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Building behavioral intentions in automotive industry: Brand experience, satisfaction, trust, direct mail communication and attitudes toward advertising

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Abstract

Brand experience, direct mail communication, trust and attitudes toward advertising are major antecedents of customers' satisfaction for a brand and satisfied customers may buy more, accept higher prices and have a positive word-of-mouth effect. Also, we know that the cost of selling to new customers is much higher than selling to existing customers. In this context, the main aim of this paper is to investigate the relations among direct mail communications, brand experience, trust, and attitudes toward advertising, satisfaction and behavioral intentions. We work with Structural Equation Model (SEM) to analyses and explain the relationships between the variables in the model. The findings supported the proposed hypotheses, which are consistent with theoretical framework. All results are in line with the study expectations, with an exception that it refers to the relation between satisfaction and price premium. Our study suggests that to combine high customers' satisfaction rates with delivering positive brand experience, trust, and direct mail communication have a strategic opportunity to differentiate brand and reinforce customer behavioral intentions for a brand. Our study indicates that managers should know that overall evaluations of performance (brand experience, advertising, direct mail communication and trust) to predict customers' behavioral intention battery through satisfaction. Research has investigated previously unexplored relations among brand experience, direct mail communications, trust, and attitudes toward advertising, satisfaction and behavioral intentions via SEM.

Key words: Behavioral intentions, brand experience, satisfaction, brand trust, attitudes toward advertising, and direct email communication

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INTRODUCTION

Building behavioural intentions are important for a firm or brand's long-term survival, performance, and bottom-line returns. This especially holds for industries in which firms invest heavily in technologies and marketing, such as automobiles, under the promise that firms will be able to build customers' behavioural intentions for their brands. To build behavioural intentions, automobile companies must formulate a strategy that focuses on existing customer and potential new customers. Existing customers may be the most important target group for building behavioural intentions. Both researchers and managers echo the received view that small changes in behavioural intentions can yield disproportionately large changes in profitability (Reichheld et al., 2000). This view is resonant in the shift of the marketing discipline away from the study of marketplace exchanges as transactions that need to be consummated to that of exchanges as relationships that need to be nurtured, preserved, and cultivated (Morgan and Hunt, 1994).

We work with Structural Equation Model (SEM) to analyse and explain the specific drivers of behavioural intentions battery (repurchase intention, price premium, and word-of-mouth) for the automotive brands. And, we can identify how interrelationships happen between the constructs 'brand experience, satisfaction, trust, direct mail communication and attitudes toward advertising in the process of predicting behavioural intentions. Our aim is to pinpoint the actions that you can take across some key areas to encourage positive behavioural intentions.

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CONCEPTUAL BACKGROUND AND MODEL DEVELOPMENT

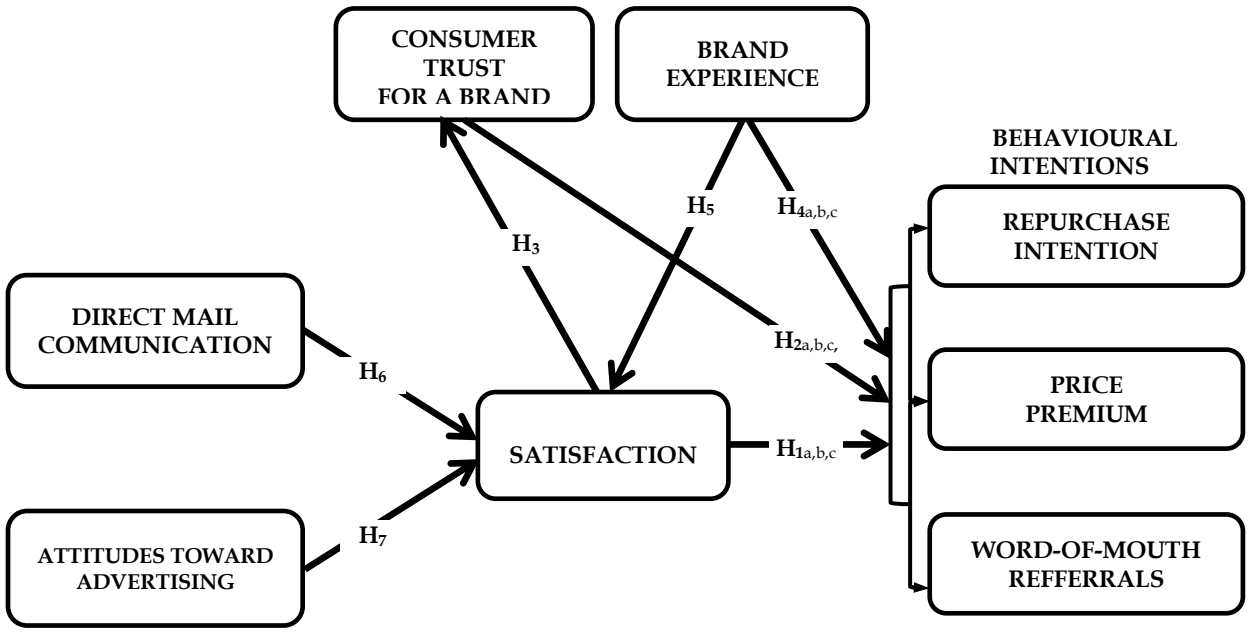
Behavioural intentions: Repurchase intention, price premium and word-of-mouth

We display our conceptual model in Figure 1. In this model, we study consumers' behavioural intentions toward the brand by focusing on the different aspects of behavioural intention, in the form of repurchase intention, price premium and word-of-mouth. First, Repurchase intentions simply refer to the customer's self-reported likelihood of using a brand again in the future (Fornell, 1992). Second, willingness to pay more or price premium reflects the individuals' judgment as to how much they would be willing to pay to receive a good or service or to avoid the loss of a good or service (Bateman et al., 2002: 6). Last, in the marketing context, word-of-mouth referrals, also called recommendation to others, are defined as 'informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services and/or their sellers' (Westbrook 1987: 261).

Satisfaction and behavioural intentions

Hellier et al., (2003) define satisfaction as 'the degree of overall pleasure or contentment felt by the customer, resulting from the ability of the product (or service) to fulfil the customer's desires, expectations and needs in relation to the product'. This evaluation can become involved with the product itself; it can be attributed to its own brand, manufacturer and/or retailer, as being it's another referent. Yüksel and Yüksel (2001) spoke of the expectancy-disconfirmation paradigm (EDP) that it has become the most widely applied method of consumer satisfaction and dissatisfaction assessment. According to the EDP approach, the predictive expectations serve as a standard against which the performance of product is judged. Disconfirmation or confirmation occurs by performance judgments based on the comparison of the expectations and perceptions in relation with the product consumption. A customer is either satisfied or dissatisfied according to the difference between expected and perceived product performance. Consumers' expectations are confirmed when the product performance is as expected and positively disconfirmed when the product performance is perceived better than initially expected. In both cases, the outcome for users of the product is satisfactory. In contrast, negatively disconfirmation comes about when the product performance is not as good as expected. As such, the outcome is likely to be dissatisfactory for product users (Oliver, 1980; Spreng et al., 1996; Yüksel and Yüksel 2001). Most marketing researcher accepts a theoretical framework in which customers show favourably behavioural consequences against the brand when they are pleased with their purchasing of that brand.

Figure 1. A conceptual model hypothesized in searching of behavioural intentions



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Accordingly, highly satisfied customers are more likely than others to buy additional products in the next time, to recommend and/or praise the brand to other customers, and agreeably pay a price premium (Zeithaml et al., 1996; Cronin et al., 2000). Therefore, it is proposed that:

Hypothesis 1: Satisfaction has positive effects on customers' behavioural intentions (a) repurchase intention, (b) price premium and (c) positive word-of-mouth referrals.

Consumer trust and behavioural intentions

Moorman et al., (1992), who dealt with the relationships between providers and users of market research, define trust as 'a willingness to rely on an exchange partner in whom one has confidence'. In this study, trust in exchange relationship with the brand to purchase is assessed in terms of consumers' point of view. Herein, trust refers to both the consumers' feeling of confidence toward the brand and their willingness to rely on that brand in the exchange (or selling-buying) relationship.

The researcher Datta (2003) also declared that once consumers trust in a brand, they feel comfortable with the brand. Hence, it is difficult to change the brand and the consumers will have the stronger inherent propensity to rebuy the brand's products in their next purchases. Next, in analysing data from a study of customer trust among Turkish consumers, when the consumer have high trust for a brand, they should be more willing to pay premium prices for the brand (Şahin et al., 2011). Lastly, Ranaweera and Prabhu (2003), who argued word-of-mouth as a key characteristic of truly loyal consumers, found that trust has a strong positive association with word-of-mouth. The following hypothesis is therefore proposed:

Hypothesis 2: Consumer trust has a positive effect on consumers' behavioural intentions (a) repurchase intention, (b) price premium and (c) positive word-of-mouth referrals.

Satisfaction and trust both represent the overall evaluation, feeling and attitude to the other party in the exchange relationship. In this sense, both concepts are similar. They still differ in the following aspect that 'trust is an aggregate evaluation at some higher level than satisfaction, and that satisfaction in fact is an important source for trust' (Selnes, 1998). Satisfaction is emerging in case of which the other party's ability is believed to meet expectations and thus manifest trust. In line with Ravald and Grönroos (1996), buyers are expected to primarily rely on the past transaction experiences as to whether the supplier fulfils their needs and wants. Then, they start to feel safe with the exchange partner. That is why trust for a brand is developing if a customer is satisfied with the brand. There is some evidence that satisfaction is positively related to trust (Athanassopoulos et al., 2001); Ha and Perks 2005). Consequently, it's proposed that:

Hypothesis 3: Satisfaction is positively effective on consumer trust.

Following the hypothesis 2 and 3 as mentioned-above, satisfaction is thought to indirectly and positively influence the behavioural intentions via consumer trust.

Brand experience, satisfaction and behavioural intentions

Brakus et al. (2009) define brand experience as 'subjective, internal consumer responses (sensations, feelings, and cognitions) and behavioural responses evoked by brand-related stimuli (e.g., colours, shapes, typefaces, designs, slogans, mascots, brand characters) that are a part of a brand's design and identity, packaging, communications, and environments'. As the researchers Brakus et al., (2009), we distinguish the experiences into four basic dimensions (1) sensory, (2) affective, (3) intellectual, and (4) behavioural. Making strong visual impression on the consumers, sensory dimension refers to the visual, auditory, tactile, gustative, and olfactory stimulations provided by a brand. An affective dimension encompasses feelings and sentiments induced by the brand, which means emotional tie between consumers and the brand. Intellectual dimension is concerned with the ability of brand to arouse people's curiosity for thinking or feeling. Behavioural dimension includes bodily experiences, lifestyles, and interactions with a brand, which happens when the brand is consumed or when there is physical contact with it. For consumers, experiences vary by the brands because different brands can be differentiated on

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each facet of experience dimensions (Zarantonello et al., 2007) depending upon how many of these dimensions are evoked and intensity of the stimulation (Zarantonello and Schmitt, 2010).
Consumers gain experience with a brand by contacting with it in many ways. Consumers with the greater experience have more information and can structure choice criteria better, both of which lead to better their purchase decisions (Anderson et al., 1979). The brand experiences usually results in the likelihood of repurchase in the future (Chattopadhyay and Laborie 2005), as well as willing to pay more and positive word-of-mouth referrals.
The following hypothesis is therefore proposed:

Hypothesis 4: Brand experience has a positive effect on consumers' behavioural intentions (a) repurchase intention, (b) price premium and (c) positive word-of-mouth referrals.

There is little empirical research that provides evidence for the following hypothesis that brand experience is positively related to consumer satisfaction with the brand. To illustrate, in the work of (Anderson et al., 1979), it's found that the greater experience result in the higher level of product satisfaction. In addition, Ha and Perks (2005) proposed that a consumer who has had impressive brand experiences shows strong satisfaction associated with his/her experiences or purchases. As declared by the researchers, satisfaction is an evaluation emerging from experience with product or services. They found that based on positive experiences and relationships, a customer is satisfied by the perceived performance of the brand. Consequently, the following hypothesis is posited:

Hypothesis 5: Brand experience is positively effective on satisfaction.

Drawing on the Hypothesis 4 and 5, there is not only a direct relationship but also an indirect relationship between brand experience and behavioural intentions of consumers toward the brand via satisfaction.

Direct mail communication, satisfaction and behavioural intentions
In the marketing literature, direct mail is defined as a consumer's perception of the extent to which a firm or brand keeps its regular customers informed through direct mail (Dwyer et al., 1987; Anderson and Narus 1990; Morgan and Hunt 1994). Brand-customer communication increases the feelings of satisfaction and closeness (Anderson and Narus, 1990).
In this study, we limit communication media to direct communication media through three channels brands commonly use for targeted customer contacts: sms, e-mail, and postal mail. Because, mass media communication does not allow for targeting specific groups like regular versus non-regular customers (De Wulf et al., 2001). We seek to establish direct mail as a way of communication with customers, should be strong precursor for customer satisfaction for a brand. We formally hypothesize the following:

Hypothesis 6: Direct mail communication is positively effective on satisfaction.

Communication before, during, and after transactions can build important relationship between consumers and brand. The longer customers are with a company (or brand), the more willing they are to pay premium prices, make referrals (Duncan and Moriarty, 1998) and repurchase its goods or services. Because when customers get more information about the source of advertising, they will satisfy their information need, which in turn leads to favourable behavioural consequences. Similarly, Amarsanaa and Anjorin (2012) suggested that use of direct mail communications like sms can enhance customer loyalty by increasing customer satisfaction. They found a significant relationship between customer satisfaction and information that customer wants. Also, consumers who are highly satisfied in this way are seen to have willingness to drive relationships with the brand. As apparent from the above explanations, we expect that direct mail communications have indirect effect on customers' behavioural intentions through satisfaction.

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Attitudes toward advertising, satisfaction and behavioural intentions

Attitude is a psychological tendency that is expressed by evaluating a particular object or act with some degree of favor or disfavor (Eagly and Shelly, 1993:1). Attitudes toward advertising are examined, in this study, as an attitude objective. It refers to the degree to which a person has a favourable or unfavourable evaluation or appraisal of the advertising and promotions with respect to a brand of given.

The primary aim of advertising is to communicate information to consumers; we know that it is the degree to which the information is meaningful to consumers that is important. Thus, the more favourable the consumer's feelings and attitudes are toward the advertising; the more likely it is that the communications will be effective in transferring relevant meaning about the brand (Grace and O'Cass, 2005). As such, the brand is perceived more satisfactory as a result of extending favourable attitudes toward advertising to the brand itself.

Hypothesis 7: Attitudes toward advertising is positively effective on satisfaction.

The consumer's attitude or feelings toward advertising that will ultimately influence their response to the brand, as manifested by their satisfaction with, attitudes toward or intentions to use the brand (Grace and O'Cass, 2005).

RESEARCH METHODOLOGY

Sample and data collection

We prepared the questionnaire into two different formats by changing the place in questionnaire of the respective items as blocks for all constructs in order that we avoid response bias arising from the sequence or order effects in judgments. All the questionnaires were administered at random to each participant, helping provide better validity.

As the research setting, we focus on a single, major industry of great economic importance of the automotive industry in Turkey because individuals potentially have high interest in cars. The set is composed of multifarious brands from the automotive sector. We use data for 47 major brands between January 2012 and October 2012 (Turkish Statistical Institute, Road Motor Vehicles Statistics). Individuals with an automotive would have a different emotion, thought and evaluations than those who are without. Hence, the questionnaire was administered to only one group involved individuals being the owner of an automobile. New-automobile purchases provide a pertinent study domain for several reasons. Car purchases are important and visible, and we can check brands through official registration documents. This project utilized pen-and-paper surveys that were administered to voluntary people who reside in Istanbul, Turkey. Information was collected from real consumers in a metropolitan area dominated by five state-supported universities.

Respondents were given advance notice that they could participate in the survey for extra credit. Respondents were informed that the study was being conducted by academics not affiliated with, or paid by, any particular company. Each respondent was asked to describe his/her most recent experience and communication with the brand. This questionnaire included measures of brand experience (BE), satisfaction (SQ), consumer trust (BT), direct mail communication (ICOM), and attitudes toward advertising (ATCOM), repurchase intention (RI), price premium (PRC) and word-of-mouth (WOM).

A pre-test including 120 participants was applied for checking the functionality of the survey questionnaire. After revaluating the scale's appropriateness with the context of the study, the final survey was conducted face-to-face with 460 voluntary individuals. Some questionnaires were eliminated due to the omission of more than 50 per cent of responses. In total, the number of appropriately completed questionnaires was 382.

The number of respondents identified as female (174) and male (175) is almost equal. A sample ranges in age from 18 and 56 years with a mean age of 33. Approximately, 37 % of them are concentrated between 25 to 33 years. The next majority is between 34 and 42 years, which are corresponded to 31 %. In addition, 11 % is between 18 and 24 and 10 % is between 43 and 51 years. Lastly, few are between 52-56 years (6 %). Out of respondents, roughly 63 % is married when 37 % is single. 17 % is going to any master program or has master's degree. 42 % is still studying at a university or has Bachelor's degree. 32 % is students at the level of high school or graduated. And, the rest (9 %) has education level at elementary school. Though

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sample generalizability is a common concern in social science research, especially when response rates are small, it is important to note that at this point we are providing an initial test of a theoretical model in a particular context. The important issues here are (1) whether our sample is an appropriate context for testing our theory and (2) whether our sample of respondents has variance to be explained. Because we are not attempting to generalize an established model to a new population or project a descriptive statistics from a sample to some larger population, the possibility of nonresponse bias is a nonissue in research such as ours (Hunt, 1990).

Table 1: Study Sample Demographic Characteristics

		Frequency	Percent (%)
Age	18 – 24	43	11.3
	25 – 33	143	37.3
	34 – 42	119	31.1
	43 – 51	37	9.6
	52 – 56	6	1.7
Mean; Standard deviation		33;8	
Gender	Female	174	
	Male	175	
Marital status	Married	215	62.7
	Single	128	37.3
Education	Elementary school	31	8.8
	High school	115	32.5
	University or Bachelor's degree	148	41.8
	Master's degree	60	16.9

Measures

We used Churchill's (1979) approach to questionnaire development. We combined scales from several other relevant empirical studies with new items to make an initial list of questions. Through pilot testing period, some of the selected items needed to be reworded to create the precision and clarity of the scales. We eliminated several redundant items through interviews with consumers and colleagues, and we tested a first draft of the questionnaire across forty measures. We then included the items in a questionnaire in random order. Construct analysis of the results guided final revisions. We used five-point scales (5 = 'very likely,' 4 = 'somewhat likely,' 3 = 'neither likely nor unlikely,' 2 = some hat unlikely,' and 1 = 'very unlikely') to answer the question. Forty measures are used to capture the various latent constructs. Measures are reported in the Appendix.

Repurchase intention is measured with four items used by prior researchers such as Boulding et al., (1993); Zeithaml et al., (1996) and Bloemer et al., (1999). Price premium with two items is based on the scale of Boulding et al., (1993), Fornell et al., (1996) and Zeithaml et al., (1996). Positive word-of-mouth is composed of three items developed by Zeithaml et al., (1996) and Bloemer et al., (1999). Five items were used to measure satisfaction (Methlie and Nysveen 1999; McAlexander et al., 2003; Lyer and Muncy 2005). Four items were used to measure trust adapted from the scale of Ballester and Alleman (2001) and Chaudhuri and Holbrook (2001). For brand experience with 12 items, we used the scale in the form of a four-factor model of Brakus et al., (2009). Four items were used to measure direct mail communication adapted from the scales of Yi and La (2004) and Grace and O'Cass (2005). Six items were used to measure attitudes toward advertising adapted from Holbrook and Batra's (1987). In addition, respondents are asked to respond to some descriptive questions including age, gender, marital status and education level.

Measure purification and validation process

A total of 382 questionnaires were used to test the research hypotheses, containing the measures of behavioural intentions, satisfaction, consumer trust, brand experience and direct mail communication and attitudes toward advertising. All constructs were measured by subjects indicating their agreement

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using 5-point Likert-type scales with responses ranging from 'strongly disagree' (1) to 'strongly agree' (5) with 'undecided' being the midpoint (3).

We evaluate the psychometric properties of measures by conducting a series of confirmatory factor analyses during a purification and validation process. For the model where the number of observed variables is very large, if sample size is moderate, as in this study, we should start with examining the pattern of single-constructs one by one and proceed with integrating them into larger confirmatory models (Bollen 1989). As a result of this purification process, five items from the brand experience scale, one item from the scale of attitudes toward advertising, and one from price premium scale were removed due to low factor loadings, high cross loadings on other factors or high residual estimates.

First, a single four-factor model for brand experience is assessed by conducting CFA in which factors are allowed to be correlated. After purifying some items, the new scale results in 7 items, including two items were used for each of affective, sensory, and intellectual dimensions while one item is used for behavioural experience dimension. In specifying this model, measurement error term for the single-item factor 'behavioural' is set at 10% of its observed variance as it should be.[4] The resulting four-factor model with correlated factors fits the data well [$x^2(9)=16.53$; P-value=.057; CFI=0.96; SRMR=0.018; RMSEA=0.047; AGFI=.96; GFI=0.99; IFI=0.99; NFI=0.99], in line with the approach of Brakus et al. (2009). All four-experience dimensions (affective, sensory, intellectual, and behavioural) load high on their respective factor (with the lowest t-value being 13.87). To prepare the data for further analyses, all individual items within each dimension are first averaged to form a composite score for each, and the arithmetic mean of these composite scores is then created to obtain a single indicator of brand experience. Second, single-factor models for consumer trust, satisfaction, and attitudes toward advertising- one item of which was removed- are separately shown to display adequate fit (i.e., CFI>0.90). Third, direct mail communication measuring four formative items were averaged to create composite indicant. Next, a single-three factor confirmatory model is examined for interrelated behavioural consequences including repurchase intention with 4 items, price premium with one item, and word-of-mouth with 3 items, except for deleted items. Given that repurchase intention, price premium and word-of-mouth are three distinct but interrelated factors, the covariance across these factors were allowed to be free during the estimation of the model. Error term for price premium value was fixed at 10% variance of the relevant measure since it's measured using single item. While the resulting chi-square statistic was significant, this model yielded acceptable fit indices [x^2 (18)=68.30; CFI=0.97; SRMR=0.032; RMSEA=0.086; GFI=0.96; AGFI=.91; IFI=0.97; NFI=0.96] and all factor loadings were large and significant (with the lowest t-value being 16.50).

Finally, the full measurement model, which includes items in all: (i) the composite score of direct mail communication (ii) 23 observable variables (reflecting six latent factors); and (iii) the single-indicant representing brand experience. In specifying this model, measurement error for the single-item factors ('direct mail communication', 'brand experience' and 'price premium') are set at 10% variance of the relevant measure. The resulting fit indices indicate that this model fits the observed data adequately well: $x^2(227)=659.91$, p=0.000, CFI=.92, SRMR=.042, RMSEA=.071, GFI=.87, AGFI=.83, IFI=.92, NFI=.89.

Convergent validity of the measurements is demonstrated by reviewing the t tests for the factor loadings and examining composite reliability and average variance extracted from the measures (Hair, 1998). Factor loading (lambda's) for each item to its respective construct is significant and high, ranging from 0.53 to 0.99 (with the lowest t-value being 10.40). In line with the recommendation of Bagozzi and Yi (1988), average variance extracted (≥0.50) and composite reliability (≥.60) for each construct are well beyond the threshold levels. Also, as suggested by Nunnally (1978), cronbach alpha is greater than .70. Discriminant validity is assessed using Fornell and Larcker's (1981) criteria: the average variance extracted estimate for each construct is greater than the square of the correlation estimate involving the construct.

[4] 'A common question is, why not just specify the error variance for a single indicator as a free parameter and let the computer estimate it? Such a specification may result in an identification problem. A safer tactic with single indicator is to fix the value its measurement error variance based on prior estimate.' (Kline, 2011: 278).

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Means, standard deviations and correlations of the study variables

Construct correlations, descriptive statistics for the scales, and reliability estimates are shown in Table 2. The bivariate correlations across constructs show that the relationships of interest are all significant at $p<0.01$ levels with sign in the expected direction. Accordingly, all studied behavioural intentions are positively associated with the variable satisfaction, consumer trust and brand experience. The correlations of satisfaction, consumer trust, and brand experience are, in turn, .64, .57 and .62 with repurchase intention; .41, .41 and .51 with price premium; and .70, .62 and .57 with word-of-mouth. Satisfaction is positively related to consumer trust (.67), brand experience (.62), direct mail communication (.33) and attitudes toward advertising (.45). Consistent with the assumption of Zeithaml (1996), repurchase intention, price premium and word-of-mouth share significant correlation (repurchase intention-price premium: .54, repurchase intention-word-of-mouth: .69, and price premium-word-of-mouth: .49).

The mean scores for the variable 'repurchase intention', 'price premium', and 'word-of-mouth' that were expected to be predicted by a set of other variables show that their means are above average rating ($\bar{x}$ >2.50) based on the responses rated on 1 to 5 scale. The standard deviation score, in conjunction with the mean, provides a better understanding of the data. Firstly, the mean repurchase intention is 3.35 with a standard deviation of .94, thus responses lie between 2.41 (3.35 – .94) and 4.29 (3.35 + .94). Secondly, the mean price premium is 3.08 with a standard deviation of 1.15, then responses lie between 1.93 (3.08 – 1.15) and 4.23 (3.08 + 1.15). Lastly, the mean word-of-mouth is 3.64 with a standard deviation of .97, then responses lie between 2.67 (3.64 – .97) and 4.37 (3.64 + .97). Reliability coefficients or alpha for all constructs are greater than 0.7, as suggested by Nunnally (1978), indicating a high internal consistency between measurement items belonging to the same construct.

Table 2: Study Data Correlation Matrix and Descriptive Statistics

					Pearson Correlations (N=382)							
Constructs		**Alpha**	**Mean**	**S.D.**	**RI**	**PRC**	**WOM**	**S**	**T**	**BE**	**ICOM**	**ATCOM**
RI	(Repurchase Intention)	.85	3.35	.94	1							
PRC	(Price Premium)	N.A.	3.08	1.15	.54**	1						
WOM	(Word-of-mouth)	.89	3.64	.97	.69**	.49**	1					
S	(Satisfaction)	.89	3.72	.80	.64**	.41**	.70**	1				
T	(Consumer Trust)	.86	3.63	.88	.57**	.41**	.62**	.67**	1			
BE	(Brand Experience)	N.A.	3.27	.85	.62**	.51**	.57**	.62**	.48**	1		
ICOM	(Direct Mail communication)	N.A.	2.96	1.05	.35**	.30**	.38**	.33**	.30**	.37**	1	
ATCOM	(Attitudes toward Advertising)	.83	3.68	.80	.33**	.16**	.37**	.45**	.29**	.45**	.26**	1

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

Note: T=Consumer Trust; BE=Brand Experience; ICOM=Direct Mail communication; ATCOM=Attitudes toward Advertising; S=Satisfaction; RI=Repurchase Intention; PRC=Price Premium; WOM=Word of Mouth

N.A.: Not available because BE is the construct operationalized as a multidimensional composite index; ICOM is the construct measured with a formative scale; and PRC is the construct with only one item.

Hypothesis testing: structural equation model

Structural equation modelling program with Lisrel 8.51 is used to analyse the goodness of full model fit and the statistical significance of path coefficients linking variables within the model. The formative scale of direct mail communication and higher-order construct brand experience are transformed into composite scores at this phase for use in structural equation analysis. As such, in specifying this model, as specified (Anderson and Gerbing, 1988), the measurement error terms for these single-indicant factors as

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well as price premium with one item are set at 0.1 times the variance of their respective measures. In addition, consistent with the received theory, the covariance across the repurchase intention, price premium and word-of-mouth are set to be free as it should be, depending on the fact that these factors are expected inter-correlated theoretically. Maximum-likelihood estimation method with robust estimates of standard errors is performed to derive fit statistics and path coefficients. As can be seen in Table 3, the value of the Chi- squared test statistic as a fit estimator resulted in significant p-value at .000 in light of its sensitivity to large sample sizes (x^2=681.46, df=236). The goodness-of-fit indices (SRMR=.046, RMSEA=.070, CFI=.92, GFI=.87, NFI=.88, IFI=.92) indicated that the model fit is acceptable.

The hypothesized nomological network of relationships explains 63%, 31% and 65% of the observed variances in repurchase intention, price premium and positive word-of-mouth referrals. Total variances explained in satisfaction and consumer trust are 52% and 57%, respectively. In addition, the covariance shared across behavioural intentions is significant at the level of .01 (repurchase intention – price premium (Ψ_i)= .16, price premium – word-of-mouth (Ψ_i)= .12 and repurchase intention – word-of-mouth (Ψ_i)= .15).

The path coefficients estimated for the hypothesized relationships are provided in Table 5. The path diagram with the all estimated coefficients for proposed model is also displayed in Fig. 2. The results basically are in favour of all our hypotheses. All except the path linking satisfaction to price premium are significant. The results reveal that satisfaction, consumer trust and brand experience exert positive and significant effects on both repurchase intention and word-of-mouth. In relation to the repurchase intention, satisfaction and brand experience have nearly same effect size (in turn, β_i=.34, .36 p<.01), but consumer trust has a little bit low effect (β_i=.20, p<.01). Satisfaction exert the strongest effect on word-of-mouth (β_i=.51, p<.01), followed in order by consumer trust (β_i=.22, p<.01) and brand experience (β_i=.17, p<.01). In contrast to that hypothesized, however, we fail to demonstrate that satisfaction is significantly related to price premium, whereas consumer trust and brand experience are positively related to price premium (β_i=.21, .42, p<.01). As seen, the effect of brand experience on price premium has stronger than that of consumer trust. As to effects on satisfaction, brand experience, direct mail communication and attitudes toward advertising are all found to exert an influence on satisfaction (in turn, γ_i=.52, .12, .23, p<.01). Herein, having the highest effect strength on satisfaction is brand experience while the lowest one belongs to the attitudes toward advertising. Finally, satisfaction is found to exert a positive effect on consumer trust with the fairly high impact strength (β_i=.76, p<.01).

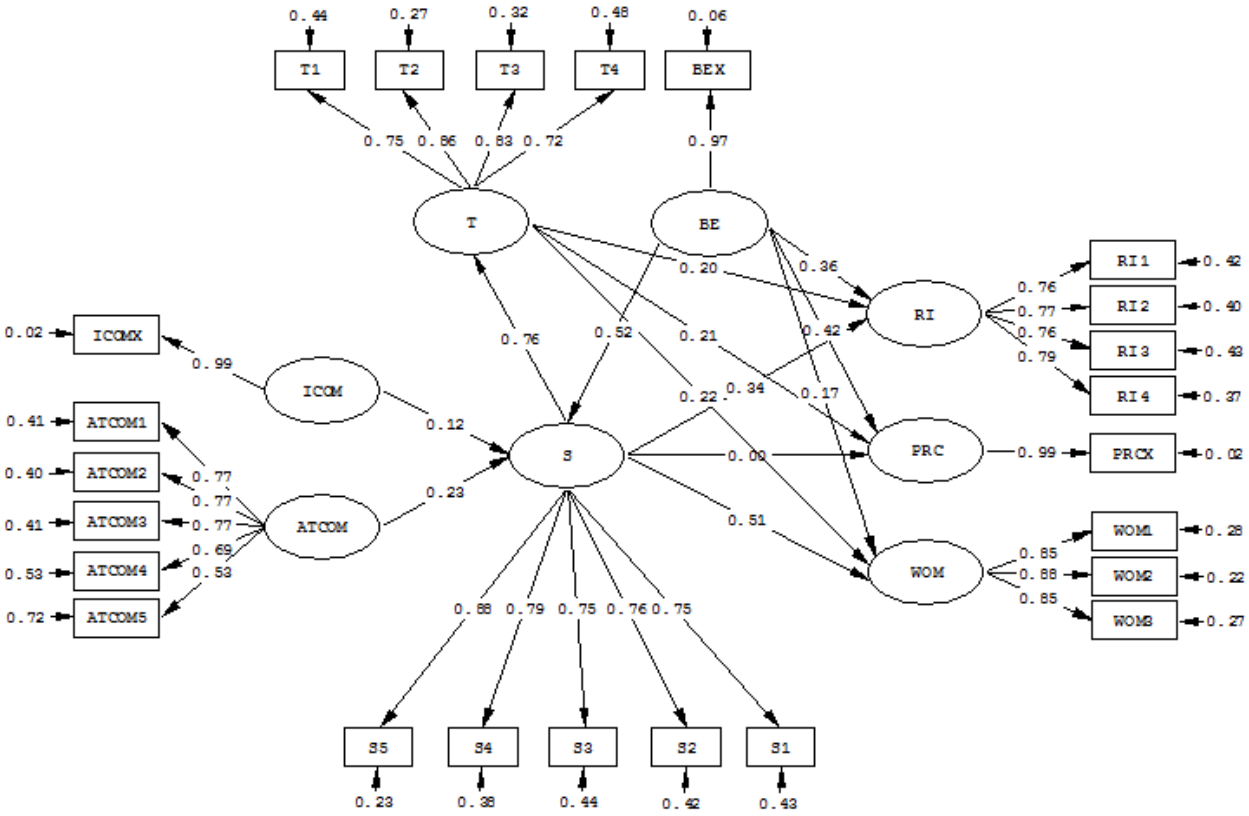
Table 3: Proposed Research Model Parameter Estimates with Significance Levels

Hypothesized path	Estimates	t value	Hypothesis supported
H1a: Satisfaction → Repurchase Intention	.34***	3.87	Yes
H1b: Satisfaction → Price Premium	.00	.03	No
H1c: Satisfaction → Word-of-mouth	.51***	5.99	Yes
H2a: Consumer Trust → Repurchase Intention	.20***	2.80	Yes
H2b: Consumer Trust → Price Premium	.21***	2.53	Yes
H2c: Consumer Trust → Word-of-mouth	.22***	3.16	Yes
H3: Satisfaction → Consumer Trust	.76***	11.86	Yes
H4a: Brand Experience → Repurchase Intention	.36***	5.96	Yes
H4b: Brand Experience → Price Premium	.42***	6.23	Yes
H4c: Brand Experience → Word-of-mouth	.17***	3.02	Yes
H5: Brand Experience → Satisfaction	.52***	8.99	Yes
H6: Direct Mail communication → Satisfaction	.12***	2.69	Yes
H7: Attitudes toward Advertising → Satisfaction	.23***	4.41	Yes

Significant level (one-tailed tests): A t-value larger than 1.282 corresponds to *p< .10, a t-value larger than 1.645 to **p< .05, and a t-value greater than 2.326 to ***p< .01.

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Figure 2: Proposed Model



Note: T=Consumer Trust; BE=Brand Experience; ICOM=Direct Mail communication; ATCOM=Attitudes toward Advertising; S=Satisfaction; RI=Repurchase Intention; PRC=Price Premium; WOM=Word of Mouth.

DISCUSSION

The research was done using a theoretical framework developed based on previous studies. The objective of this paper is to empirically examine the relationship among consumers' brand experience, satisfaction, trust, direct mail communication, attitudes toward advertising on behavioural intentions that are set in the form of repurchase intention, price premium and word-of-mouth. Direct mail communication and attitudes toward advertising are important determinants in order to build behavioural intentions for a brand through satisfaction. The research contributes to our knowledge by providing support for the contention that customer satisfaction for a brand performs a mediating role in the link among direct mail, consumers' attitudes toward advertising, brand experience and trust toward to build behavioural intentions. Direct mail communication, brand experience, and advertising attitudes have been important inputs for consumers' satisfaction for a brand.

These results hold important implications for both theory and practice. In terms of practice, the results demonstrate that the main focus of management attention should be on customer satisfaction, of which direct mail communication; attitudes toward advertising and trust are important antecedents. In conclusion, this paper has suggested what is possible, practical, and can be done by marketers in terms of consumers' attitudes toward advertising, direct mail communication, brand experience, consumer trust and behavioural intentions for a brand. Marketing managers can interpret these results as helping to justify expenditures on brand and consumer related marketing activities that create such brand's long-term survival, performance, and bottom-line returns.

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LIMITATIONS AND FUTURE RESEARCH

As previously discussed at length, the results of this study are largely in accord with our theoretical expectations. However, this study and their results have several limitations and also indicate directions for further research. First, this study has limited generalizability because of the regional sampling plan we used. Moreover, we used only automobile industry context to enhance validity. Further research is needed to test the generalizability of our conclusions in other industry contexts. Second, the self-reported measures may not be the most accurate way to assess affect or future behaviour. A longitudinal design is needed for valid cause-effect inferences. In this sense, our evidence is tentative. Third, our sample size itself is relatively small. Increasing the sample size and including participants in other geographical areas can strengthen the study. With an increased sample size, a more detailed empirical analysis among the independent variables and the variables that have multiple categories can be performed. Fourth, the primary limitation of this research is that it explores only one-product category, potentially limiting the generalizability to other domains. In general, these findings should be replicated with different product categories and brands.

MANAGERIAL IMPLICATIONS AND CONCLUDING NOTES

Our research indicates strong empirical support for the relationships among consumers' brand experience, satisfaction, trust, direct mail communication and attitudes toward advertising in building behavioural intentions that are set in the form of repurchase intention, price premium and word-of-mouth. We combine attitudes toward advertising, direct mail communication and brand experience to predict consumers' satisfaction and behavioural intentions for a brand.

In recent years, a consistent customer brand experience and communication have played an increasingly important role in delivering business growth, especially for car manufacturers. Our study suggests that to combine high customers' satisfaction rates have a strategic opportunity to differentiate brand and reinforce customer behavioural intentions for a brand. Our study recommends that managers should focus on advertising to gain new customers and to create strong customer and brand relations. Also they should focus on direct mail communication with their existing customers and prospects to build customers' behavioural intentions for their brand by satisfying them. Our study also indicates that managers should know that overall evaluations of performance (brand experience, advertising, direct mails and trust) to predict customers' behavioural intention battery through satisfaction. Customer satisfaction surveys are commonly used, but in general they do not include brand experience, communication and trust scales. Unfortunately satisfaction is not enough to predict customers' future behavioural intentions for a brand. Satisfaction scores by themselves may not predict consumers' behavioural intentions accurately and may create false security if managers assume that higher satisfaction score necessarily lead to stronger repurchase behaviour.

Our results also suggest that managers should encourage customers' behavioural intentions through deliberately multifaceted strategies that customers' time and effort. For example, developing effective experiential and relationship marketing approaches should be the priorities for automotive brands. Automotive brands can develop strategies that promote trust and reduce uncertainty by communicating specific and detailed information about the automobiles and by focusing on coordination to ensure consistency across communication and experience channels.

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APPENDICES

Appendix A. A single four-factor model of brand experience

Constructs	Measurement items	Standardized factor loading (λ)	t value	Average variance extracted (AVE)	r^2_{max}	Composite reliability (CR)
BRAND EXPERIENCE (BE)		.97	25.91			
Affective (AFC)				.66	.45	.79
	AFC1: I do have strong emotions for this brand.	.82	18.10			
	AFC2: This brand has an emotional value for me.	.80	17.52			
	AFC3: This brand convinces me to the buying by inducing my thoughts and feelings.	Deleted				
Sensory (SENS)				.73	.39	.85
	SENS1: This brand makes a strong impression on my all senses (my visual sense and other senses).	.90	20.34			
	SENS2: This brand does appeal to my all senses (my visual sense and other senses).	.81	17.91			
	SENS3: I find this brand interesting in a sensory way.	Deleted				
Intellectual (INTE)				.56	.45	.72
	INTE1: This brand makes me think.	.70	13.87			
	INTE2: This brand arouses my curiosity and interest.	.80	16.13			
	INTE3: I engage in a lot of thinking when I use or benefit from this brand.	Deleted				
Behavioural (BEH)				N.A.	N.A.	N.A.
	BEH1: My physical actions and behaviours arouse when I use this brand.	Deleted				
	BEH2: This brand is action oriented and moves/stimulates me.	1.00	N.A	N.A	N.A	N.A
	BEH3: This brand results in bodily experiences.	Deleted				

Fit index: x^2=16.53, df=9, p=0.057, CFI=.99, SRMR=.018, RMSEA=.047, GFI=.99, AGFI=.96, IFI=.99, NFI=.99.

N.A.: Not available because it is a single-item measure; The brand experience is involved as a composite

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measure in the analysis of not only full measurement model but also structural equation model because it is a single four-factor in nature.

APPENDIX B. Formative scale of direct marketing communication

Constructs	Measurement items	Standardized factor loading (λ)	t value	Average variance extracted (AVE)	r^2_{max}	Composite reliability (CR)
DIRECT MARKETING COMMUNICATION (ICOM)				N.A.	N.A.	N.A.
	ICOM1: This brand informs its customers by email.	N.A.	N.A.			
	ICOM2: This brand informs its customers by mail.	N.A.	N.A.			
	ICOM3: This brand informs its customers by brochures.	N.A.	N.A.			
	ICOM4: This brand informs its customers by sms.	N.A.	N.A.			

N.A.: Not available because ICOM is the construct measured with a formative scale, thus the composite score of the direct marketing communication is involved in the analysis of not only full measurement model but also structural equation model.

APPENDIX C. Full measurement model

Constructs	Measurement items	Standardized factor loading (λ)	t value	Average variance extracted (AVE)	r^2_{max}	Composite reliability (CR)
REPURCHASE INTENTION (RI)				.59	.47	.85
	RI1: In the future I will continue to buy this brand.	.76	16.83			
	RI2: I intend to buy more products from this brand.	.77	17.20			
	RI3: This brand is my first choice in its category.	.76	16.69			
	RI4: If I still need something again in this category, I prefer this brand again.	.79	17.88			
PRICE PREMIUM (PRC)				N.A.	N.A.	N.A.
	PRC1: Even in the case that this brand is more	.99	27.16			

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	expensive than its competitors, I intend to buy this brand again.					
	PRC2: I do not lose interest on buying this brand again thanks to competing brands' promotions.	Deleted				
WORD-OF-MOUTH (WOM)				.74	.48	.89
	WOM1: I will say positive things about this brand to other people.	.85	20.02			
	WOM2: I will recommend this brand to someone who seeks my advice.	.88	21.24			
	WOM3: I will encourage friends and relatives to prefer this brand.	.85	20.20			
DIRECT MARKETING COMMUNICATION (ICOM)		.99	27.18	N.A.	N.A.	N.A.
ATTITUDES TOWARD ADVERTISING (ATCOM)				.50	.21	.83
	ATCOM1: I react favorably to the advertising and promotions of this brand	.76	16.43			
	ATCOM2: I feel positive toward the advertising and promotions of this brand	.77	16.77			
	ATCOM3: The advertising and promotions of this brand are good	.77	16.66			
	ATCOM4: The advertising and promotions of this brand do a good job	.69	14.31			
	ATCOM5: I am happy with the advertising and promotions of this brand	.53	10.40			

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	ATCOM6: I like the advertising and promotions of this brand.	Deleted				
SATISFACTION (S)				.62	.48	.89
	S1: I am very happy with this brand	.76	16.92			
	S2: I am generally satisfied with taking advantage of the products and services of this brand.	.76	17.14			
	S3: I am very satisfied with the product and services provided by this brand	.75	16.60			
	S4: I made the right decision when I decided to use this brand	.79	18.02			
	S5: This brand does a good job of satisfying my needs	.87	21.11			
CONSUMER TRUST (T)				.63	.45	.87
	T1: This brand keeps its promises	.75	16.51			
	T2: This brand is trustworthy	.86	20.02			
	T3: This brand offers me a product with a constant quality level	.83	18.98			
	T4: This brand helps me to solve any problem I could have with the product and services.	.72	15.54			
BRAND EXPERIENCE (BE)		.97	25.91	N.A.	N.A.	N.A.

Fit index: x^2=659.91, df=227, p=0.000, CFI=.92, SRMR=.042, RMSEA=.071, GFI=.87, AGFI=.83, IFI=.92, NFI=.89.

N.A.: Not available because BE is the construct operationalized as a multidimensional composite index; ICOM is the construct measured with a formative scale; and PRC is the construct with only one item.

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