

An empirical study of the antecedents and consequences of brand engagement

Consequences
of brand
engagement

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Abstract

Purpose – The purpose of this paper is to develop and empirically test a model of brand engagement. More specifically, the aim is to evaluate both antecedents and consequences of brand engagement, from a management perspective.

Design/methodology/approach – A quantitative survey of 403 firms is undertaken to test the model. Structural equation modelling (SEM) is used to estimate the parameters of the model.

Findings – A reliable and valid measure of brand engagement is established. The SEM model works well, in terms of goodness of fit indices. The results demonstrate that there are major brand performance benefits (consequences) of brand engagement. Additionally, and important for the practical implications, the results show that brand orientation is a major antecedent to brand engagement.

Research limitations/implications – The study needs to be replicated in other countries, with scope to add other explanatory variables for influencing brand engagement. The results have considerable practical benefits for guiding the introduction of measures to enhance brand engagement.

Originality/value – The study builds on earlier (mainly consumer) conceptual approaches to brand engagement, but goes further in that it provides empirical evidence about the nature, antecedents and consequences of brand engagement and further, offers a management rather than consumer perspective. Essentially, the study reveals a new perspective of factors that encourage firms to connect/engage their brands with consumers. Brand engagement is a dual concept, reflecting both a consumer and a firm perspective.

Keywords Branding, Brand orientation, Brand engagement, Financial performance, Brand performance

Paper type Research paper

Introduction

Brand engagement is not a new marketing concept, though most of the studies examining it are conceptual rather than empirical. In part, it emerges from a growing interest in the role of the customer in marketing activities. The customer has always had a central role via the marketing concept and marketing orientation as a guiding force. However, engagement studies go further in terms of recognising the role of the consumer as an active decision maker rather than a passive receiver of marketing information. Brand engagement goes further than simply selling products and rather, investigates the deeper ways that firms get customers to be more passionate and involved about the brand.

Until recently, the literature on engagement is piecemeal, with a multitude of approaches from multiple literatures, as elaborated in the literature review. At best, the main developments with the notion of engagement are conceptual, in the sense of developing conceptual frameworks to analyse engagements (Bijmolt *et al.*, 2010;



van Doorn *et al.*, 2010; Verhoef *et al.*, 2010). The current study advances the literature by presenting and empirically testing a model of brand engagement. That is, the paper is positioned in terms of formulating and testing a model of brand engagement that specifies an operational definition of brand engagement and then develops appropriate antecedents and consequences of brand engagement.

Another major and novel feature in positioning the paper is the emphasis given to the role of the firm rather than the customer. Nearly all of the literature focuses on how the consumer engages with the brand, providing vital insight into this aspect. However, brand engagement is a two-sided phenomenon, involving both the firm and the consumer. What seems to be largely lacking in the literature is much discussion or explanation of how the brand engages with the consumer. What are firms doing to engage or connect their brand to consumers? What are firms doing to develop brand emotion, build brand passion, and activate brand importance? The current paper fills this void by apparently being the first or at least a pioneer in formulating a firm-based definition of brand engagement using the three dominant engagement elements of emotion, passion and activation and modelling the antecedents and consequences of such brand engagement. This is the prime contribution of the paper.

The structure of the paper is as follows. First, we present a synthesised literature review, followed by a conceptual model that includes antecedents and consequences of brand engagement. Hypotheses are developed and the relevant constructs operationalised. This is followed by a research method, results, discussion, limitations, and conclusions.

Literature review

The concept of engagement

The concept of engagement has been studied from various disciplines, including sociology (Morimoto and Friedland, 2013), psychology (Garczynski *et al.*, 2013), educational psychology (Saveanu and Saveanu, 2012), organisational behaviour (Kataria *et al.*, 2013; Margolis and Molinsky, 2008), and marketing (Brodie *et al.*, 2011; Hollebeek, 2011). Irrespective of the discipline, the concept of engagement implies three features (Hollebeek, 2011). The first is the indication of positively favourable expressions irrespective of forms of engagement such as social engagement in the psychology discipline or media engagement in marketing. The second feature of engagement is its highly interactivity nature. For example, interaction is considered to be one of the dimensions of customer engagement (Editorial, 2010; Roberts and Alpert, 2010; Vivek *et al.*, 2012), and ease of interacting with others is a dimension in civic engagement (Jennings and Zeitner, 2003). The third feature of engagement is the multi-dimensionality of the concept. Engagement is conceptualised as having cognitive, emotional, and behavioural aspects in the work of Brodie *et al.* (2011) and empirically established in a qualitative study of Hollebeek (2011).

Conceptualisation of the engagement concept in the marketing literature

Recent studies incorporate engagement as a pivotal variable in a broader model that also examines antecedents and consequences. There have been a number of theoretical models put forward. Verhoef *et al.* (2010) propose a theoretical model that suggests customer engagement is affected by customer characteristics, firm initiatives, and external environment. In turn, customer engagement could influence marketing metrics, such as new product performance and customer equity. The meaning of

customer engagement in their study emphasises customer-to-customer interaction. Using personal interviews, Vivek *et al.* (2012) establish a theoretical model in which involvement and customer participation are antecedents of customer engagement; and value, trust, affective commitment, word of mouth, loyalty, brand community involvement are the consequences of customer engagement. In terms of the antecedents of customer engagement, Verhoef *et al.* (2010) conceptualises both internal and external issues effecting customer engagement; while the conceptual model proposed by Vivek *et al.* (2012) mainly focuses on individual affiliation. Another conceptual model proposed by van Doorn *et al.* (2010) had the same three antecedent factors as the model of Verhoef *et al.* (2010). However, the consequent factors were conceptualised to be more comprehensive and included three main facets; namely, customer, firm, and others. The inclusion of various aspects under each facet in this conceptual model provides a more holistic view of the consequences of customer engagement than examining solely customer equity. A thematic analysis by Gambetti and Graffigna (2010) on customer engagement produced two main factors. The first factor was the focus on firm relationships aiming at encouraging stakeholder engagement. Stakeholders are broadly defined to include employees and customers. The firm-employee relationships emphasises internal communication as an essential tool to develop engagement. The second factor featured firm strategies in terms of soft, relational aspects of engagement and pragmatic, managerial aspects of engagement. This study highlighted the critical aspect of the interaction between the firms' employees and customers. Without this interaction, engagement is unlikely to occur. In parallel to the arguments of Gambetti and Graffigna (2010) and Brodie *et al.* (2011), Roberts and Alpert (2010) also found in their case study that engagement of all staff to participate in the creation of engaged customers was imperative. When conceptualising the factors affecting online brand engagement behaviour, Wirtz *et al.* (2013) suggested three main drivers; namely, brand-related, social, and functional drivers. Although all these conceptual and thematic studies shed light on what customer engagement is, and the role it plays in branding, they lack empirical support.

Empirical studies of engagement in the marketing perspective

In addition to the conceptual works, there are some empirical studies trying to understand the nature and dynamic of customer engagement from the marketing perspective. Hollebeek (2011) uses dual interviewing/focus group methods to gain insights into the multi-dimensionality of brand engagement. She found three dimensions in customer brand engagement; namely, immersion, passion, and activation. Immersion is defined as "a customer's level of brand-related concentration in particular brand interactions" (Hollebeek, 2011, p. 566). It is mainly concerned with the extent of individuals' cognitive interactions with specific brands. Passion goes one step further than immersion. It signified the extent of individuals' emotional attachment in specific brand interactions. Activation is the highest level in terms of customer brand engagement. It is referred as "a customer's level of energy, effort and/or time spent on a brand in particular brand interactions" (Hollebeek, 2011, p. 569). Activation is related to a behaviour state whereas immersion and passion are cognitive in nature. Another empirical work using grounded theory method reaffirms customer brand engagement as a multi-dimensional concept that combines elements such as attention, dialogue, interaction, emotions, sensorial pleasure, and immediate activation, with an aim to creating a total brand experience for customers (Gambetti *et al.*, 2012). In addition to finding the multi-dimensionality of the customer brand engagement

concept, their study also establishes brand enacting as an antecedent factor that triggers customer brand engagement. Brand enacting consisted of four main facets, including customer protagonism, proximity, value, and brand communication integration. This work is similar to Hollebeek (2011) in that brand engagement is a multi-dimensional concept and cognition plays an important role in brand engagement. Sprrott *et al.* (2009) developed a scale of brand engagement in self-concept to predict consumers' differential attention to, memory of, and preference for customers' favourite brands. The scale was rooted in the self-concept through personally important entities. Studying social media brand engagement, Hollebeek *et al.* (2014) found that consumer involvement was the antecedent and self-brand connection and brand usage intent are the consequences of consumer brand engagement. In parallel to the studies of Hollebeek (2011), Gambetti *et al.* (2012), and Sprrott *et al.* (2009), the study of Hollebeek *et al.* (2014) also focuses on the consumer side of brand engagement.

While the existing literature on brand engagement has grown, some research gaps still exist and need to be filled. First, there is the lack of understanding with regard to customer engagement measurement (Bolton, 2011). For example, Hollebeek *et al.* (2014) prefer the Brodie *et al.* (2011) formulation rather than the narrower Sprrott *et al.* (2009) measure. The measurement can facilitate further understanding of the extent of each facet in the customer engagement concept in a quantitative manner. Especially relevant is the cognitive, emotional, and behavioural dimensions of customer engagement (Brodie *et al.*, 2011). Second, in order to understand the key drivers that can affect customer engagement, there are few quantitative studies examining the antecedents and consequences of customer engagement (Bolton, 2011; Brodie *et al.*, 2011; Hollebeek, 2011; van Doorn *et al.*, 2010). Hollebeek (2011, p. 569) suggests that "the adoption of large-scale, quantitative methods, including econometric and/or structural customer brand engagement modelling [...] is required". Third, other than a conceptual paper (Editorial, 2010) and a mini case study (Roberts and Alpert, 2010), most of brand engagement studies, if not all, have focused on the consumer point of view. A study of customer engagement from the firm perspective would provide marketing managers with further insights as to specifically what they can do to enhance customer engagement, considering that firms view customer engagement as a tool for creating and enhancing the value co-created among various stakeholder groups (Bolton, 2011; Brodie and Hollebeek, 2011). Empirical studies focusing more on the role of firms' staff and their understanding of the firms' brand offerings can facilitate the interaction between firms and customers. Fourth, but not least, customer engagement should be conceptualised to affect firm performance (Bolton, 2011; van Doorn *et al.*, 2010; Verhoef *et al.*, 2010). Empirical evidence is required to substantiate this conceptualisation. This study is expected to fill the four gaps by testing a theoretical model that consists of the antecedents and consequences of brand engagement.

Conceptual model

The conceptual model of this study is rooted in the conduct-performance perspective. This perspective states that the firms' conducts determine their firm performance (Lusch and Laczniak, 1989). This study adopts and then adapts the conceptual model developed by van Doorn *et al.* (2010) as the point of reference. The conceptual model to be empirically tested consists of four brand-related constructs, as shown in Figure 1. The four key constructs are brand orientation, brand engagement, brand performance, and financial performance. Brand orientation, which is the conduct of the firm, triggers brand engagement that is concerned with cognitive, emotional, and behavioural

connection between the brands and the customers. Brand engagement influences brand performance that in turn affects financial performance.

The conceptual model is initially adopted from van Doorn *et al.* (2010). However, in the process of attempting to operationalise their model a difficulty was encountered. Brand is presented as a major firm antecedent in van Doorn *et al.* (2010), but contains little discussion of the nature of branding. They do discuss some issues around brand reputation, but more from a consumer rather than a corporate perspective. Thus it is necessary to adapt van Doorn *et al.* (2010) to incorporate a more relevant construct for brand. The literature review (Urde, 1999; Urde *et al.*, 2013; Wong and Merrilees, 2005, 2008) suggested that brand orientation would be a relevant choice for the brand construct as it represents a key marketing resource and capability for firms.

Brand orientation is defined as “[...] an approach in which the processes of the organisation revolve around the creation, development, and protection of brand identity in an ongoing interaction with target customers with the aim of achieving lasting competitive advantages in the form of brands” (Urde, 1999, p. 117). Hollebeek (2011, p. 565) defines customer brand engagement as “the degree to which a customer is prepared to exert relevant cognitive, emotional and behavioural resources in specific interactions with a focal brand, which are displayed by applying particular levels of brand-related concentration, positive affect and energy (time/effort) in specific brand interaction”. The three main facets of this definition are the cognitive, emotional, and behavioural aspects. Brand performance refers to the successfulness of the brand in the market. It is a measure of strategic achievement of a brand, whereas financial performance represents a firm’s economic attainment in the market.

Hypotheses

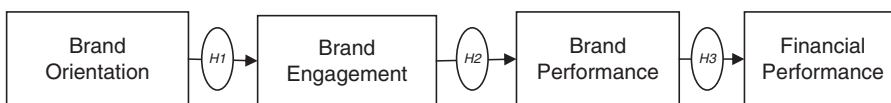
The relationship between brand orientation and brand engagement

The orientation of a brand can be the first step by which a firm builds up its competitive advantage in markets (Wong and Merrilees, 2008). Brand can be a strategic platform to satisfy customers’ needs and wants (Urde *et al.*, 2013). Brand orientation gives strategic direction of where the firms are heading. When a brand is the focal point of a firm, staff realise that engaging the brand with customers becomes an imperative for the firm’s strategic advantage. It is often the firm that takes the initiative to connect to the customers (Editorial, 2010; Vivek *et al.*, 2012; Wirtz *et al.*, 2013). With their brands in mind, the firm can initiate various marketing strategies to engage their customers to their brands. Thus, our first hypothesis becomes:

H1. Brand orientation is a positive determinant of brand engagement.

The relationship between brand engagement and brand performance

Brand engagement can impact the performance of the brands. If brand engagement efforts are successful, customers are more likely to engage more frequently and intensively in customer engagement actions (van Doorn *et al.*, 2010). Staff’s passion



Source: The conceptual model is adapted from van Doorn *et al.* (2010)

Figure 1. Conceptual model of the antecedents and consequences of brand engagement

towards their brand can connect customers' needs to associate with the brand. Alternatively, if customers are not engaged with a brand cognitively, they are unlikely to be interested in buying the brand, let alone being loyal to it. When brand engagement is activated effectively, brand image can be positively projected in the customers' minds, enabling the building of strong brand reputation. Thus, our second hypothesis becomes:

H2. Brand engagement is a positive determinant of brand performance.

The relationship between brand performance and financial performance

Brand performance can affect the firm's financial performance directly (Chaudhuri, 2002; Chaudhuri and Holbrook, 2001; Wong and Merrilees, 2007, 2008). In addition, if the customers are loyal to the brand, they will keep supporting it even though there are other similar brands available in the market. As a result, the firms are more likely to attain a greater market share (Chaudhuri and Holbrook, 2001). With loyal customers, firms can reduce the costs of attracting new customers (Wong and Merrilees, 2008). Both of these factors can increase firm's financial performance. Thus, our third hypothesis becomes:

H3. Brand performance is a positive determinant of financial performance.

Operationalisation of the constructs

Two methods were adopted to operationalise the constructs. First, extensive literature review was conducted to identify suitable items for each constructs. Second, eight senior executives including CEOs and marketing managers were interviewed with an attempt to developing appropriate items for the constructs. The items for brand orientation, brand engagement, and brand performance are measured using Likert scale, from 1 being strongly disagree to 7 being strongly agree. The items for financial performance range from 1 decreasing a lot to 7 increasing a lot. Details of the items are listed in the Appendix.

Brand orientation can be considered mindset issue for top management because it involves the recognition of the importance of a brand and its infusion into a firm's strategies and activities. The brand orientation construct is operationalised by five items adopted from Wong and Merrilees' (2008) study.

Since brand engagement is a new construct; in this study, six items based on the relevant literature and eight in-depth interviews with top executives were adopted to operationalise this constructs. These six items are new and capture the brand engagement concept from various emotion, passion, and activation characteristics.

The measure of the construct – brand performance – focuses not on economic facets, but more appropriately on strategic accomplishments, such as brand image, brand awareness, reputation, and loyalty (Chaudhuri, 2002; Chaudhuri and Holbrook, 2001; Reid, 2002; Wong and Merrilees, 2008). Five items from Wong and Merrilees' (2008) work are used to measure the brand performance construct.

In general, firm performance is more concerned with quantitative performance of the firm as a whole. This study adopted four items from Calantone and Knight's (2000) and Shoham's (1999) works.

In summary, this study used 20 items, of which 14 items are adapted directly from current literature and six items are developed from the in-depth interview findings in combination with the relevant literature.

Research method

With the aim of empirically testing a theoretical model, this study chose a mail survey method. Samples were drawn from a business directory in Queensland, Australia. The sampling units were senior executives such as owners, CEOs, marketing managers, general managers, managing directors, and managers. These sampling units are most likely to be involved in strategic decisions and daily operations in their firms with the consequence of knowledgeable about marketing activities. This study followed Dillman's (2000) recommended techniques such as user-friendly formats and self-addressed pre-paid envelopes to enhance response rate. In total, 2,559 questionnaires were sent out, 403 of which were returned and usable. It resulted in a 16 per cent response rate. Although the response rate is not high, it is nonetheless comparable to other industrial mail surveys (Hart, 1987) and mail surveys (Harzing, 1997). These studies found that, on average, the responses rates of mail survey range from 7.1 to 28.6 per cent. It demonstrates the difficulty of generating a very high response rate. The sample spans across a wide range of industries that include retailing, service, and manufacturing industries and varies in size. Table I depicts sample characteristics of the 403 firms. Existing measures were adopted whenever suitable in the questionnaire. Both existing and new items were pre-tested in a pilot test, resulting in some changes in wordings and structure of the questionnaire. The revised questionnaires were then mailed out to the sample. Data collected from the full survey were entered in SPSS 21 for reliability and validity tests; and AMOS 21 for measurement and structural modelling.

Results

Reliability and validity tests

Interval scales ranging from 1 (strongly disagree) to 7 (strongly agree) were used for all the items, other than the items in financial performance construct, which ranged 1 (decreased enormously) to 7 (increased enormously). The seven-point scales were recommended to measure the items (Schumacker and Lomax, 1996). Two tests were conducted to examine the reliability of the items. First, Cronbach's α reliability test was carried out. All constructs are above the recommended cut-off point 0.60 for Cronbach's α test (Carmines and Zeller, 1979; Francis, 2007; Robinson *et al.*, 1991). Second,

	<i>n</i>	% of firms
<i>A. Business of firm</i>		
Retailing	161	40
Service	141	35
Manufacturing	61	15
Others	40	10
Total	403	100
<i>B. Number of staff</i>		
1-10	202	50
11-30	113	28
31-50	28	7
51-100	28	7
101 or more	28	7
Missing	4	1
Total	403	100

Table I.
Sample
characteristics

Appendix

 Consequences
of brand
engagement

Constructs	Items
Brand orientation (BO)	1. Branding is essential to our strategy 2. Branding flows through all our marketing activities 3. Branding is essential in running this company 4. Long-term brand planning is critical to our future success 5. The brand is an important asset for us
Brand engagement (BE)	1. Our firm believes that advertising messages should favourably portray the brand (emotion) 2. We have spent a reasonable amount of money in building our brand and brand image (emotion) 3. All staff understand our brand promise to customers (passion) 4. Talking to our customers helps build the brand (passion) 5. Everyone in this firm understands that branding our product/service is a top priority for our business (activation) 6. Our firm often checks up to make sure that brand standards are being maintained (activation)
Brand performance (BP)	1. Our advertising/promotions have created the desired brand image in the market 2. Our firm has built strong brand awareness in the target market 3. Our firm has built a solid reputation 4. We are very satisfied with our brand marketing 5. Our firm has built strong customer brand loyalty
Financial performance (FP)	1. Growth rate of sales in the last 12 months 2. Market share in the last 12 months 3. Profitability of your firm in the last 12 months 4. Overall financial performance in the last 12 months

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Table AI.
Variables used to
measure the
constructs

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