffee consumption is not related to body experiences, which is a type of experience indicated for other product categories, for example offered by sports brands.

However, it was observed that the Behavioural Dimension has a positive influence on Loyalty, which may be motivated by the brand being promoted by someone famous (Schmitt, 1999) as an internationally recognised actor George Clooney, who is an ambassador of the Nespresso brand. Additionally, the brand's sustainable initiatives may also have an effect on changing its consumers' attitudes towards the environment.

The Affective Dimension was the only one which showed a positive influence on both, Satisfaction and Loyalty variables. According to Zarantonello and Schmitt (2010), the Affective Dimension involves the emotional bond created between the brand and the consumer, proving that Nespresso offers consumers pleasant and memorable experiences that generate positive feelings associated with the brand.

As regards the Sensory Dimension, there was a positive influence on the Satisfaction variable. Thus, it can be said that Nespresso provides experiences that include visual, auditory, tactile, taste, and olfactory stimuli. Namely through the taste and smell of coffee, the touch of capsules, the sound of the machine, and the decoration of boutiques.

Finally, we understood that in order to establish long-term relationships with the consumer, companies must recognise which Dimensions of Experience have the greatest influence on their customers. Subsequently, they must develop marketing strategies based on these dimensions, contributing to greater consumer satisfaction and, as a consequence, to their loyalty.

For Brakus *et al.* (2009), if expectations regarding the experiences offered by the brand are positive, the likelihood to purchase products or services of the same brand repeatedly is greater, leading the customers to become more loyal to the brand. According to Andrés, Caetano and Rasquilha (2006), the experience motivates consumers to get involved and adopt brand values, which promotes a strong bond between the consumer and the brand and can lead to loyalty.

Through this study it was possible to analyse the relationship between the Brand Experience and Loyalty, and it was found that not all Dimensions of Experience influence Loyalty. Thus, the influence of the Sensory and Intellectual Dimension on the Loyalty variable cannot be supported by the study since they do not present a p < 0.001, which means that they are not statistically significant. On the contrary, both the Affective and Behavioural Dimension positively influence the dependent variable under analysis.

Finally, through this study it was confirmed that Satisfaction has a positive effect on Loyalty, i.e. when the individual is satisfied, he will more likely purchase again products of the brand. In other words, the result indicates that when Nespresso customers feel satisfied, they tend to be loyal to the brand.

As for the indirect relationships, through table 4 it was possible to verify that the affective experience influences brand loyalty if the consumer is satisfied. The same is true with sensory experience and it also has the capacity to affect loyalty once the consumer is satisfied.

5. Conclusions

5.1 General conclusions

Today, consumers are exposed to numerous brands that offer products and services that aim to satisfy the same need with similar prices and quality. For this reason, with the present saturation of the market, there is an increasing necessity to offer not only the product or service, but also unique experiences so that consumers choose a brand over its competitors. Thus, it is possible to state that experience is a differentiation factor for brands and it is also able to influence Satisfaction and Brand Loyalty. That is, when a brand meets consumers' expectations there is Satisfaction which consequently can lead to Loyalty. These findings align with previous

research (e.g. Ishida & Taylor, 2012). Furthermore, this study intends to verify if Consumer Satisfaction has an impact on Brand Loyalty. To this end, the study focused on the Nespresso coffee brand in order to investigate the hypotheses established previously.

In order to develop this theme, a number of steps were taken which subsequently led to significant conclusions. First of all, it was essential to prepare a literature review to be able to obtain an overview of the existing studies, but also to understand the different perspectives on this topic. Afterwards, it was necessary to learn about the coffee market in Portugal, as well as obtain more information about the Nespresso brand. Finally, a quantitative analysis was carried out through a questionnaire in order to understand the real impacts of experiential marketing in Nespresso shops in Portugal.

Therefore, the purpose of this study was to highlight the importance of the experience for companies, provided that the hypotheses previously established were supported. Thus, the following study is a contribution to the emphasis of the idea that experiential marketing creates relationships between consumers and brands, which consequently can be a source of profitability and growth for companies.

5.2 Theoretical contributions

The results reveal that the brand experience influences both, satisfaction and loyalty and that, in turn, satisfaction directly affects customer loyalty. It is also verified that there are indirect relationships between the various variables. Based on the results obtained, this study can support future research on the brand experience, satisfaction, and loyalty.

Continuing to be a recent theme, this study contributes to reinforcement of the notion of experiential marketing. Thus, this study provides the basis for future research to attempt understanding of what the results would be if the brand under analysis was different, expanding this conceptual model to other brands.

It is relevant to note that the questionnaires were shared exclusively with individuals living in Portugal, and therefore in other countries with different cultures, the results obtained may vary. In other words, the Portuguese are people who possess habits of high coffee consumption, but they are also recognised for appreciating quality coffee and being quite critical regarding its taste. Yet, Nespresso sells flavoured coffee which is not a kind of coffee typically consumed by the Portuguese and that, in turn, can be an obstacle.

This study has enabled the understanding of the importance that should be given by companies to brand experience since investing in experiential marketing can be an effective way of attracting customers in a market where there are numerous brands with similar products and services. Therefore, Nespresso should continue to invest in this type of marketing, seeking to fulfill consumers' expectations and satisfy their needs.

The main theoretical contributions are related with the mediating relationships in the link between brand experiences and customer loyalty. Although previous research identified a direct relationship (e.g. Brakus et al., 2009; Ong et al., 2018), building a long term relationship with the customer requires a more deep approach. This is particularly interesting when we noticed that the direct relationship between sensorial experience and loyalty is not significant. However, when considering the mediating role of satisfaction the relationship turns to be significant. As such, by identifying customer satisfaction as mediator in this relationship as well for affective experience, our findings expand previous research. More specifically, Brakus et al. (2009) argued that brand loyalty is affected by brand experience, in a direct relationship. However, brand experiences are short termed as argued by Gentile *et al.* (2007), and must be converted in long term outcomes has loyalty. As such, as revealed by our results, the mediating role of customer satisfaction suggests a continuous rather than sporadic approach in brand experiences.

5.3 Managerial implications

The influence observed in relation to the indirect effect of brand experience can be of great use for marketers. Our results points to a long term approach using brand experiences approaches as a managerial solution to develop brand loyalty strategies. Firms aiming to increase their customer loyalty should focus on a sensory experience strategy, by offering experiences appealing to a combination of sensations associated with sight, touch, smell, or listen. Another option is to foster affective experience strategies to increase customer satisfaction in the short term and loyalty in the long term. To operationalize this strategy firms should invest in creating positive emotions in every touch point during the entire customer journey. To do so, several approaches can be done, such as, mascots, exclusive product versions, order taking with fun or emotional moments, or social media picture borders.

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